

HON. DR. GALAL YOUSIF ELDEGEIR
Minister of Industry (Sudan)
Spokesperson for the LDC

Mr. President, Ministers, Excellencies, Commissioners, Ladies and Gentlemen

I am privileged to address you today on behalf of LDC Sugar producers.

The 50 LDCs, 41 of whom are ACP countries, warmly welcomed the EBA initiative in 2001. The initiative has accorded the poorest countries prospects for duty free access for all exports except arms to the EU market. We count on the initiative to address the problems of LDCs who all face the challenges of poverty and limited development prospects. EBA should enable LDCs to take full advantage of the opportunities offered by the EU trading system and thereby contribute to the socioeconomic development of LDCs which they so desperately require.

LDCs recognize the benefits that could be derived from the EBA initiative, notably in improving productive capacity generating export revenue and attracting investment so necessary for the growth of our economies. With regard to sugar, the initiative, despite the limited quantities made available in the initial years, has enabled many LDC sugar producers to export sugar for the first time to the EU market at predictable and remunerative prices. It has also started to attract much needed investment in the sugar sector and has already been able to contribute to the welfare of the many people engaged in the sugar sector, primarily in poor underdeveloped rural areas.

We have been closely following the proposed EU Reforms to the sugar sector and fully understand the need for these reforms, however we are concerned as to their potential negative impact on LDC sugar exporting countries . The LDC sugar producing states have responded to the proposed EU sugar reforms following the communication of 14 July, having previously adopted a detailed LDC proposal on their own position which was also presented to the EU Commission. The LDC proposal was endorsed by the first LDC Ministerial meeting on Sugar in Brussels in March 2004 and revisited by another Ministerial conference in September 2004. LDC Ministers have engaged in discussions with the EU Commission at all levels and have conducted a number of missions to EU Member States either independently or with ACP colleagues. Up to date the Commission has seen fit not to take heed of the calls from the LDC.

My statement is intended to further explain the LDC proposal and clarify its rationale, and to emphasize the need for more time to adjust and develop LDC sugar industries which generally have immense potential and are seen as being able to contribute effectively to sustainable development in the poorest countries on earth.

THE LDC PROPOSAL :

The LDC proposal was officially presented by LDC ministers to Commissioners Lamy and Fischler in Brussels on 3rd March 2004. It is intended to create a predictable 'development environment' in order to build on the modest investments

already made as a result of the EBA sugar initiative. It will attract future investment that could contribute to the expansion and upgrading of LDC Sugar industries in a more compelling manner and hence contribute to sustainable development.

The LDC proposal, is based on creating a reasonable transition period by deferring the introduction of the existing progressive tariff elimination currently scheduled to commence from 1st July 2006 to 1st July 2016, which is in line with the ACP call for a transition period ending in 2016. This would create a more realistic time-frame to harness the benefits of EBA and enable LDCs to prepare more effectively for further future market orientation.

In the context of the renewal of the generalized system of preferences (GSP) and to improve market access conditions over an extended transition period the LDC proposal envisages a new tariff quota for sugar of LDC origin. The LDCs have been given to understand that amendment to the existing EBA provisions in the context of the GSP regulation would require an adaptation of the Commission's proposal of 20th October 2004 on the renewal of GSP which is presently being discussed in the relevant Council working groups. Although the LDC proposal of 3rd March 2004 was presented to Commissioner Lamy personally, we are not aware that the LDC sugar proposal has even been given serious consideration in the discussions on GSP renewal. We request that the LDC sugar proposal be given serious consideration both in the GSP debate and in the ongoing discussions on the sugar reform.

need not be as severe as proposed by the Commission and could be effected within the EU's minimum commitments in the WTO process, treating sugar as a sensitive product and taking into account the relevant provisions of the July WTO package as regards the need to maintain the value of preferential arrangements.

The consequences of a price reduction as drastic as that envisaged by the EU over a three year period would be to exclude the majority of small vulnerable LDC suppliers whilst encouraging other LDC producers to maximize export volumes. This would undoubtedly increase the incidence of swap trading and open the opportunity of market abuse.

The LDC require a more predictable environment to enable all of them to plan in an orderly fashion and to be able to attract desperately needed investment. Should this not be achieved, then investment in sugar will cease with disastrous consequences for our development.

The benefits of sugar cane as a development crop in rural communities are well-known and the multifunctional role of sugar in our economies cannot be over-emphasized. For many of us sugar cane is not only an ideal crop but often is the only viable crop that can be produced. Meaningful but managed access for our sugar to the EU market at remunerative prices over an extended transition period would consolidate and enhance these fundamentals. The LDCs recognize the importance of the multifunctional aspects of agriculture in the EU, and the role that EU farmers play in that context. Our proposal provides certainty to them and facilitates quota management to enable sugar production to be spread in the fairest possible way throughout the EU.

In conclusion, honourable colleagues, we note with regret that the LDC proposals have not been taken seriously to date by the European Commission despite widespread support by Member States, all 50 LDCs, all 79 ACPs, and NGOs including Oxfam. I assure you Mr President that the position has the blessing of all LDCs, and in order to renew this support, Bangladesh, the UN coordinator of all LDCs is calling for an LDC meeting in the near future. We renew the LDC request for an open dialogue with the EU to work together to secure the benefits to all LDCs of the EBA initiative and to secure for them defined access to the EU sugar market. What we seek is to build on the opportunity which has been created by the EBA initiative to develop our economies. The Commission's proposed reforms would have the opposite and disastrous effect.