EU sugar factory closures post-2017 reform

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The European Union's sugar industry has undergone significant transformation since the abolition of production quotas in 2017. The expected larger sugar exports to the world market have not materialized. Trade agreements, and changes in trade pattern as Ukrainian imports have caused factory closures. Southern Europe faces additional challenges due to unfavorable climatic conditions and low yields.
France, the largest EU sugar producer, has been particularly affected, with six factory closures and a significant reduction in beet-growing areas. The role of major producers like Südzucker, Agrana, Tereos, and Cristal Union in driving the structural consolidation are highlighted.

1 Introduction

With the start of the Common Agricultural Policy in 1968, the then six-nation European Community established a quota system for sugar production. Every sugar producer received a quota based on output of the previous years. Surplus sugar production was carried over into the next year or exported to the world market. A levy on the sugar sold within the community financed the sugar exports. The system resulted in more or less fixed income for farmers and producers. At the same time, the industry underwent a gradual restructuring, with some factories closing as operations became more technologically advanced and efficient. Farmer-owned factories began to merge into larger units, resulting in groups like Nordzucker, Tereos or Cristal Union. At the beginning of the 21st century, the EU decided to phase out the existing quota systems for agricultural products such as milk or sugar and replace them with direct payments to farmers in order to adhere to the WTO agreement.

2 Sugar market reforms 2009 and 2017

In 2006, the first sugar market reform was enacted, lowering sugar price by about 30% from 2009 onwards. Through direct payments to producers and farmers the sugar quota was reduced by about 30%. The first market reform resulted in countries such as Latvia and Ireland abolishing sugar production and others such as Italy or Spain reducing it by more than 50%. Between 2006 and 2009, about 83 factories were closed in the EU. Of these, only 13 were in France and Germany, the two largest producers with about half of the EU production (Table 1). Closures took place in areas, where, even at the high sugar prices of €630 per t, the competitive edge of beet over other crops was not substantial. Meanwhile, factory capacities were expanded and campaigns prolonged while neighboring factories shut down, as seen in Bavaria, where Südzucker closed its Regensburg factory.

Table 1: Number of sugar factories in the three main sugar producing countries of the EU

	2001	2009	2017	2025
France	37	32	25	19
Germany	29	21	20	18
Poland	76	56	18	17

Following the enactment of the first market reform, it was announced that the sugar quotas would be abolished in 2015. After lengthy negotiations the abolition date was moved to 30 September 2017. In preparation for the 2017 transition, the industry began consolidating into larger entities, such as Nordzucker's acquisition of Danisco (today Nordic Sugar) and British Sugar (ABF) acquiring Azucarera, both in 2009. Campaign lengths were increased from typically fewer than 80 days to often exceeding 120 days. The num-

Aerial view of the now closed Eppeville sugar factory (Source: SLS, Hervé Carlier)

Table 2: Processing capacities in 1000 t/d of beet in the three main sugar producing countries in the EU

	2001	2009	2017	2025
France	412	268	334	239
Germany	314	194	247	230
Poland	227	96	123	126

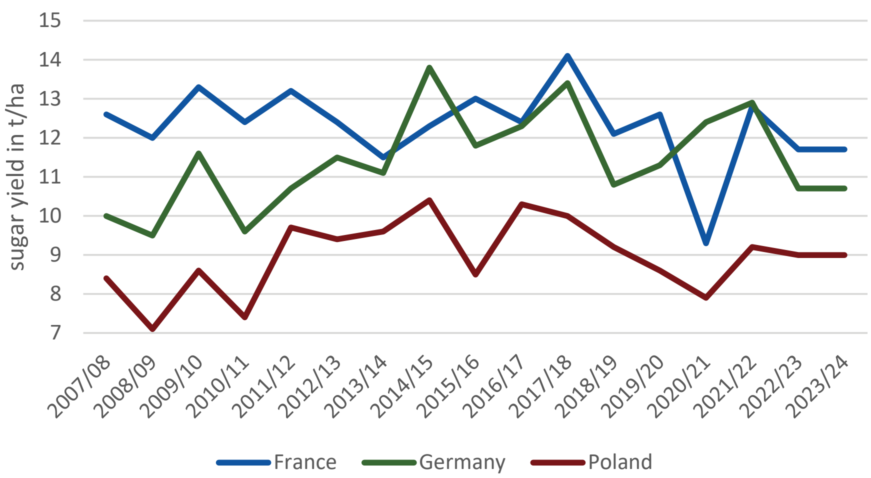
Table 3: Expansion of beet area in 1000 ha in 2017/18 compared to previous 5-year period

	2012 – 2016	2017	Delta	%
France	395	486	91	23
Germany	356	407	51	14
Poland	197	232	35	18
EU-Total	1,548	1,756	208	13

ber of factories declined, especially in the new member states in Eastern Europe, where many facilities were outdated and inefficient due to a lack of modernization under communist rule. In Western Europe, the Dutch industry also consolidated, reducing from six factories to two, each with a capacity of 28,000 t/d, in a short period leading up to 2009.

2.1 Factory closures and capacities up to the end of quota regime

Between 2001 and 2009, the total processing rates in the three main producing countries declined significantly, ranging from 35% reduction in France to 58% in Poland (see Table 2). In preparation for the end of the quota system, the producers removed bottlenecks in their factories and increased the slicing rates by about 25% in the three main producing countries of the EU (Table 2) between 2009 and 2017.
Up to 2009, the French industry, especially, supplied millions of tons of sugar to the sugar-deficit countries in Northern Africa and the Middle East. Since between 2009 and 2017 EU sugar exports were limited to 1.2 mn t per year, the EU sugar industries lost these markets. To assure market supply of refined sugar several new refineries were built in the Middle East. With the end of the quota system in 2017, the export limit for the EU was removed, and the EU industry is today able to export as much sugar as it can. Some industry players bet on the recovery of the export markets lost after 2009. They invested in equipment, such as special rail cars for bulk sugar (Südzucker) to transport export sugar or a logistics center for sugar export at one of its plants (Tereos at Escaudoeuvres) prior to 30 September 2017.
In 2015, the EU allowed member states to support beet production through national levies via coupled payments in 2014. While Germany and France (the two largest producing countries) did not make these payments, other countries such as Poland, Spain, and Italy offered financial support to beet farmers ranging from €300/ha in Poland to €900/ha in Romania. These subsidies, which increase the profitability of beet growing, also discourage the relocation of production to regions better suited to beet growing. As a result, less efficient beet growing areas with lower yields and high production costs, such those requiring irrigation, are less likely to be abandoned.



Development of sugar yields in France, Germany and Poland from 2007/08 to 2023/24

3 Development of beet and sugar yields over the last 20 years

Across Europe, beet and sugar yields show diverging trends between 2005–2017 and 2018–2024. While sugar yields initially increased steadily, they have stagnated or decreased in recent years.
Yield differences between France, Germany, and Poland have narrowed over the last years. Contributing factors include the growing prevalence of diseases like cercospora and the increased incidence of virus yellows, especially in France following the banning of neonicotinoid use. The drought, affecting not only southern and southeastern Europe but also other regions, has made beet growing less viable.
Although many had expected France, the EU's largest sugar producer, to further strengthen its position, it has weakened considerably.
Due to climate change, the climate in southeastern Europe has become increasingly unfavourable for beet production, particularly in recent years. Summers have become drier and hotter, making irrigation a necessity but not always feasible. As a result, beet production cannot compete with more favorable growing regions further north. Meanwhile, surplus sugar produced in Germany,

The logistics center at Escaudœuvres factory is still in operation (Source: Tereos)

France and Poland competes with locally produced, high-priced sugar. Romania's beet sugar yields are low (6 t/ha compared to the EU average of 12 t/ha). Coupled payments of up to €1000 per ha have failed to drive productivity. Efforts by Pfeifer & Langen and Tereos to establish a profitable beet sugar production in Romania failed. In Croatia, beet yields have decreased substantially over the last few years. 2024/25 was a disaster, making further government aid necessary.

The five-year average of industrial sugar yields in Austria shows an increase of only 0.2 t/ha from 12,34 t/ha in 2014-2018 to 12,54 t/ha in 2019-2023, while in neighboring Germany sugar yields increased from 12.5 t/ha for 20014-2018 by 0.75 t/ha to 13.25 t/ha in 2019-2023. In addition, beet weevil attacks have increased in Austria, resulting in large losses for beet growers.

4 End of quota system 2017

In 2017/18, the first year without quotas, the French industry increased its total beet area (sugar and ethanol) by 23% compared to the five-year average from 2012 to 2017. Across the EU, the total beet area grew by 13%; Germany, the second largest producer, increased its area by 14%; and Poland, the third largest, by 17%.

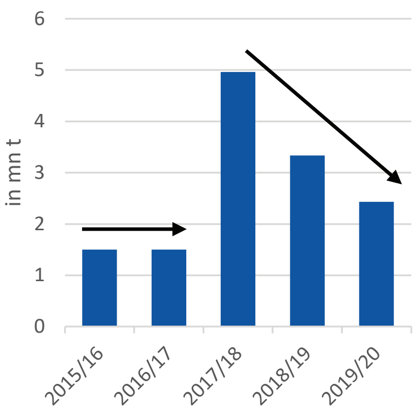
The initial surge in sugar production across the EU in 2017/18 resulted in oversupply, causing prices to plummet (from ~€420/t in September 2017 to ~€312/t in January 2019). The EU market oversupply coincided with a large surplus on the world market. The New York raw sugar price dropped from 14 cts/lb in mid-2017 to less than 11 cts/lb in mid-2018. Exports, as foreseen by the French cooperative sugar producers and by Südzucker, caused serious losses in 2018 and 2019. Surplus sugar destined for export could only be sold at unprofitable prices for the producers. As a result, two years after the end of the sugar quota, all EU sugar producers reported heavy losses in their sugar sectors. Südzucker, Cristal Union and Tereos – the main exporting producers – reacted by shutting down eight of the 16 factories, which were closed after 2017. These shutdowns improved the companies' results considerably.

5 Consumption, trade and trade agreements

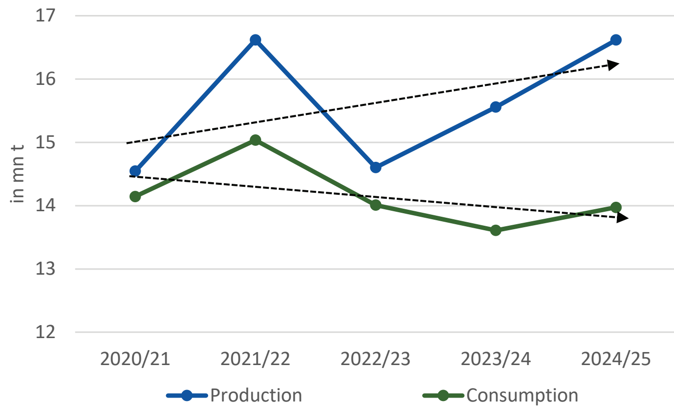
The European Union's sugar consumption has not increased but has, in fact, lowered slightly for some time now. In addition, the use of sugar (sucrose) by the chemical and other industries has been more or less constant, with a strong downward dip in 2024 due to the high sugar prices.

In recent times, the EU Commission has negotiated Free Trade Agreements with several Latin American countries. Although sugar is a sensitive product, the agreements contain sugar tariff quotas, which increase by about 8000 t per year, i.e., 80,000 t or 50% of the production of a medium-sized factory over ten years.

The Russian aggression against Ukraine prompted the EU to open its borders to Ukrainian sugar, significantly distorting Eastern Europe's market over the past two and a half years. This influx was among the fac-



EU-28 sugar exports increased after the end of the quota regime and then declined in the following two years



Development of EU-27 sugar production and consumption according to EU Commission data

Table 4: EU beet sugar factories closed since 2017/18

Sugar factory	Company	Country	Capacity in t/d	Shutdown after the campaign ...
Bod	Antrepiza Zahar Bod SRL	Romania	2,500	2020/21
Bourdon (Clermont-Ferrand)	Cristal Union	France	4,500	2019/20
Brottewitz	Südzucker	Germany	6,000	2019/20
Cagny	Saint Louis Sucre / Südzucker	France	10,000	2019/20
Eppeville	Saint Louis Sucre / Südzucker	France	15,000	2019/20
Escaudœuvres	Tereos	France	15,000	2022/23
Leopoldsdorf	Agrana	Austria	12,000	2024/25
Hrušovany	Moravskoslezské Cukrovary	Czech Republic	5,600	2024/25
Oradea	Pfeifer & Langen	Romania	3,500	2017/18
Osijek	Hrvatska Industrija Šećera – HIŠ	Croatia	7,000	2020/21
San Quirico[1]	Sadam	Italy	16,000	2018/19
Strzyów	Südzucker	Poland	3,500	2018/19
Sucrerie et Distillerie de Souppes	Sucrerie & Distillerie de Souppes Ouvré Fils	France	8,600	2024/25
Toury	Cristal Union	France	10,000	2019/20
Virovitica	Hrvatska Industrija Šećera – HIŠ	Croatia	7,000	2019/20
Warburg	Südzucker	Germany	5,000	2019/20

[1] The factory was closed after the 2015/16 campaign and reopened for the 2017/18 campaign

tors contributing to the decline in sugar prices in autumn 2024. Ukrainian imports into the EU transformed the market dynamics, resulting notably in lower sugar prices in Eastern Europe compared to Western Europe. Agrana reacted to this development by focusing Austrian production on the domestic market. With the entry of the war-torn country on the EU agenda, the imports of Ukrainian sugar are likely to remain a hot topic. In December 2024, the EU signed the Mercosur agreement with several countries, including Brazil. Once implemented, this agreement will open the market to additional duty-free imports of Brazilian sugar and ethanol. According to the French sugar beet growers association, CGB, these increased imports could be equivalent to the entire production of one EU sugar factory.

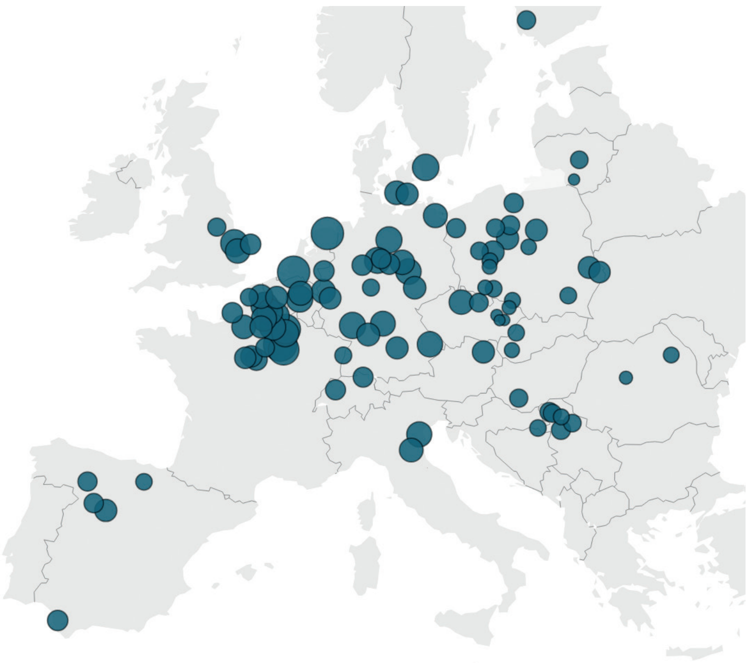
6 Factory closures in 2018 to 2025

Between 2018 and 2025, 16 sugar factories across multiple EU countries, including Austria, Czech Republic, Croatia, France, Germany, Italy, Poland, and Romania closed or are slated for closure (Table 4). The total beet processing capacity of the 16 factories amounts to about 132,000 t/d; six of these factories had a capacity of more than 10,000 t/d: Escaudœuvres, Toury, Cagny, Eppeville (all located in France), Leopoldsdorf (Austria), and San Quirico (Italy). Six of the 16 factories were located in France. The total lost processing capacity in the hexagon is more than 63,000 t/d or nearly 50%of the total. Germany in contrast lost two factories with 11,000 t/d slicing capacity in total. Poland, the third-largest EU producer closed only one small factory with 3500 t/d of beet. The second largest loser was Croatia with 14,000 t/d in total, followed by Austria with 12,000 t/d

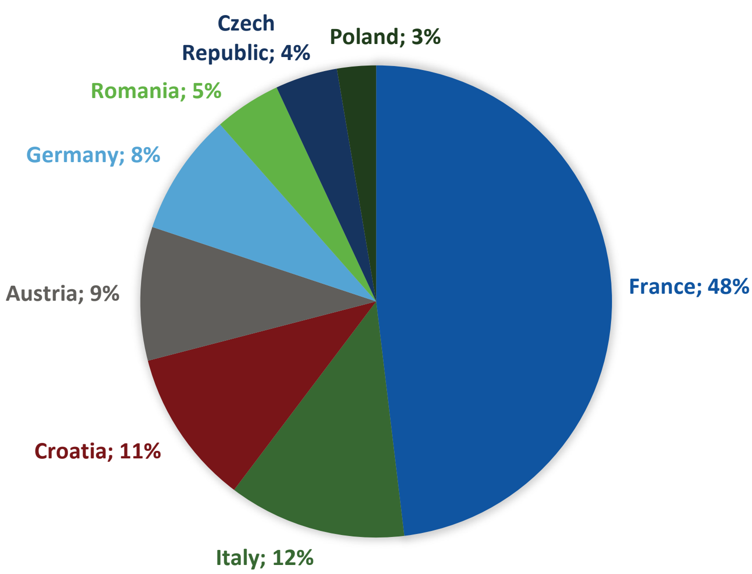
The Greek sugar industry produced 36,000 t of sugar in 2017/18, the first year without quota but did not start its only remaining factory in 2019 – it was not included in this review. The

The Brottewitz sugar factory closed in 2020 (Photo: Elmschrat / CC BY-SA 3.0)

Locations of the 16 closed beet factories. The size of the dots reflects the slicing capacity



Locations of EU, UK, Serbia, and Swiss beet sugar factories in operation



Share of countries in the reduction of beet processing capacity

San Quirico factory of Sadam Eridiania was closed after the 2015/16 campaign and reopened for the 2017/18 campaign, but was unable to obtain enough beet growers in 2018. In addition, the owner of Sadam, the Maccaferi group, faced severe financial difficulties in 2019/20.

6.1 Three companies responsible for most closures

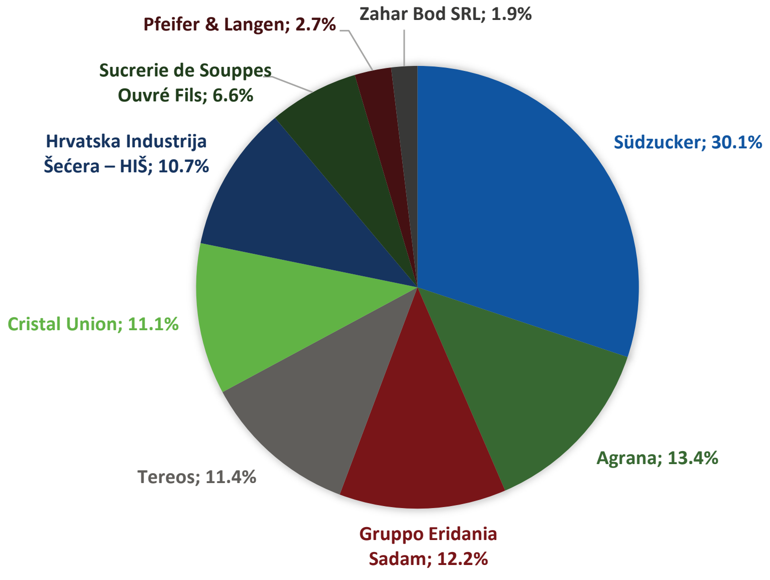
Nine of the 16 factory closures up to the end of 2024 were carried out by three large sugar producers, Südzucker, Tereos and Cristal Union. In terms of today's total beet slicing capacity, Südzucker, Europe's largest sugar manufacturer, closed more than 20% of its capacity in three of the four countries where it operates. The two French cooperatives, Tereos and Cristal Union, reduced their slicing capacity by more than 12% since 2017. The decreased export potential due to higher production costs compared to cane sugar competitors was one of the reasons for the closures.

Small, independent producers in Croatia, France, Italy and Romania closed the other five factories. The French producer Souppes and the Italian company Eridania Sadam have exited the sugar market, while Croatian and Romanian producers continue to struggle for survival. These producers face challenges such as low beet yields and an intensifying competition from imports, putting additional pressure on their viability.

Agrana's decision to close its Leopoldsdorf and Hrušovany plants in March 2025, reducing the company's daily beet slicing capacity by about one third, was driven by recent changes in the sugar market and beet yields/farmer participation at competitive prices.

The other major European sugar producers, Cosun, KGS, Nordzucker and British Sugar (+ Azucarera) did not close any beet factories following the end of the quota regime. Unlike Südzucker, Tereos, and Cristal Union, they had not announced plans to expand sugar exports after 2017. Pfeifer & Langen closed its small Oradea factory (Romania) shortly after the end of the quota regime.

Nordzucker closed its Arlöv refinery in Sweden by moving its speciality sugar production to its Örtofta beet sugar factory, whose sugar house had been expanded to white sugar production. It kept its beet processing capacity stable since 2017/18.



Share of companies in the reduction of beet processing capacity

7 Country-specific impacts

7.1 France: Epicentre of consolidation

Factory closures in France have coincided with a decline in the country's beet growing area. This is largely due to fewer contracts being offered, as well as the impact of the virus yellows infection, which hit France 2020. The region south of Paris, where the now closed Toury factory (Cristal Union) was located, was hit hardest by this disease. In this area, beet cultivation relies heavily on irrigation, raising production costs.

In France, six factory closures since 2017 reduced the number of factories to 19. The total slicing rate dropped by 63,000 t/d. This coincided with a reduction in the beet area for sugar production from 440,000 ha in 2017/18 to 320,000 ha in 2023/24. Production dropped from 6.2 mn t in 2017/18 to the levels of pre-2017/18 of about 4.2 mn t.

Apparently, the French companies have kept their beet slicing capacity, which they intended to put into use after the end of the quota system. The reason for this may have been the expectation that the French industry would be more competitive than the other EU industries. The industry kept its spare capacity for the future in order to regain some of the export markets lost in 2009. However, after 2017 it became clear that this spare capacity was no longer needed, leading to factory closures that could have taken place before 2017 or even 2009.

The Viro sugar factory (now closed) (Source: Viro)

After 2019/20, Cristal Union closed its Bourdon factory, which had a capacity of only 4500 t/d. The factory in southern France was too small to survive in the competitive market. It joined Cristal Union only in 2011.

Cristal Union closed Toury (2020) to prolong the campaign in its neighbouring factories Corbeilles and Pithiviers after heavy losses in 2018/19 and 2019/20.

In 2023, Tereos said that the Escaudœuvres the factory was receiving too little beet for profitable production. After the plant closure, the largest French sugar producer is only operating its recently built sugar export terminal for barges on the Scheldt river at Escaudœuvres.

Cagny was closed by Saint Louis Sucre (Südzucker) in 2020 as part of a large restructuring program. Many growers in Normandy had to give up beet growing or face high transport costs to the next Saint Louis Sucre factory in Etrepagny.

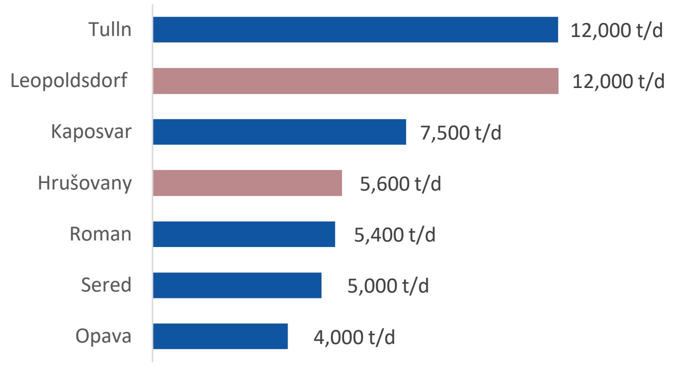
The Eppeville factory of Saint Louis Sucre (Südzucker), which closed in 2020, was located only 25 km from the Roye factory. Südzucker had already decided to build its new sugar distribution centre in Roye before 2010, pre-empting the closure of Eppeville at a later date. The capacity of the Roye factory has increased over the last few years.

With a capacity of 8000 t/d of beet, Souppes-sur-Loing was one of the two family-owned factories. Technical problems forced the abrupt end of the campaign in October 2024. A few days later, dead fish were discovered in the nearby Canal du Loing, prompting its drainage. The environmental and financial consequences ultimately led to the factory's permanent closure.

7.2 Romania

Romania had 33 government-owned factories in 1989, of which only four remained in operation after the country joined the EU in 2007. Low

yields due to long and dry summers are a big obstacle.
The small unit and the low beet and sugar yields caused the closure of Oradea factory (Pfeifer & Langen) on the Hungarian border. Pfeifer & Langen continues to operate a sales organisation there.
The sugar factory of the Antrepiza Bod Sugar Company (in Brasov County, Transylvania) last processed sugar beet in the autumn of 2020. Local group Best Achizitii has taken it over, following prolonged insolvency procedures. The investors were not able to restart beet processing. Only the packaging plant remained in operation. In March 2025 it was reported that the factory would be dismantled and the premises used for real estate development.
Tereos acquired the Ludus factory in 2013 and closed it after the 2021/22 campaign. The owners of the Bod factory reopened the Ludus factory in 2023, and it operated again in 2024. They hope to establish a profitable beet sugar production. Agrana Romania, which operates a beet sugar factory in Roman, has decided to close the sugar refinery in Buzau in autumn 2024. Only the packaging activity will remain in Buzau.



Beet slicing capacity of Agrana's sugar beet factories

7.3 Germany

Südzucker closed its two smallest factories in Warburg (capacity 4700 t/d) and Brottewitz (capacity 6000 t/d) to streamline operations and restore profitability. Both were located on the periphery of the company's beet-growing region. Warburg, northernmost Südzucker factory, was just 70 km from Pfeifer & Langen's Lage factory. Wabern, the closest Südzucker factory has reported long campaigns after the closure of Warburg factory. The beet that previously supplied Brottewitz factory was mainly grown to the south and east of the factory and is now transported to Zeitz factory, Südzucker's only remaining plant in East Germany.

7.4 Poland

Poland, which was able to increase beet area and production substantially since 2017, lost only the Strzyów factory on the Ukrainian/Polish border in 2019 during Südzucker's restructuring. The Werbkowice (9,400 t/d capacity) government owned KGS factory is only 25 km away.

7.5 Croatia

The Croatian sugar industry first consolidated into a single company before shutting two factories in Osijek and Virovitica in 2021. The closures followed the loss of its profitable EU export business, which had previously benefited from the Balkan tariff rate quota. Before Croatia joined the EU, companies refined world market raw sugar and sold its own beet sugar within the EU at EU prices. Additionally, beet growing has suffered in recent years due to drought (Table 5). The EU accession also opened Croatia's market to competition from other EU producers, further pressuring the domestic industry.

7.6 Austria / Czech Republic

The closures of Leopoldsdorf in Austria and Hrušovany in the Czech Republic resulted from the price drop in the summer/autumn of 2024. Due in part to the Ukrainian imports, Agrana wants to focus on the Austrian market. The beet area announced for the coming campaign 2025 amounts to 28,000 ha, which could be sufficient to cover the domestic Austrian consumption but will not allow exports into the EU Balkan countries.
In addition to suffering from the effects of climate change, the Austrian sugar industry has been hit by pests and disease infestation in recent years. The company has struggled to have enough beet for two factories since shortly after the end of the quota system.
Only in 2024/25, with its exceptionally high beet prices, was the beet acreage sufficient for two factories. The Hrušovany factory, located between Brno and the Austrian border, struggled to obtain enough beet in recent years, with the exception of the 2024/25 campaign. Its average beet slicing duration was only 80 days during the four years from 2019/20 to 2023/24, compared to 130 days at the second Czech factory of Agrana in Opava on the Polish border.

Table 5: Sugar yield in t/ha in Croatia and Romania from 2016/17 to 2023/24

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Average
Croatia	11	10.3	7.2	7.7	10.5	10.7	8.2	6.6	9.0
Romania	7	7.9	4.4	6.1	5.1	5.7	6.3	6.3	6.1

8 Outlook

Despite earlier concerns from the industry and beet farmers ahead of the abolition of quotas, the sector has remained resilient. Factory closures have been relatively limited, mainly affecting France and Southern Europe. The French industry, in particular, struggled with low world market prices which have made exports non-viable. Additionally, disappointing beet yields due to diseases, climate change, and restrictions on the use of crop protection products have further challenged the sector. In Southern Europe, the increased frequency of heat waves compounded by disease pressure with reduced access to pesticides, has put pressure on the economic viability of beet growing. This could lead to further factory closures in the region.

Ukraine's potential EU accession could increase imports, depressing prices and undermining the economics of sugar production in Eastern Europe, posing a threat to the industry across the belt from Romania to Spain.

The recent closure of the Souppes factory and Cristal Union's acquisition of a majority stake in the Nangis factory mark the end of family-owned single-entity operations in France. This shift highlights the challenges independent, single-factory companies face in an increasingly competitive industry. Apart from Iscal (Belgium) and Acor (Spain), only three independent beet sugar producers remain in the Czech Republic and one in Lithuania, each with less than 5,000 t of beet slicing capacity. These companies may find it difficult to survive prolonged periods of low sugar prices while making investments for the future. Factories with a campaign length under 100 days will find it difficult to survive in an increasingly competitive market. For example, the Erstein factory of Cristal Union in Alsace regularly operates for less than 100 days. The cooperative has already tried to obtain beet from the areas west of the Vosges mountains.

The aim to achieve carbon neutrality by 2050 requires large investments in energy reduction and renewable energy production. These necessary investments might cause the closure of factories with low capacity and/or short campaign length combined with expansion in the processing capacity of other factories of the groups. The closure of a factory without a nearby factory might result in higher transport costs for beet combined with a higher CO_2 footprint. Another possibility is the abandonment of beet cultivation in the area of the closed factory.

It is certain, that the restructuring of the industry will continue in the coming years.