



## **PRESS RELEASE**

**The outcome of last week's EU budget negotiations has been greeted with deep concern by African, Caribbean and Pacific (ACP) sugar supplying States.**

Brussels 21 December: The European Commission had proposed a special annual fund of €190 million under the Financial Perspectives 2007-2013 for 18 ACP countries severely hit by the recent EU sugar reform agreement. Commissioner Fischer Boel highlighted this initiative in a speech at the start of the WTO Ministerial Meeting in Hong Kong as an example of the EU's commitment to developing countries, and she called on Member States to endorse the Commission's proposal. However, no reference to this fund is found in the text agreed by European Heads of State and Government on 16/17 December 2005.

The current fallout from the sugar reform agreement is therefore as follows:

- A 36% reduction in sugar prices will see ACP sugar supplying States permanently lose over €250 million a year in stable export earnings.
- EU producers have been granted €7 billion in compensation to cushion the impact of the reform.
- Meanwhile, the ACP, the most vulnerable stakeholder has been proposed no more than €40 million for 2006, when urgent, secure and substantial funding is necessary to enable them to re-structure and diversify and avoid massive job losses with little prospect of alternative employment.

*The current situation is gravely unjust. It is a complete contradiction of the EU's stated commitment to the developing world. The ACP are the collateral damage of this reform and nothing is being done to help us. The Member States were able to find an extra €2 billion at the last minute to placate their own producers. Yet the ACP are left with next to nothing when we are the ones who are in most urgent need of compensation. We call on the Commission, the Member States and the European Parliament to work together to find an urgent solution to our concerns. We intend to bring our case at the highest political level to ensure our needs are fully addressed",* stressed Arvin Boolell, Minister of Agriculture, Mauritius and ACP Ministerial Spokesperson on Sugar.

While welcoming the Commission's proposal of a special fund of €190 million per annum, the ACP argue that at least €500 million a year will be necessary to enable them to adapt and survive and avoid disastrous socio-economic consequences.

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