



## **JOINT ACP AND LDC SUGAR GROUPS PLATFORM**

1. The ACP Sugar Protocol signatory States and the LDC sugar suppliers under the EBA Initiative (ACP/LDC Sugar Groups) recognise the need for the reform of the EU Sugar Regime. They are, however, calling for a reform that is just and equitable to all stakeholders, and politically, economically and socially sustainable. EU sugar reform should moreover ensure coherence between the EU's own policies on trade, agriculture and development cooperation and be respectful of the provisions of the Sugar Protocol and the EBA Initiative. In this respect, the ACP/LDC Sugar Groups reiterate that the Sugar Protocol and the EBA Initiative are examples par excellence of trade instruments with a strong development dimension.
2. The ACP/LDC Sugar Groups strongly believe that the attempt of the Commission to reform the EU Sugar Regime to make it consistent with its reformed Common Agricultural Policy, whilst continuing to honour its contractual, legal and political international commitments, should be based on a trade-based solution. This will help maintain the ability of members of the ACP/LDC Sugar Groups to achieve their Millennium Development Goals.
3. Trade-based measures must incorporate an acceptable level of remunerative price, a realistic timetable to phase in the new Sugar Regime and secured access for all types of sugars as spelt out in the Sugar Protocol and the EBA Initiative
4. The ACP/LDC Sugar Groups are of the view that the 22 June 2005 proposals of the Commission, if adopted, would devastate their sugar industries and spell disaster for their economies. As such, they would threaten the already precarious livelihoods of hundreds of thousands of poor farmers and workers, who do not have an alternative source of income, in countries that are mainly least developed, and often land-locked and small and vulnerable island developing states.
5. The ACP/LDC Sugar Groups are appreciative of the Commission's offer of assistance through Accompanying Measures for ACP Sugar Protocol countries. However, it should be recognized that, at best, these would only provide short-term palliatives and not the basis for sustainable long-term development targets and the ability to tackle poverty. Adequate development assistance should also be provided to all LDC sugar-producing countries likely to be affected by EU sugar reform.
6. The present statements on assistance are vague as to both quantity and timing and references to trade solutions within the framework of future Economic Partnership Agreements (EPAs) are unclear and inappropriate to maintain the integrity of the Sugar Protocol and inadequate to provide the bankable assurances needed for reform and

modernization programmes, which have already been initiated by many ACP/LDC producers.

7. The ACP/LDC Sugar Groups require solid and binding commitments on financial assistance and on all three pillars of a trade-based solution – price, timing and access – before and not after the introduction of a new Sugar Regime.
8. The ACP/LDC Sugar Groups propose a managed market through a quota system and an adequate level of price ensuring that EU production and ACP/LDC improved market access match the EU's internal consumption.
9. The ACP/LDC Sugar Groups also support measures aimed at preventing illegal triangular trade.
10. The threat of EBA sugar imports into the EU has been exaggerated to justify the unnecessarily brutal price cut of 39%. The total production of all LDCs is currently 2.83 million tonnes, most of which is required to meet domestic demand. Indeed, recent studies have concluded that even with a 20% reduction in the EU price, LDC producers would earn more from their domestic and regional markets once transport, handling, ocean freight costs and marine insurance premium are taken into account.
11. Any price cut should be limited to the necessity for the EU to meet its WTO obligations. The EU should await the outcome of the current negotiations on agriculture before taking a final decision in this respect. The ACP/LDC Sugar Groups support the European Parliament resolution of 10 March, 2005 on the Common Market Organisation for Sugar in which the European Parliament:  
  

*“ notes that the reduction in sugar prices proposed by the Commission goes beyond the requirements for compliance with the WTO rules; therefore calls for this reduction to be limited to what is strictly necessary to achieve and maintain a sustainable, efficient, robust sugar production in the EU, in compliance with the WTO rules”*
12. Such price cut should be effective as from 2008 and evenly spread over a period of 8 years as also being proposed in the opinion of the European Parliament Committee on Development on the Commission's proposals on the reform of the EU sugar regime.
13. The ACP/LDC Sugar Groups call on the EU to designate sugar as a sensitive product. They will support any proposal by the EU on the treatment to be meted out to sensitive products in the WTO negotiations and which builds on the provision of paragraph 44 of the July Framework Agreement concerning longstanding preferences.
14. They will equally support the EU on a more lenient formula for tariff cuts that takes into account the specific circumstances of the ACP/LDC Sugar Groups. They will also support the maintenance of the Special Safeguard clause for agriculture.
15. Regulations on the import of sugar for refining must not be such as to infringe ACP rights enshrined in the Protocol and should allow ACP and LDC suppliers full access to the EU

market for all types of sugar.

16. The ACP/LDC Sugar Groups urge that the reform ensure comparable treatment between EU beet farmers and ACP/LDC cane sugar suppliers in terms of income and export earnings respectively, since the Protocol is an integral part of the EU Sugar Regime. This is the more so because, since its inception in 1975, the Sugar Protocol has created legitimate expectations for ACP suppliers. Similarly the EBA initiative implemented under the EU GSP has created legitimate expectations for LDC suppliers.
17. The ACP/LDC Sugar Groups believe that any support needed by the full time cane sugar refining industry in Europe, should be paid directly from the EU budget, as has always been the case, and not passed on to the ACP in the form of a lower price for raw sugar in 2006.
18. The ACP/LDC Sugar Groups call for all financial resources for adjustment to be provided upfront to the ACP States concerned, through instruments that ensure automaticity and quick disbursement, so that they might continue to adapt and reform. Accompanying measures should also take into account the heavy investments in the context of ongoing restructuring programmes. In this regard, the ACP/LDC Sugar Groups welcome and support the proposals made in the report of the Rapporteur of the European Parliament Committee on Development on Measures for Sugar Protocol Countries.
19. The ACP/LDC Sugar Groups have noted that at least one EU Member State has proposed that €100m be allocated to the ACP in 2006 and up to €500m yearly thereafter, whilst the Commission is only proposing €40 million for 2006, with no indication whatsoever as regards post 2006. The €40 million proposed by the Commission for 2006 and to be disbursed over two years, will barely cover the loss of €35 million which ACP/LDC Sugar Protocol suppliers alone are to suffer resulting from the proposed 5% price reduction in 2006.
20. The ACP/LDC Sugar Groups are prepared and willing to work together with all the stakeholders including the various European institutions, for an outcome that safeguards the interests of all partners and to have a new sugar regime which is fair and equitable to all stakeholders and respectful of the legal and political commitments of the EU to the ACP Sugar Protocol signatory States and the EBA LDC sugar supplying countries.

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