ACP and LDC sugar industries call for a level playing field for all stakeholders

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Brussels, 28 February 2019/ACP: The African, Caribbean and Pacific (ACP) and Least Developed Countries (LDC) are calling for a level playing field for all sugar stakeholders after a study had been presented to the European Parliament implicating them in the substantial decline in the price and export of the commodity over the past two years.

The study was undertaken by the European Sugar Refiners Association (ESRA) on raw materials in the EU sugarcane sector.

The ACP Sugar Group, representing ACP and LDC sugar industries in 18 developing countries, contends that the current problems in the EU sugar market were caused by the over-production of subsidy-fuelled EU sugar, which has led to record low prices in European markets and to consequent reductions in demand for sugar imported from developing countries. According to the latest data published by the European Commission, the weighted average EU domestic price has fallen to a new low of just 31.4 euro cents/kilo, and imports from ACP and LDC countries are currently less than a third of the levels recorded before quotas were abolished. The EU over-production has also led to EU exports doubling in volume and now taking market share in ACP regional markets, displacing ACP and LDC sugar both in the EU and in ACP Sugar's neighbouring developing country markets, contrary to the recommendations made in the Cardno report on Current and Forecast Market Developments for ACP Sugar Suppliers to the EU Market.

Price is another sensitive issue for the ACP Sugar Group in the context of the study. The study suggests a higher cost for imported ACP/LDC sugar mistakenly using data that includes not just the price paid for raw sugar for refining but also the price paid for premium speciality sugars.

ACP and LDC sugar producers agree with ESRA's statement that the root cause of the decline is overproduction. However, they dispute ESRA's proposed solutions and they ask the EU not to further erode preferences for ACP and LDC countries by increasing the supply of sugar in an already oversupplied market through additional import quotas, lower MFN tariffs and/or new free trade agreements (FTAs). With the benefit of hindsight, ACP and LDC sugar producers further agree with ESRA that the EU market has been badly managed by policy-makers. It has been adversely affected by domestic overproduction, in part because sugar beet in 12 Member States is directly subsidized on a per hectare basis. The end of Voluntary Coupled Support in the EU sugar sector would give both ESRA members and ACP, LDC and other developing country sugar suppliers some respite in the EU market and enable fairer competition both in the EU and globally.

In response to customer requirements in the EU and elsewhere, ACP and LDC sugar producers utilize several different certification schemes including Bonsucro certification. The adoption of Bonsucro certification is a private commercial decision (as is Bonsucro itself), which should not determine which countries have duty-free market access to the EU markets and/or which may wish to adopt other sustainability and good practice initiatives.

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The ACP Sugar Group is a long-established association comprising the sugar industries in 18 developing countries who wish to promote the best interests of the sugar industries in all ACP and LDC countries.

For further information, please see our website at www.acpsugar.org [1]

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