ACP Group's response to recently concluded Free Trade Agreement between EU and Mercosur

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The EU and Mercosur announced the conclusion of a free trade agreement on 28 June 2019, twenty years in the making, now subject to "legal scrubbing" and possibly minor adjustments.

The ACP Group deeply regrets that it was not consulted fully on the context and content of this Free Trade Agreement as per Article 12 of the Cotonou Agreement.

ACP and LDC countries note with great concern reports that 180,000 metric tonnes of tariff-free access for sugar is included in the EU/Mercosur trade agreement under the existing 334,054 tonnes CXL quota at 98 €/t for Brazil, in other words the first 180,000 tonnes of access would be duty-free each year, and also an additional 10,000 tonnes duty-free quota for Paraguay. These new concessions would be in addition to the Brazil CXL quota of 78,000 tonnes at 11 €/t duty and the 289,977 tonnes CXL Erga Omnes quota at 98 €/t which mostly tends to be supplied by Mercosur countries.

Prices in the EU sugar market are already very depressed, in January 2019 reaching an all-time low, suffering from the structural reforms implemented in 2017 and the combined effects of oversupply, both domestic oversupply and ever-increasing FTA quotas. EU sugar prices are further depressed via the current low world market prices which are well below the costs of production of even the lowest cost global sugar producers and are distorted by widespread and pernicious domestic subsidies.

The EU has traditionally been one of the most important markets for sugar from ACP and LDC countries. The ACP and LDC access to the EU market has already been severely curtailed. Further increasing supply through new Free Trade Agreements in an already over-supplied market can only have a detrimental effect on any residual preference afforded to developing countries. It is deeply regrettable that agreements such as the new EU/Mercosur agreement manifestly ignore the collateral damage done to the EU's commitments under the Economic Partnership Agreements signed in good faith by many ACP countries.

It should be noted that increased access of sugar products from countries such as Brazil whose government supports its industry, is just as unfair to traditional suppliers of the EU as is the EU's continuing direct financial support for agricultural products such as sugar, dairy and beef.

Note to editors:

The ACP Group comprises 48 countries from Sub-Saharan Africa, 16 from the Caribbean and 15 from the Pacific, of which 40 ACP countries are classified as “Least Developed” by UNCTAD (“LDCs”), and 37 are Small Island Developing States (“SIDS”). Amongst the objectives of the ACP Group, is the sustainable development of its Member-States via their gradual integration into the global economy, which entails making poverty reduction a matter of priority and establishing a new, fairer, and more equitable world trading order.

The ACP Sugar Group has a very long history of supplying sugar to Europe dating back several centuries. Since 2001, the quantities of ACP (including ACP LDC) sugar imported into the EU of 28 member states have been as follows:

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

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