NEWS: Guyana gets EU boost for sugar sector competitiveness

GEORGETOWN, Guyana, 1 February 2012/ Knews/ ACP: The European Union (EU) has pledged another multi-million disbursement of funds in support of the Guyana sugar industry, one of the many Caribbean countries crippled by a cut in sugar prices by the EU, its biggest market for sugar. Guyana can expect around EUR 24.9 million this year, on the heels of a EUR12.5 million package received last December.

In a statement, the EU said that the EUR12.5 million Euros (GYD$3.4B) was transferred in December 2011 to support the local sugar sector in Guyana. This was part of the EU-funded Multi-annual Sugar Programme 2007-2010, which aims to improve the competitiveness and viability of the local industry.

More funds are set to be disbursed once the Financing Agreement is signed between the EU and the Government of Guyana in the near future. This will be part of the second Multi-annual Sugar Programme for the period 2011-2013.

“The EU support continues to assist Government’s policy to reform the sugar sector by upgrading GuySuCo (Guyana Sugar Corporation)’s sugar factories, establishing a sugar packaging plant at Enmore, increasing sugar production and mechanizing GuySuCo’s field operations in particular, thereby improving the cost effectiveness of the sugar industry,” the statement said.

This EU assistance is provided through a direct budget support mechanism and the disbursements are made based upon the achievement of performance indicators that monitor the implementation of the sector policy on sugar.

Funds are also channelled towards studies, evaluations and audits to ensure effective implementation.

In November 2005, EU agriculture ministers reached agreement on controversial reforms of the sugar regime. The ministers agreed that EU prices, kept high by a 40 year-old price guarantee agreement, should be cut by 36% over the next 4 years from the 39% originally proposed.

The African, Caribbean and Pacific (ACP) sugar-producing countries had expressed outrage at the agreement, which is only a 3% smaller cut than the 39% originally proposed. The ACP countries have been significant beneficiaries of the EU system. They had been pressing for a cut in prices of only 19%, failing which they claimed they stood to lose EUR300 million a year in direct export earnings and the destruction of their sugar industry.

The EU, however, has promised financial assistance to ACP countries to help cope with the changes.

The Ambassador of Guyana to the ACP and Chairman of the ACP Sugar Group H.E Dr P.I Gomes said the programme arose in response to the Sugar Group’s concern about the negative effects the drastic price cut has had on 18 ACP sugar producing countries that exported sugar to the EU under the 1975 Sugar Protocol.

He said it is important that the Guyana sugar industry optimise all resources available from the programme for improved competitiveness, diversification and social mitigation of the industry.
President of the Republic of Guyana H E Donald Ramotar, elected on November 28 2011, greets Ambassador P. I Gomes, who is also the Chair of the ACP Sugar Group, during a recent meeting in Georgetown. President Ramotar has been for many years an active Member of Parliament of the ACP Parliamentary Assembly and Joint ACP-EU Parliamentary Assembly.

- KNews/ACP Press

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