

PRESS RELEASE

EU-Australia trade deal: Another gut-punch to Europe's strategically important renewable ethanol industry

Significant concessions to Australia on duty-free ethanol come as the European Commission confirms provisional application of EU-Mercosur agreement

BRUSSELS, 24 March 2026 – The newly announced trade agreement between the EU and Australia is the latest blow to Europe's renewable ethanol industry and agriculture sector at large, who are already reeling from the EU-Mercosur deal.

The EU-Australia deal gives duty-free EU access to 10,000 tonnes of Australian ethanol: a major concession on a highly sensitive sector at a time when European renewable ethanol producers face significant competition from producers around the world who enjoy lower energy costs and greater policy support. The [EU-Mercosur agreement](#) allows a Tariff Rate Quota of 650,000 tonnes of ethanol – meaning the EU will allow the absorption of volumes corresponding to 12% of the entire market.

Once again, the EU-Australia deal's concession highlights the absence of a comprehensive cumulative impact assessment of EU free trade agreements on sensitive sectors such as ethanol.

While presented by the European Commission as a modest quota, this concession is also disproportionate to the current level of EU-Australia ethanol trade. In recent years, trade flows have been negligible, with imports amounting to only 177 tonnes in 2024 and virtually no trade recorded in most previous years.

Granting a quota far exceeding existing trade volumes raises concerns that the agreement is designed to stimulate new imports rather than reflect established market demand, adding further pressure on EU producers. Such a significant discrepancy between current trade flows and the level of the concession may also create incentives for trade diversion or circumvention via Australia, particularly given the growing global competition in ethanol markets.

The European renewable ethanol industry represents an important strategic asset for the EU, helping achieve goals for energy independence, food security, climate change mitigation and agricultural competitiveness. But EU policies consistently undermine this asset by discriminating against the use of crop-based ethanol by capping its use as a renewable transport fuel and granting increasing market access to non-EU producers.

The equation is simple: If the EU is going to continue opening the floodgates to imported ethanol, it needs to make its ethanol market bigger. This means [including crop-based biofuels in the CO₂ for cars and vans regulation](#) and allowing crop-based biofuels in aviation and maritime.

The alternative is the loss of an important domestic sector and an increasing crisis for European agriculture.

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