Review of the UK's Cane Sugar Autonomous Tariff Quota and related considerations – consultation response May 2024

Submitted at: Review of the UK's raw cane sugar ATQ and related considerations - GOV.UK (www.gov.uk)

Did we use the quota?

No - we are responding as an NGO as part of a joint response with Action on Sugar. Feedback is a registered charity no.1155064, working exclusively on the environmental and health impacts of the food system. We have particular expertise on the impact of sugar beet production, and on overconsumption of refined sugar in the UK.

Section 5: The UK Sugar Market

> *5a. What is your assessment of the analysis of the market presented in the section titled 'The UK Sugar Market' in the supplementary documents?*

Feedback is a registered charity no.1155064, working exclusively on the environmental and health impacts of the food system. We have particular expertise on the impact of sugar beet production, and on overconsumption of refined sugar in the UK.

The key concern with the analysis and stated areas for policy, is that neither include public health which raises concerns that consequences on DHSC's public health policies to reduce population sugar consumption are not being considered.

The UK faces an oversupply of sugar compared with the maximum safe limit for consumption, which the analysis is lacking and therefore fails to put the sugar supply consultation in context. The total supply needed to meet the population's maximum safe consumption in 2021 was 0.73 million tonnes. This figure is based on the NHS's own dietary guidelines, cross-referenced with the most recent UK census data.[1] Domestic supply has far exceeded this volume for at least the past 25 years, suggesting that any trade policies that encourage further imports, without reducing domestic supply, work against public health policies. The UK's total supply, from both domestic sources and imports, is currently around 1.91 million tonnes[2], although the Public Consultation Information Market Analysis does not account for imported confectionary so somewhat understates total supply and is therefore incomplete. Furthermore, the analysis takes demand as independent of supply, for example, paragraph 26 states "As imports are needed to meet domestic sugar demand…". This does not account for the role of supply in the creation of demand: readily available sugar means manufacturers use higher volumes of sugar in a greater range of products, and this has very little to do with consumer preference.

This oversupply presents a serious public health challenge that is not described in the analysis, as high availability and low sugar prices continue to incentivise manufacturers to rely on sugar as a key ingredient in

[1] The NHS recommends that adults consume no more than 30g of free sugars (sugars added to food or drinks, and sugars found naturally in honey, syrups, and unsweetened fruit and vegetable juices, smoothies, and purées) per day, making up no more than 5% of daily calorie intake. Maximum recommended amount for whole of UK is 0.73 million tonnes, calculated by multiplying the estimated UK population in 2021 of 67 million by 10.95kg (30 grams per day over the course of a year), rounded to the nearest 0.1 million tonne. Adjusting these figures for the number of young children in the country would lower this recommended amount further.

[2] Figure calculated from Defra's Agriculture in the United Kingdom data (2022), combined with data on confectionary and other high-sugar products from Richardson and Winkler (2019; using 2018-18 data).

their products, undercutting health policy efforts to half sugar consumption to bring it in line with the UK's recommended intake of no more than 5% of energy intake from free sugars.[3]

The overconsumption of sugar, partly attributable to the policy narrative in the market analysis that aims to increase sugar supply, makes a major contribution to public health challenges including obesity, childhood tooth decay, type 2 diabetes, and hypertension[4]. High sugar intake has a devastating impact on youth and children. In 2020, hospitals in England carried out almost 180 operations a day on children and teenagers to remove rotting teeth, costing the NHS £41.5 million per year[5]. High sugar consumption is associated with an increased probability of overweight and obesity among children and adolescents[6]; in the UK, around 30% of children are overweight or obese[7], amongst the highest rate of childhood obesity in Europe[8]. Public Health England estimated that reducing free sugars consumption to no more than 5% of energy intake within 10 years would save the NHS nearly £500 million per year in costs related to caring and comorbidities of obesity healthcare.[9]

Instead of policies to increase sugar supply, policies are needed to support producers and manufacturers to adapt to a gradual reduction in sugar supply. For the government to have coherent and congruous policy, it is essential to recognise that there is not a shortfall, but a long-standing oversupply of sugar in the UK, based on the nutritional needs and health of the population and the environment.

> *5b. What is your assessment of the main drivers of volatility within the UK sugar market particularly in regard to supply shocks and prices? You may want to consider a range of drivers, including but not limited to the current tariff structure, likelihood of unfavourable weather conditions, use of pesticides, and likelihood of crop disease.*

Although Feedback has no direct exposure to price volatility so cannot comment on specifics beyond what is already stated in your market analysis, we wish to make an important point about the limited impact of sugar price volatility on consumers. Analysis by Richardson and Winkler[10] demonstrates that the cost of sugar accounts for a small percentage of the retail price of even the highest-sugar food and drinks, and therefore has a negligible impact on overall consumer prices.

In the paper 'Sugar reduction in post-Brexit UK', they detail the example of a high-sugar jam doughnut from a UK supermarket, of which only 0.6% of the total price is attributable to its sugar content.

In this context efforts need not be placed on protecting consumers from volatile prices, rather, this opportunity should be taken to instigate supply-side policies for manufacturers, encouraging them to reduce the use of sugar across their product portfolios.

---

[3] The NHS recommends that adults consume no more than 30g of free sugars (sugars added to food or drinks, and sugars found naturally in honey, syrups, and unsweetened fruit and vegetable juices, smoothies, and purées) per day, making up no more than 5% of daily calorie intake.
[4] EFSA Panel on Nutrition, Novel Foods and Food Allergens (NDA). Tolerable upper intake level for dietary sugars. (2022).
[5] Media, P. A. Children's tooth decay costs NHS more than £40m a year in England. *The Guardian* (2020).
[6] Magriplis, E. *et al.* Dietary Sugar Intake and Its Association with Obesity in Children and Adolescents. *Children (Basel)* **8**, 676 (2021).
[7] England, P. H. National child measurement programme (NCMP): trends in child BMI. (2020).
[8] World Health Organization. Regional Office for Europe. *WHO European Regional Obesity Report 2022*. (World Health Organization. Regional Office for Europe, 2022).
[9] Public Health England. *Sugar Reduction: The evidence for action*. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/470179/Sugar_reduction_The_evidence_for_action.pdf (2015).
[10] Richardson, B. & Winkler, J. *Sugar reduction in post-Brexit UK: A supply-side policy agenda*. https://foodresearch.org.uk/publications/sugar-brexit-supply-side/ (2019).

5c. What is your assessment of the probability of re-occurrences of the volatility seen in the 2022 / 2023 sugar marketing year within the UK sugar market particularly in regard to supply shocks and prices?

N/A

Some of the following questions will ask for your views on shortfalls in UK sugar supply from UK / EU sugar beet production during the sugar marketing year. By shortfall, we mean when supply shocks in the EU and UK (for example from weather or crop disease) reduce UK domestic sugar supply meaning a higher-than-usual level of imports are needed to meet domestic demand. By the sugar marketing year, we mean the autumn-autumn cycle (typically October-September) for sugar crops and sugar being marketed.

5d. Do you think that there will be a shortfall in UK sugar supply from UK / EU sugar beet production during the 2023 / 2024 or 2024 / 2025 marketing years compared to average production. If so, what do you estimate the size of the shortfall to be (in tonnes)?
Please provide justifications for your answer.

As stated above in our answer to (5a), there is an oversupply of sugar to the UK, which makes it appropriate to manage a decline in production. Policies are needed to support producers and manufacturers to adapt to a gradual reduction in sugar supply. In order for the government to have coherent and congruous policy, it is essential to recognise that there is not a shortfall, but a long-standing oversupply of sugar in the UK, based on the nutritional needs and health of the population and the environment. Therefore a shortfall compared to average production, if left to play out without policy interventions aimed at increasing supply, will contribute to a managed decline in production that will help to meet the NHS recommendation that adults consume no more than 30g of free sugars (sugars added to food or drinks, and sugars found naturally in honey, syrups, and unsweetened fruit and vegetable juices, smoothies, and purées) per day, making up no more than 5% of daily calorie intake.

5e. Do you think the consumer price for sugar in the UK will change during 2024 or 2025, and if so, how? What factors do you think will be the cause of any price changes?
Please provide justifications for your answer.

While prices of bagged sugar may be affected by wholesale price and supply chain fluctuations, bagged sugar makes up a small fraction of UK sugar consumption. The majority of consumption is via manufactured foods. As stated above in our answer to (5b), the analysis by Richardson and Winkler[11] demonstrates that the cost of sugar accounts for a small percentage of the retail price of even the highest-sugar food and drinks, and therefore has a negligible impact on overall consumer prices. Therefore, the small contribution of sugar to a product's retail price, outlined in our responses to question 5b, is a minor trade-off to the benefits of reducing sugar supply – including improvements to child and life-long health, knock-on impacts to economic productivity and reduced NHS treatment costs.

5f. Looking beyond the 2023 / 2024 and 2024/2025 sugar marketing years, do you think that there will be future shortfalls in UK sugar beet production from UK/ EU sources compared to average production? Please provide justifications for your answer.

As stated above in our answer to (5d), sugar supply in the UK is almost three times the maximum safe consumption volume for the population, so where reductions do occur compared to average production, these need to be reframed as a reduction in excess supply. For example, 2022 saw a domestic production level that was 20% lower than the five year average, meaning that total estimated supply for that year was

[11] Richardson, B. & Winkler, J. *Sugar reduction in post-Brexit UK: A supply-side policy agenda*. https://foodresearch.org.uk/publications/sugar-brexit-supply-side/ (2019).

reduced to 2.4 times the maximum safe consumption level for the UK population, from an average of 2.6 times (when calculated using the 5 year average). This reframe allows us to get beyond the narrative that vast volumes of sugar are necessary on economic and public interest grounds and to move towards an understanding of the positive impact of supply reductions on public health (and associated loss of economic productivity), land use and soil health. These impacts are discussed in more detail in our answer to (6a, x). In order to support UK producers to manage a decline in sugar beet production, the government should consider policies to support producers to transition where appropriate to other crops. Further recommendations are set out in

> *5g. Do you think imports from preferential sources trading with the UK tariff-free are important to UK sugar supply, and if so, why?*

To answer this question, we have taken preferential sources to include Free Trade Agreements as well as access for ACP countries and other mechanisms. We make the case that given the oversupply of sugar to the UK, importing from preferential sources that have particular environmental impacts is not appropriate. Specifically, the negative environmental impact of the Australia FTA on the Great Barrier Reef via pesticide run off from sugar beet farms far outweighs the advantages brought by the economic gains of Tate and Lyle Sugars or food manufacturers. More details on the environmental impact of Cane Sugar imported from Australia can be found here: https://www.coraldigest.org/index.php/SugarCane.

In contrast to their current use, the use of preferential sources could be targeted towards environmental and social gain, with the establishment of the UK's FTAs based on those producing with at least the same pesticide, herbicide and fertiliser standards as the UK, with minimal land use impact and with the most generous workers rights. Preferential trade agreements should certainly be used to reduce imports from Brazil, from where we currently import 70% of our sugar cane and where sugarcane farming has fuelled deforestation in the threatened ecosystem of Brazil's Atlantic Forest, which once covered a vast area but has been reduced to just 7% of its original size. Growers will need to cultivate almost 50% more land by 2050 to meet projected global sugarcane demand. Child labour and forced labour are also ongoing issues in Brazil's sugarcane production (although recent documentation has focused on sugarcane grown for biofuels). Note that UK based BonSucro should not be used as a credible measure of sustainability and labour conditions when assessing appropriate UK trade policy, due to violations of its own international human rights responsibilities as found by UK government body, the UK National Contact Point. More information can be found here: https://www.inclusivedevelopment.net/cambodia/sustainable-sugar-group-bonsucro-ignored-rights-abuses-by-member-uk-body-finds/. Information about the NCP's decision can be found here: https://www.gov.uk/government/publications/idi-ec-and-licadho-complaint-to-uk-ncp-about-bonsucro-ltd/final-statement-idi-ec-and-licadho-complaint-to-uk-ncp-about-bonsucro-ltd#:~:text=The%20UK%20NCP%20finds%20that,human%20rights%20impacts%20in%202015.

In the context of preferential trading with ACP countries then wider international consultation engagement is appropriate to ensure that ex-colonies and other countries affected by colonisation, slavery and subsequent economic dependence on the UK are also consulted, because their interests are unlikely to be fully gauged through responses to this consultation. In other words, preferential sugar imports are a chance to practice more responsible trade, in the context of the indescribable impact of the UK's historical sugar supply.

> *5h. Please use this space to provide any information or evidence on the sugar market that you feel may be relevant to this consultation and that you do not feel you have had the opportunity to express in any of your previous answers in this section.*

We would like to express our concern that the ATQ has been implemented despite it not being in the public interest and would like to know the reason for this. Before imported sugar and confectionary are added,

there is already a 300,000-tonne oversupply of sugar of to the UK population, relative to the maximum safe allowance per year. A "shortfall" relative to average total supply of sugar would bring vast health, economic, and environmental benefits that would benefit the UK population. A reduction in sugar supply would likely incentivise a reduction in sugar added to food by manufacturers, via a reduction in the availability of affordable sugar, and would therefore have health benefits, while resulting in negligible price increases to manufactured foods for consumers. It is therefore difficult to make a case that the ATQ is in the public interest, raising concerns about the prioritisation of the economic gains of one sugar refiner over public interest.

The market structure of the UK sugar industry is of twin monopolies of beet and cane refining, and while changing this structure is out of scope of this consultation, we wish to raise a concern about the sole beneficiary of the ATQ being one private company, with financial benefits accruing to North American-owned ASR group.

The consultation information sheet does not suggest other benefits to the public of the ATQ, only to industry. There are considerable health and environmental costs associated with the ATQ, some of which are discussed above but which we will describe here in more detail.

The consultation market analysis confirms that the ATQ has been filled almost entirely from imports from Brazil. Since the introduction of the ATQ in 2021 sugar cane imports from Brazil have increased from an average of 7% of UK cane sugar imports to 61%. Sugarcane farming has fuelled significant deforestation in the Amazon in Brazil due to displacement of cattle ranch farming to forest frontiers causing indirect land use change.[12] Between 2002 and 2012, sugar cane cultivation in Southern Brazil was indirectly responsible for 16.3 thousand km2 of cleared land, corresponding to 12.2% of total deforestation during the study period and resulting in 189.4 million Mg of carbon emissions. Brazil's equally important Atlantic Forest, has been shrunk to 7% of its original size, fuelled largely by sugar cane cultivation and growers will need to cultivate almost 50% more land by 2050 to meet projected global sugarcane demand.[13] As well as deforestation, sugar cane cultivation requires vast volumes of water and fertilisers; nine gallons of water are required to produce one teaspoon of refined cane sugar. Furthermore, fertiliser run-off, eroded soils and processing effluent pollute waterways, and fertiliser use must be increased over time to maintain productivity in the face of soil-run off and leaching.[14]

Given this information, it is likely that a social and environmental cost benefit analysis would come out strongly against the existence of the ATQ and would pose questions about the legitimacy of an ATQ from which all the benefits accrue to Tate and Lyle Sugars and food manufacturers, while all the costs are borne by the public, and those affected by sugarcane's water, chemical and land use overseas. We are concerned about the lack of environmental impact assessment and equalities assessment given the disproportionate impact of sugar oversupply on groups protected by equalities legislation, including the Equality Act, an Act to make provision to require Ministers of the Crown and others when making strategic decisions about the exercise of their functions to have regard to the desirability of reducing socio-economic inequalities. The act has nine protected characteristics, including age and race, both of which are determinants of income, diet, obesity and non-communicable diseases and therefore legislation that disproportionately affects particular age groups or ethnic backgrounds is not appropriate.

5i. Please use this space to provide any views or evidence on sugar supply that that you feel may be relevant to this consultation and that you do not feel you have had the opportunity to express in your previous answers.Top of Form

[12] https://www.tandfonline.com/doi/full/10.1080/1747423X.2017.1291766
[13] https://www.worldwildlife.org/magazine/issues/summer-2015/articles/sugarcane-farming-s-toll-on-the-environment
[14] https://www.worldwildlife.org/industries/sugarcane

Again, we would like to express our concern that the ATQ has been implemented despite it not being in the public interest, and would like to know the reason for this. As discussed above, before imported sugar and confectionary are added, there is already a 300,000-tonne oversupply of sugar of to the UK population, relative to the maximum safe allowance per year. A "shortfall" relative to average total supply of sugar would bring vast health, economic, and environmental benefits that would benefit the UK population. A sugar "shortfall" would likely incentivise a reduction in sugar added to food by manufacturers, via a reduction in the availability of affordable sugar, and would therefore have health benefits, while resulting in negligible price increases to manufactured foods for consumers. It is difficult to make a case that the ATQ is in the public interest, posing the question about why the economic gains of one sugar refiner are being placed before the public interest.

Section 6: Options - Current use of the Raw Cane Sugar ATQ
6a, i. Has your organisation used the yearly raw cane sugar ATQ of 260,000 tonnes since 2021?

No

If responded 'no' to question (6a, i), please skip to question (6a, iii). If responded 'yes' to question (6a, i), please also answer question (6a, ii).
6a, ii. Please set out the years in which your organisation used the raw cane sugar ATQ and the volume used in each year where applicable.

N/A

6a, iii. With reference to the areas that will inform our policy approach set out at the end of the 'Public Consultation Information' section at the beginning of the consultation, since 2021 what impact do you believe the raw cane sugar ATQ has had on: The UK's ability to pursue new trading arrangements; developing country trade; interests of consumers; interests of producers; the UK's external trade; UK productivity; competition in the UK;
public health; and environmental issues?

The ATQ has served to maintain the UK's oversupply of sugar. As previously discussed in our answer to (5a), the UK faces an oversupply of sugar compared with the maximum safe limit for consumption. The total supply needed to meet the population's maximum safe consumption in 2021 was 0.73 million tonnes. This figure is based on the NHS's own dietary guidelines, cross-referenced with the most recent UK census data.[15] Yet the UK's total supply, from both domestic sources and imports, is currently around 1.91 million tonnes[16] with around a quarter of this supply coming from imported raw cane sugar.[17] The ATQ may have protected the UK sugar supply from supply and price shocks that likely would have increased the incentive for manufacturers to reformulate their products. If sugar is plentiful and cheaply available, there is little incentive for manufacturers not to use it to sweeten, bulk, colour, and preserve products. The ATQ has therefore worked against public health policy that aims to bring consumption with the UK's recommendation intake of no more than 5% of energy intake from free sugars. By introducing the ATQ, the government missed the opportunity to encourage the most price sensitive manufacturers (the largest buyers

[15] The NHS recommends that adults consume no more than 30g of free sugars (sugars added to food or drinks, and sugars found naturally in honey, syrups, and unsweetened fruit and vegetable juices, smoothies, and purées) per day, making up no more than 5% of daily calorie intake. Maximum recommended amount for whole of UK is 0.73 million tonnes, calculated by multiplying the estimated UK population in 2021 of 67 million by 10.95kg (30 grams per day over the course of a year), rounded to the nearest 0.1 million tonne. Adjusting these figures for the number of young children in the country would lower this recommended amount further.
[16] Figure calculated from Defra's Agriculture in the United Kingdom data (2022), combined with data on confectionary and other high-sugar products from Richardson and Winkler (2019; using 2018-18 data).
[17] Defra. *Agriculture in the United Kingdom 2022*.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1170953/auk-2022-13jul23i.pdf.

of sugar in the UK) to reformulate their products with less sugar and reduce overall sugar sales in response to supply reductions.

The overconsumption of sugar that results from continued policy that maintains an oversupply makes a major contribution to public health challenges including obesity, childhood tooth decay, type 2 diabetes, and hypertension[18]. High sugar intake has a particularly devastating impact on young children. In 2020, hospitals in England carried out almost 180 operations a day on children and teenagers to remove rotting teeth, costing the NHS £41.5 million per year[19]. High sugar consumption is associated with an increased probability of overweight and obesity among children and adolescents[20]; in the UK, around 30% of children are overweight or obese[21], amongst the highest rate of childhood obesity in Europe[22]. Public Health England estimated that reducing free sugars consumption to no more than 5% of energy intake within 10 years would save the NHS nearly £500 million per year in costs related to caring and comorbidities of obesity healthcare.[23]

As discussed in our answers to questions (5g) and (5h), in addition to the ill-health impacts of sugar oversupply, imported cane sugar refined by Tate & Lyle (which made up 23% of the UK's total sugar supply over the last five years[2]) also has negative impacts on the climate and environment. Water use (5,200 m^3 per hectare for sugar cane) and chemical inputs (particularly nitrogen) are both significant and environmentally damaging.[24] Soil erosion is a significant outcome of both beet and cane growing. Further, the production of cane involves turning over new land to the crop,[25] raising ethical concerns for any increase in imports to the UK. In terms of overall carbon impact, sugar cane consumed in the EU has a higher impact than EU-grown beet, driven by transportation, with 45-60% of the emissions of cane sugar in the EU from transport.[26] A decision to increase imports of cane sugar, rather than seize an opportunity to decrease overall supply only serves to offshore environmental impacts, to the detriment of the United Kingdom's international obligations and reputation.

6a, iv. What has been the impact on you since the introduction of the ATQ for raw cane sugar at 260,000 tonnes in 2021? Please answer this question based on the viewpoint of how you are responding to this consultation. For example, if you are responding as a business, the answer should focus on the impact it has had on your business.

N/A

[18] EFSA Panel on Nutrition, Novel Foods and Food Allergens (NDA). Tolerable upper intake level for dietary sugars. (2022).
[19] Media, P. A. Children's tooth decay costs NHS more than £40m a year in England. *The Guardian* (2020).
[20] Magriplis, E. *et al.* Dietary Sugar Intake and Its Association with Obesity in Children and Adolescents. *Children (Basel)* **8**, 676 (2021).
[21] England, P. H. National child measurement programme (NCMP): trends in child BMI. (2020).
[22] World Health Organization. Regional Office for Europe. *WHO European Regional Obesity Report 2022*. (World Health Organization. Regional Office for Europe, 2022).
[23] Public Health England. *Sugar Reduction: The evidence for action*. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/470179/Sugar_reduction_The_evidence_for_action.pdf (2015).
[24] Renouf, M. A., Wegener, M. K. & Nielsen, L. K. An environmental life cycle assessment comparing Australian sugarcane with US corn and UK sugar beet as producers of sugars for fermentation. *Biomass and Bioenergy* **32**, 1144–1155 (2008).
[25] WWF. *Sugar and the Environment - Encouraging Better Management Practices in Sugar Production and Processing*. http://wwf.panda.org/?22255/Sugarand-the-Environment-Encouraging-Better-Management-Practices-in-Sugar-Production-and-Processing (2005).
[26] Klenk, I., Landquist, B. & de Imana, O. R. The product carbon footprint of EU beet sugar. *SUGAR INDUSTRY / ZUCKERINDUSTRIE* **137**, 169–177 (2012).

6a, v. Has the raw cane sugar ATQ had any price impact on UK sugar beet processors since it has been in place? Please provide justifications for your answer.

N/A

6a, vi. Has the raw cane sugar ATQ had any price impact on UK sugar beet refiners since it has been in place? Please provide justifications for your answer.

N/A

6a, vii. Has the raw cane sugar ATQ had any price impact on UK raw sugar cane refiners since it has been in place? Please provide justifications for your answer.

N/A

6a, viii. Has the raw cane sugar ATQ had any price impact on UK sugar beet farmers since it has been in place? Please provide justifications for your answer.

N/A

6a, ix. Has the raw cane sugar ATQ had any impact on the UK's sugar supply since it has been in place? Please provide justifications for your answer.

From the available information, it is not easy to say what impact the ATQ has had on supply since 2021. Raw Cane imports in 2021 were high, despite high domestic production, whereas both were lower in 2022 (perhaps due to domestic supply shocks and high world prices). It is probable that the import supply was maintained at this level, rather than falling further, partly due to the ATQ, and therefore that the ATQ somewhat protected UK refiners and manufacturers from domestic supply shocks and high world prices. In other words, an "oversupply" of sugar (in public health terms) was maintained despite supply problems, the public health impact of which is discussed in the next question.

The high level of raw cane imports since the introduction of the Australia FTA in 2023 suggest that the volumes of the FTA and ATQ together facilitated an increase in the supply of sugar to the UK, which has implications for public health discussed in the next question. Paragraph 10: "Preliminary data for 2023 shows that between January and October the UK imported 886 kilotonnes of all forms of sugar. Based only on these 10 months this is already the highest import volume observed since 2019, exceeding the annual volume imported in 2020, 2021 and 2022 by over 150 kilotonnes in each of those years." This represents an increase of sugar imports that go far beyond compensating for any domestic supply shocks.

The perhaps limited effect of the ATQ on supply volumes in 2021 and 2022 suggest that the main impact of the ATQ in those years was to allow Tate and Lyle Sugars to save on import costs by importing from Brazil in the face of rising global sugar prices. Paragraph 27 of the information states, "The ATQ for 260kt of raw cane sugar open to all countries tariff free provides the lowest cost mechanism for importing raw cane sugar for refining." The ATQ therefore represents a subsidy, transferred from the treasury to Tate and Lyle Sugars. This subsidy is not in the wider public interest because the funds could be spent to achieve public health goals, for example through the subsidisation of domestically grown healthy fruit and vegetables to plug the deficit that prevents a significant number of children from accessing their 5-a-day.

6a, x. Has the raw cane sugar ATQ had any impact on wider public interests since it has been in place?
For example, if you believe there are implications for the environment or public health or any other area you think is relevant. Please provide justifications for your answer.

The impact of the ATQ on supply volumes in 2021 and 2022 was to maintain rather than increase sugar imports as the ATQ has allowed T&L sugars to maintain high imports in the face of domestic supply shocks

and high global prices. Therefore, a consequence of the ATQ in those years was to allow Tate and Lyle Sugars to save on import costs by importing from Brazil in the face of rising global sugar prices. Paragraph 27 of the information states, "The ATQ for 260kt of raw cane sugar open to all countries tariff free provides the lowest cost mechanism for importing raw cane sugar for refining." The ATQ therefore represents a monetary subsidy, transferred from the treasury to Tate and Lyle Sugars. This subsidy is not in the wider public interest because of the health and environmental impacts discussed in previous questions and summarised here:

1. The key impact of facilitating the continued "oversupply" (in public health terms) of sugar since the introduction of the ATQ is on health via availability of affordable sugar for manufacturers. Sugar oversupply makes a major contribution to public health challenges including obesity, childhood tooth decay, type 2 diabetes, and hypertension[27]. High sugar intake has a particularly devastating impact on young children. In 2020, hospitals in England carried out almost 180 operations a day on children and teenagers to remove rotting teeth, costing the NHS £41.5 million per year[28]. High sugar consumption is associated with an increased probability of overweight and obesity among children and adolescents[29]; in the UK, around 30% of children are overweight or obese[30], amongst the highest rate of childhood obesity in Europe[31]. Public Health England estimated that reducing free sugars consumption to no more than 5% of energy intake within 10 years would save the NHS nearly £500 million per year in costs related to caring and comorbidities of obesity healthcare.[32]
2. As discussed in our answers to questions (5g), (5h) and (6b), in addition to the ill-health impacts of sugar oversupply, imported cane sugar refined by Tate & Lyle (which made up 23% of the UK's total sugar supply over the last five years[2]) also has negative impacts on the climate and environment. Water use (5,200 m^3 per hectare for sugar cane) and chemical inputs (particularly nitrogen) are both significant and environmentally damaging.[33] Soil erosion is a significant outcome of both beet and cane growing. Further, the production of cane involves turning over new land to the crop,[34] raising ethical concerns for any increase in imports to the UK. In terms of overall carbon impact, sugar cane consumed in the EU has a higher impact than EU-grown beet, driven by transportation, with 45-60% of the emissions of cane sugar in the EU from transport.[35] A decision to increase imports of cane sugar, rather than seize an opportunity to decrease overall supply only serves to offshore environmental impacts, to the detriment of the United Kingdom's international obligations and reputation.

Section 6: Options - Questions on the Raw Cane Sugar ATQ in 2024
6b, i. How is your organisation intending to utilise the raw cane sugar ATQ (if at all) in 2024? Please specify which Commodity Codes in particular.

---

[27] EFSA Panel on Nutrition, Novel Foods and Food Allergens (NDA). Tolerable upper intake level for dietary sugars. (2022).
[28] Media, P. A. Children's tooth decay costs NHS more than £40m a year in England. *The Guardian* (2020).
[29] Magriplis, E. *et al.* Dietary Sugar Intake and Its Association with Obesity in Children and Adolescents. *Children (Basel)* **8**, 676 (2021).
[30] England, P. H. National child measurement programme (NCMP): trends in child BMI. (2020).
[31] World Health Organization. Regional Office for Europe. *WHO European Regional Obesity Report 2022*. (World Health Organization. Regional Office for Europe, 2022).
[32] Public Health England. *Sugar Reduction: The evidence for action*. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/470179/Sugar_reduction_The_evidence_for_action.pdf (2015).
[33] Renouf, M. A., Wegener, M. K. & Nielsen, L. K. An environmental life cycle assessment comparing Australian sugarcane with US corn and UK sugar beet as producers of sugars for fermentation. *Biomass and Bioenergy* **32**, 1144–1155 (2008).
[34] WWF. *Sugar and the Environment - Encouraging Better Management Practices in Sugar Production and Processing*. http://wwf.panda.org/?22255/Sugarand-the-Environment-Encouraging-Better-Management-Practices-in-Sugar-Production-and-Processing (2005).
[35] Klenk, I., Landquist, B. & de Imana, O. R. The product carbon footprint of EU beet sugar. *SUGAR INDUSTRY / ZUCKERINDUSTRIE* **137**, 169–177 (2012).

N/A

6b, ii. Do you think the raw cane sugar ATQ is likely to be fully utilised in 2024? Please provide evidence to support your response.

N/A

6b, iii. Do you foresee any impacts on sugar prices during 2024, from the 260,000 tonne raw sugar cane ATQ for 2024?

N/A

6b, iv. Do you foresee any other impacts, aside from on sugar prices, from the 260,000 tonne raw sugar cane ATQ for 2024? Please provide justifications for your answer.

6b, v. Based upon current conditions and expectations in the UK and EU sugar market, do you think the Government should make any changes to the ATQ in 2024? Please provide justifications for your answer.

Withdrawing the ATQ after this review translates clearly into an incentive for businesses to reduce sugar sales from their products, more so than voluntary schemes like the Sugar Reduction Programme which compete with powerful commercial interests. Instead of policies to increase sugar supply, policies are needed to support producers and manufacturers to adapt to a gradual reduction in sugar supply. In order for the government to have coherent and congruous policy, it is essential to recognise that there is not a shortfall, but a long-standing oversupply of sugar in the UK, based on the nutritional needs and health of the population and the environment. As discussed above, if sugar is plentiful and cheaply available, there is little incentive for manufacturers not to use it to sweeten, bulk, colour, and preserve products. An actively managed decline in sugar supply, starting with not renewing the ATQ, is therefore the best option.

Section 6: Options - Future of the Raw Cane Sugar ATQ from 1 January 2025

6c, i. With reference to the areas that will inform our policy approach set out at the end of the 'Public Consultation Information' section at the beginning of the consultation, what impact do you believe a raw cane sugar ATQ will have beyond the end of 2024 on:
The UK's ability to pursue new trading arrangements; developing country trade; interests of consumers; interests of producers; the UK's external trade; UK productivity; competition in the UK; public health; and environmental issues? Please provide justifications for your answer.

As described in question (6a, x) the three key impacts are likely to be:

1. The key impact of facilitating the continued "oversupply" sugar after 2024 is on children and adult health via availability of affordable sugar for manufacturers. Sugar oversupply makes a major contribution to public health challenges including obesity, childhood tooth decay, type 2 diabetes, and hypertension[36] as well as an increased probability of overweight and obesity among children and

[36] EFSA Panel on Nutrition, Novel Foods and Food Allergens (NDA). Tolerable upper intake level for dietary sugars. (2022).

adolescents[37]; in the UK, around 30% of children are overweight or obese[38], amongst the highest rate of childhood obesity in Europe[39].

2. Imported cane sugar refined by Tate & Lyle (which made up 23% of the UK's total sugar supply over the last five years[2]) also has negative impacts on the climate and environment. Indirect Land Use Change from Brazilian Sugar Cane causes significant deforestation of the Amazon and Atlantic Forests. Water use (5,200 m^3 per hectare for sugar cane) and chemical inputs (particularly nitrogen) are both significant and environmentally damaging.[40] Soil erosion is a significant outcome of both beet and cane growing.
3. The equivalent of a financial subsidy to Tate and Lyle Sugars.

6c, ii. What impact do you believe a raw cane sugar ATQ will have on you beyond the end of 2024? Please answer this question based on the viewpoint of how you are responding to this consultation. For example, if you are responding as a business, the answer should focus on the impact you think it will have on your business.

N/A

6c, iii. Are you in favour of continuing the ATQ on raw cane sugar beyond the end of 2024? Please note a question on volume will follow.

No.

6c, iv. Please explain your answer and provide any further comments and evidence to support this view.

As mentioned in (6b,v), withdrawing the ATQ after this review translates clearly into an incentive for businesses to reduce sugar sales from their products, more so than voluntary schemes like the Sugar Reduction Programme which compete with powerful commercial interests. As discussed above, if sugar is plentiful and cheaply available, there is little incentive for manufacturers not to use it to sweeten, bulk, colour, and preserve products.

We are extremely concerned that the ATQ was originally implemented without an environmental impact assessment, or an equalities assessment of the health impacts of supporting or increasing sugar supply to the UK market on different groups. It is likely that a full assessment of both of these areas of impact would reveal the issues we have highlighted in this response:

- Sugar supply is at least 2.5 times higher than the maximum safe consumption level for the UK population.
- Excessive sugar supply contributes to very high levels of sugar in processed food formulations, and overconsumption of these foods contributes to negative health outcomes, which also affect disadvantaged groups in the UK more.
- Production of sugar cane, even cane meeting the requirements of Maximum Residue Levels or Bonsucro, will have considerable negative impacts on the environment where it is produced, along side strong evidence of human rights abuses in the supply chain.

[37] Magriplis, E. *et al.* Dietary Sugar Intake and Its Association with Obesity in Children and Adolescents. *Children (Basel)* **8**, 676 (2021).
[38] England, P. H. National child measurement programme (NCMP): trends in child BMI. (2020).
[39] World Health Organization. Regional Office for Europe. *WHO European Regional Obesity Report 2022*. (World Health Organization. Regional Office for Europe, 2022).
[40] Renouf, M. A., Wegener, M. K. & Nielsen, L. K. An environmental life cycle assessment comparing Australian sugarcane with US corn and UK sugar beet as producers of sugars for fermentation. *Biomass and Bioenergy* **32**, 1144–1155 (2008).

6c, v. How might the following changes to the ATQ for raw cane sugar impact the areas that will inform our policy approach and that are set out at the start of this section:
A lower amount than 260,000 tonnes;

This represents an improvement on the current level because of the health and environmental impacts set out above.

a higher amount than 260,000 tonnes;

Depending on future market conditions this is likely to lower prices and raise availability for manufacturers compared to the current ATQ level and therefore have significant health and environmental consequences as set out above.

an amount at 260,0000 tonnes;

Maintaining the supply and price via the current ATQ level has significant health and environmental consequences as set out above.

and no ATQ at all?

This represents a significant improvement on the current level because of the health and environmental impacts set out above.

6c, vi. How might the following changes to the ATQ for raw cane sugar impact you:
A lower amount than 260,000 tonnes; a higher amount than 260,000 tonnes; an amount at 260,0000 tonnes; and no ATQ at all?

N/A

6c, vii. For any potential impact on you, what mitigations would you consider if the Government was to: remove the raw cane sugar ATQ; decrease the volume of the raw cane sugar ATQ; maintain the same volume of the raw cane sugar ATQ; or increase the volume of the raw cane sugar ATQ.

N/A

6c, viii. If you have a preferred ATQ volume in mind, please state the preferred volume you are proposing. Please provide justifications for your answer. Imports and domestic supply adjusted to meet safe guidelines

None; this represents a significant improvement on the current level because of the health and environmental impacts set out above.

6c, ix. If there is an ATQ for raw cane sugar beyond 2024, do you think the quota should be administered via: Licence, First come first served, Other, please specify

N/A

6c, x. Please provide any comments and evidence on your preference.

N/A

6c, xi. Do you believe there should be standard-based restrictions (including for example, in respect to environmental or labour standards) on products any future raw cane sugar ATQ should apply to and if so why?

Yes and we believe Bonsucro, for example, is not sufficient as a standard, as per our answer to question (5g).

6c, xii. Please use this space to provide any information or evidence on the raw sugar cane ATQ that you feel may be relevant to this consultation and that you do not feel you have had the opportunity to express in any of your previous answers.

To reword from previous response:
This consultation appears to have a narrow focus that does not take into account the total sugar supply in the UK. Health does not seem to feature within the consultation, which raises concerns around the potential unintended consequences on DHSC's public health policies to reduce population sugar consumption.

In a recent report Feedback and Action on Sugar set out a case for integrated policy on sugar supply and demand, in order to curb the highly negative public health impacts of excessive consumption of sugar. Far from increased supply, government should work with suppliers, manufacturers, retailers and the public to instigate a managed decline in supply, in order to address the impacts of overconsumption.

Our overall recommendations are:

a. Introduce a quota on domestic sugar beet production

The government should introduce a production quota on domestic sugar beet production as a means of capping the amount available on the market, in effect replacing the EU sugar beet production quota which was in place until 2017. The quota could be phased in over a period of five years, reducing the amount of planted hectarage permitted until the intended reductions (for example, 50%) are achieved. The enaction of a quota would result in higher sugar prices because of shrinking supply, ideally offsetting the costs of a smaller yield for sugar beet farmers. British Sugar and NFU Sugar could work together to determine whether current suppliers are given gradually restricted quotas, or whether certain refineries are closed altogether, meaning sugar beet production is restricted to an increasingly limited geographical area.

This policy should be complemented by other policies intended to support farmers to transition towards other crops, as well as policies to prevent an influx of cheaper raw cane sugar to fill the gap in supply. These are discussed in subsequent points.

b. Maintain or increase tariffs on imports of raw cane sugar

Any domestic policy to curb sugar beet production must be accompanied by nutrition-sensitive trade policy which also stems the imports of sugar produced overseas and prevents a disorderly collapse in UK sugar production which could seriously harm growers' livelihoods. While domestic sugar beet production is being gradually reduced, tariffs on the import of raw cane sugar must be maintained or increased. Otherwise, the increased price of domestic sugar risks resulting in food producers shifting to either EU refined sugar imports (see Point C) or raw cane from the rest of the world. Driving up raw cane imports would only serve to offshore the environmental impacts of sugar production. It is therefore vital that the government cease to open new free trade agreements permitting the influx of reduced or duty-free sugar, such as the potential deals with India and Mexico.

c. Increase tariffs on imports of refined sugar (or ban imports completely)

As part of a nutrition-sensitive trade policy, imports of refined sugar (mainly from sugar beet, originating from EU Member States) should be drastically reduced or ideally halted completely. This would allow the UK to approach its figure of maximum safe supply while safeguarding the interests of UK sugar beet growers and

maintaining moral responsibilities to former British colonies to produce the majority of the UK's imported raw cane.

d. Increase tariffs on imports of confectionary and other high-sugar products that are key contributors to sugar intake

Together, imported confectionary, chocolate, bread, pastries, and biscuits are responsible for approximately 15% of the UK's sugar supply.[41][42] These imports should also be subjected to increased tariffs to reduce their supply as much as possible within the parameters of external trade policy. This could potentially be achieved by enacting compositional regulations that control the sugar content of individual types of sweetened foods and drinks sold in the UK, both domestically produced and imported[43]. Existing or future trade agreements should be (re)negotiated with this objective in mind.

Section 6: Options - The Raw Cane Sugar UKGT Rate
6d, i. Please use this space to provide any views or evidence on the current raw cane sugar UKGT rate and whether you consider maintaining or changing this from January 2025 would be appropriate and what mitigations you would consider if the Government was to change the UKGT rate
Please refer to the areas set out at the end of the 'Public Consultation Information' section in the supplementary documents and please provide any evidence to support your views.

N/A

6d, ii. With reference to Table 2 in the 'UK Sugar Market' section of the supplementary documents, which sets out the current import routes for raw cane sugar, please use this space to provide any views or evidence on those import routes and how their future use might impact government decisions in regard to this consultation.

N/A

6d, iii. Are there any points you want to make in respect to the Public Sector Equality Duty and / or the Environmental Principles Duty (if applicable) that are relevant to this consultation?

[41] Defra. *Agriculture in the United Kingdom 2022*. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1170953/auk-2022-13jul23i.pdf.
[42] Richardson, B. & Winkler, J. *Sugar reduction in post-Brexit UK: A supply-side policy agenda*. https://foodresearch.org.uk/publications/sugar-brexit-supply-side/ (2019).
[43] *Ibid.*