

**General Secretariat of the
African, Caribbean and
Pacific Group of States
(ACP Group)**



**Secrétariat Général du
Groupe des États d'Afrique
des Caraïbes et du Pacifique
(Groupe ACP)**

PRESS RELEASE

African, Caribbean and Pacific (ACP) countries express extreme dissatisfaction with EU sugar reform proposals and accompanying measures – Reform too fast, too deep, too soon.

Brussels, 22 June 2005 – ACP sugar supplying countries today stated their strong concern with the European Commission's planned reform of the EU Sugar Regime. The ACP were responding to the publication of a legislative proposal to overhaul the existing regime by slashing raw sugar prices by 39% over a period of only four years.

The Commission's proposal would have a crippling effect on the economies of ACP countries traditionally supplying sugar to the European Union under the provisions and guarantees of the ACP-EU Sugar Protocol. In addition to price cuts, the proposal would also impose new marketing restrictions on ACP suppliers, against the spirit and letter of the Sugar Protocol.

"It is impossible to overstate the devastating impact the price cuts and timescale proposed by the Commission will have on ACP countries. As far as the ACP is concerned, the proposed reform is too fast, too deep, and too soon," said Clement Rohee, Minister of Foreign Trade of Guyana and Ministerial spokesperson on sugar for the Caribbean Community (CARICOM). *"Under these conditions the sugar industries in many countries will be simply unable to survive, while in other producing countries the so-called reform will inevitably lead to severe cutbacks with disastrous socio-economic consequences."*

Preferential access to the EU market under the terms of the Sugar Protocol is of vital importance to the economies of ACP states – in some cases it is the single highest contributor to gross domestic product. For the ACP a loss in income of up to €400 million annually can be expected from the proposed reform, when the daily earnings per capita in some ACP countries are less than €2 per day.

ACP sugar producing countries therefore urge the EU Member States to agree to considerably less drastic price cuts that would be gradually phased-in over a period of eight years as of 2008 along with accompanying measures to support the restructuring and modernization of ACP sugar industries. The ACP preference is for putting the focus on maintaining sustainable development through trade rather than creating another aid mechanism.

The Sugar Protocol is a legally binding intergovernmental agreement with obligations to be met by all contracting parties. The ACP has faithfully met its obligations and should reasonably expect the EU to respect its commitments enshrined in the Protocol in terms of the three guarantees of price, access and indefinite duration. However, continuing access to the EU market without remunerative prices is utterly meaningless and unsustainable for ACP sugar supplying states, as it also is for the Least Developed Countries (LDCs).

"The European Commission has provided countless assurances that it will stand by its commitments to ACP countries," said Mr. Kaliopate Tavola, Minister for Foreign Affairs and External Trade of Fiji. *"Regrettably, however, the Commission's proposal does not take our*

situation into account in any way. It is completely at odds with EU development policy, the general objectives of the Doha Development Round of the WTO, and the pursuit of the UN Millennium Development Goals.”

Sugar has traditionally played an important multifunctional role in the socio-economic fabric of ACP producing countries. In addition to providing employment to hundreds of thousands of people, a wide range of other direct and indirect benefits are derived from the sugar industry, and in most cases there are very limited possibilities to diversify away from sugar for inherent climatic, topographic and geographic reasons.

The ACP countries are working to modernise and enhance the competitiveness of their sugar industries in a changing global environment. However, in order to maintain the thrust of restructuring efforts already underway, ACP producers must be able to rely on the EU to meet their legitimate expectations under the Protocol and the Cotonou Agreement. *“The solution for ACP states must comprise a lower price cut spread over a longer timeframe supported by accompanying measures that will ensure the long term sustainability of the sugar sector”*, stressed Felix Mutati, Deputy Minister of Finance and National Planning, Zambia.

In this context, the UK Government has recently stated that at least €500 million in transitional assistance will need to be made available to the ACP to offset the projected losses from cuts to the internal EU sugar price.

“In order for the Commission’s accompanying measures to have any positive effect, it is absolutely essential that funding is made available up front in 2005,” said K.D Knight, Minister of Foreign Affairs and Foreign Trade of Jamaica. *“Any delay will make it impossible for our industries to adapt in time to absorb the impact of price cuts.”*

Minister Knight added, *“What we very much want to avoid is a repeat of past mistakes in the banana, rum and cocoa sectors, where EU financial support programmes have been of little or no effect. What we need are dedicated commercial funds that will reach the producer on the ground.”*

The ACP countries accept the need for the reform of the EC sugar regime. However, they want a reform which is fair and equitable to all stakeholders and one which complies fully with the legal and political commitments of the EU vis-à-vis the ACP sugar supplying states enshrined in the Sugar Protocol.

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