

**Meeting of the ACP/LDC Ministerial Delegation with the  
European Commission and EU Agriculture Ministers**

**Statement by Kaliopate Tavola,  
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Fiji**

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## Legal and Political Aspects of the proposed reform of the EU Sugar Regime

- The ACP-EU Sugar Protocol, a legally binding inter-governmental agreement, incorporates rights and obligations for the parties.
- The ACP States have fulfilled their obligations through the supply, on a regular and secure basis, their “agreed quantities”.
- Article I of the Sugar Protocol provides for the ACP States to supply any type of sugar – raw or white. This is confirmed by the fixing annually of the ACP guaranteed price for both raw and white and not only raw sugar for refining.
- Article 5 (4) of the Sugar Protocol provides for the guaranteed price to be negotiated annually within the price range obtaining in the EU market, taking into account all relevant economic factors.
- Since the inception of the Protocol in 1975, the price has been the main determinant of the export earnings of the ACP suppliers. The ACP guaranteed price has been aligned on the EU Intervention price fixed annually.
- This alignment of the ACP guaranteed price and, therefore, their export earnings, with the EU intervention price i.e. the EU sugar producers, have created a legitimate expectation. It has ensured a level of earnings to the ACP comparable to the EU producers.
- The Commission’s reform proposals now break this equation and destroy the level playing field that exists. The proposals will provide revenue/income to the EU by a combination of price and de-coupled income whereas for the ACP it will be only the radically reduced price.
- Moreover, we are advised that the Commission's reform proposals do not conform with Article 36 (4) of the Cotonou Agreement under which there is provision to safeguard the benefits derived from the Sugar Protocol bearing in mind the special legal status of the Protocol.
- The Commission has proposed to abolish intervention buying of sugar, which is the main price support mechanism in the current regime. The intervention agencies are the buyers of last resort and give effect to the concept of price guarantee. The reform proposals do not provide the price guarantee. Moreover, if the intervention price is replaced by a reference price, perhaps the Agriculture Commissioner could inform us how she proposes to implement Article 5(4) of the Protocol, to which I referred earlier.
- In addition, we feel that abolition of the intervention mechanism would seriously undermine the price guarantee contained in Articles 5 and 6 of the Sugar Protocol. We, therefore, ask that the Commission proposal be amended so as to reinstate the intervention mechanism and enable the effective implementation of Article 5 (4) on annual price negotiation and thereby comply with the Sugar Protocol.

- The Commission proposes, in Articles 29 to 31 of the draft legislation, to introduce new rules governing the import of preferential sugar. We would respectfully ask the Commission to explain how these rules can be reconciled with our rights set out in Articles 1, 5 and 9 of the Protocol, to freely to market the Protocol agreed quantities as raw or white sugar, for refining or otherwise, in the European market.

We are of the view that it will be necessary for Articles 29 to 31 of the draft legislative text to be radically redrawn so as to reflect fully the terms of the Protocol and to preserve our long-standing rights. This is all the more important given the pressure we will be under to maximise our earnings, including through diversification within the sugar sector which the accompanying measures that the Commission is proposing for us to adopt to the new situation. There is a contradiction.

- Finally, we propose that the additional quantities of sugar required to supply refineries should be sourced from the ACP and the LDCs, once supplies under the Protocol and the EU's other existing preferential import arrangements have been exhausted. We therefore ask that the relevant Article 26(2) of the Commission's draft legislation be reformulated so as to give priority to supplies from the ACP and the LDCs.