

**Press Conference**  
**held by the ACP Sugar Group, the Least Developed**  
**Countries (LDCs), Oxfam and the World Wildlife Fund**  
**(WWF)**

**Statement by the Hon. Clement James ROHEE,**  
**Minister of Foreign Trade & International Cooperation,**  
**Guyana**

**Brussels, 22 June 2005**

## SPEAKING POINTS

Thank you for coming, we welcome your presence.

As we have no formal role in the decision making process of the European Union with regards to the Proposed Sugar Reform, we welcome the opportunity to be able to voice our views to the media.

With us today, we have representatives of the LDCs, Oxfam and WWF all of whom strongly oppose the proposals put forward by the European Commission today. I am delighted to share the platform with:

- The Honourable Felix Mutati, Deputy Minister of Finance and National Planning, Zambia – speaking
- Luis Morago, Oxfam International, Brussels Head of Office
- Elizabeth Guttenstein, WWF, Head of European Agriculture and Rural Development

Although only representing 1% of total global production it impossible to overstate the importance of sugar to the economies of the ACP states. In my own country Guyana, sugar makes up 17% of GDP, the highest single contributor to GDP. In most ACP's exports to the EU make up 70% of sugar income. It is estimated that the Commission's proposal would lead to a loss in income of up to EUR 400 million annually in ACP countries. **You can hardly need more to imagine the devastating impact that the proposed EU Sugar Reform will have.** Already the proposed cuts have forced St Kitts and Nevis to stop sugar production after over 300 years of uninterrupted activity.

The reform proposal is too deep, too quick, too soon. We want less drastic price cuts phased in over an 8 year implementation period starting 2008.

*Proof point: It is unrealistic to expect to be able to implement a 40% price cut implement so quickly without devastating our sugar industry and we believe it is possible to delay until 2008. The unique agricultural specificity of sugar and our fragile economic bases, make it impossible to diversify quickly, if at all from sugar.*

*To add insult to injury, the refining aid of EUR 26.9 per ton will be removed in 2006 with a cost being passed on to the ACP as an unannounced 1<sup>st</sup> price cut of 5% - a stealth cut as it were.*

We are shocked because the reform goes against the number assurances from the European Commission that they will honour its commitments under the sugar protocol, Cotonou Agreement and at odds with the development policy and the Millennium Development Goals. The current sugar discussion between Brussels and ACP producers is “a dialogue of the deaf”.

*Proof point: Art 36(4) of the Cotonou Agreement states that the benefits of sugar protocol should be upheld. The sugar protocol itself promises the three guarantees of price, access and indefinite duration.*

To maintain the thrust of existing modernisation efforts, ACP producers must be able to count on substantial targeted accompanying measures. Funding must be made available upfront, must provide for diversification within the sugar industry and must reach the producer on the ground.

*Proof points: It is estimated that the Commission's proposal would lead to a loss in income of up to EUR 400 million annually in ACP countries. The UK has said EUR 500 million is necessary, Oxfam confirms this number is required as of 2005. The European Commission's blueprint for accompanying measures falls far short of this.*

We want to avoid a repeat of past mistakes in banana, cocoa, coffee where compensation was too little, too late and has had little or no positive effect.

The knock on effects hardly bear contemplating: macro-economic instability, failure of smallholder's cooperatives and collapse of farmer's banks, massive unemployment and urban migration, environmental degradation. In the worst cases, it will not be unimaginable that countries head the way of Haiti.

The ACP calls on the EU Member States to recognize that the very future of some ACP countries is at stake and to agree to a more fair and equitable reform for all parties. This would include:

- the continuation of an orderly managed market system based on quotas and guarantee remunerative price for the benefit of all stakeholders including LDCs who have made it clear that the EBA initiative would only be of benefit to them if they obtain remunerative prices for their sugar exports;
- considerably less drastic price cuts;
- a phasing-in of these cuts over a period of eight years as of 2008 in order to the stability and predictability necessary for investment and development;
- and, finally, targeted accompanying measures to shoulder the burden of cuts and support the restructuring and modernization of ACP sugar industries.

## TALKING POINTS

Main point: EU reform proposal on table will simply crush our sugar industries and as a result our economies in general.

The facts:

- ACP and the EU have benefited from a long and fruitful relationship in the sugar sector under the terms of the ACP-EU Sugar Protocol, signed in 1975.
- ACP countries produce only 1% of total sugar production, however it provides direct employment to over 300,000 people and gives indirect employment to hundreds of thousands of others and by extension supports the livelihoods of millions of family depends.
- Sugar is a significant contributor to the national economies of many ACP countries in terms of GDP and foreign exchange: sugar generates 15% of GDP in Guyana to as much as 90% in Fiji.
- ACP sugar production is an outstanding example of multifunctional economic activity, with the sugar industries providing vital ancillary services such as healthcare, education and social services in rural districts, sugar cane is also one of the most environmentally friendly crops and plays an important role in preventing soil erosion.
- The price cuts would not trickle down to EU consumers in any way, production would be wiped out in several EU countries, the economies of ACP producing countries would be destroyed and the expected benefits of the Everything But Arms agreement would be rendered null and void for LDC producers.