PRESS RELEASE: EU warned - Market flux, dented ACP economies if sugar quotas cut

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Brussels, 25 June 2013/ ACP Press Release: The ACP Sugar Group has warned the EU Council of market instability and the acute risk to their developing economies if the proposal to abolish EU sugar quotas in 2015 – rather than 2020 – is passed this week. The last ditch appeal comes as high level negotiations on EU agricultural policy are expected to close this Wednesday in Brussels.

At the ACP-EU Joint Parliamentary Assembly last week, ACP countries also expressed serious concerns at the lack of clarity from the European Commission on what market tools will replace the quota system in regulating the market and safeguarding public interests, which were the main grounds for its set up in the first place.

On behalf of ACP sugar producing states, the Minister of Agro Industry and Food Security of Mauritius Hon. Satya V. Faugoo called on EU ministers of Agriculture for adequate time to restructure ACP sugar industries, with a view to being more competitive by 2020.
“Such a decision would demonstrate greater coherence between trade, development and agriculture,” he stated in a letter addressed to the Irish Minister for Agriculture, Marine & Food, Hon. Simon Coveney.

Studies estimate €850 million in lost revenue up to 2020 for ACP sugar producers – which include five of the world’s Least Developed Countries (LDCs) – in the absence of quotas. ACP members seek a five year extension of the current regime in order to complete Action Plans jointly agreed with the EU for modernization, diversification and efficiency improvements.

The period is also needed as the disbursement of the EU’s support programme [Sugar Accompanying Measures] for greater market liberalisation has been slower than expected.
“Both independent and the European Commission’s own studies conclude that the expiry of the sugar quota will lead to a reduction of the domestic price of sugar, making imports – including [those from ACP countries with] preferential access – less attractive. This eventually will make duty free quota free access of sugar from ACP meaningless and will potentially eradicate ACP sugar from the EU market,” stated Hon. Faugoo.

He added that there is no proven transmission of lower sugar prices to the final consumer through processed products.

Taking the likely renewal of the United States sugar policy as a comparison, which includes domestic production limits and a market share of 15% reserved for developing countries, the ACP Sugar Group calls on the EU to honour the principles underpinned by numerous ACP-EU agreements such as Cotonou Accord, the Economic Partnership Agreements and the Everything but Arms Initiative, which were intended to protect the EU’s small and vulnerable trading partners.

ACP sugar producing states include Barbados, Belize, Republic of Congo, Fiji, Guyana, Côte d’Ivoire, Jamaica, Kenya, Madagascar, Malawi, Mauritius, Mozambique, St. Kitts and Nevis, Suriname, Swaziland, Tanzania, Trinidad and Tobago, Uganda, Zambia, Zimbabwe.

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