Regional perspectives on changing EU-ACP sugar sector relations: The impact of duty-free, quota-free access on ACP exporters

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Contents

1 The changing context of the ACP-EU sugar trade

The sugar protocol formerly provided national quotas for export of sugar to the EU within an overall agreed ceiling. In addition, to meet the supply needs of traditional EU raw sugar cane refiners, additional access was granted, initially under the special preferential sugar (SPS) arrangement, and subsequently under the 'Everything But Arms' (EBA) quota and the complementary quantities (CQ) arrangement. On 1 October 2007, the EU formally denounced the Sugar Protocol, setting in its place, after a transitional period, provisions for the granting of duty-free, quota-free (DFQF) access for ACP/LDC sugar exports within an overall safeguard ceiling of 3.5 million tonnes (with a ceiling for non-LDCs of 1.38 million tonnes in 2009/10; 1.45 million tonnes in 2010/11; 1.6 million tonnes from the 2011/2012 season for the following four seasons, within this overall ceiling). The transitional arrangements set in place came to an end on 1 October 2009, with least developed countries (LDCs) and ACP countries whose governments had signed an interim Economic Partnership Agreement (EPA), largely enjoying DFQF access to the EU market from this date, within the agreed transitional safeguard ceiling. However qualifications to this DFQF access remain as regards the trade in sugar with the overseas territories of EU member states, and also in some regions as a result of restrictive rules of origin, particularly related to the application of cumulation of origin provisions. Cumulation of origin provisions formerly allowed an input originating in one member ACP country to be counted as if it originated in any ACP country when calculating whether the finished product was an 'ACP' product for which duty-free access should be granted. Both of these residual trade restrictions are contentious.

The EU's renunciation of the sugar protocol saw the phasing out of traditional price guarantees for ACP sugar (closely linked to the phasing in of domestic EU sugar sector reform measures). This has given rise to a situation where the granting of DFQF access is taking place against the background of first a reduction in the minimum guaranteed price for ACP raw sugar, and ultimately the phasing out of any price guarantee and its replacement by pricing arrangements determined by the play of market forces.

Table 1: Evolution of ACP price guarantees for raw sugar: 2005–2013

	2005/06	2006/08	2008/09	2009/10	2010/11	2011/12	2012/13
Price (euros/tonne)	€523.70	€496.80	€448.80	'Not less than 90% of the EU reference price'	'Not less than 90% of the EU reference price'	'Not less than 90% of the EU reference price'	Market-related prices

Source: collated from European Commission statements.

This is consistent with the EU's internal process of agricultural reform, which across a multiplicity of sectors is also moving away from price guarantees towards more market-based arrangements for price determination. The major difference between ACP and EU sugar producers in this new context is that EU producers benefit from an expansion of decoupled direct-aid payments which are phased in alongside price reductions, while ACP producers do not. Governments of the 18 ACP sugar protocol beneficiaries have however been granted 'sugar protocol accompanying measures' support totalling €1.284 billion to assist with restructuring their sugar sectors and national economies in the light of EU sugar sector reform.

This provides the context in which producers in different ACP regions will respond to the granting of DFQF access to the EU market, a response strongly influenced by the underlying competitiveness of sugar production at the national level.

2 Caribbean-EU sugar sector relations

2.1 Overview of the regional sugar situation

Caribbean-EU sugar sector relations now fall under the provisions of the Caribbean-EU EPA, which has been signed by all CARIFORUM member governments. The Caribbean region contains some of the most vulnerable sugar producers, in the light of the underlying cost structure of many of the region's traditional sugar exporters. Of the region's seven sugar exporters (six traditional exporters and the Dominican Republic), two have opted to exit the sugar export trade (St Kitts & Nevis and Trinidad & Tobago), while the non-traditional exporter has had substantially new opportunities for the export of sugar opened up. Of the traditional Caribbean sugar exporters remaining, different strategies are being adopted in response to EU sugar sector reform and the granting of duty-free, quota-free (DFQF) access to the EU market.

2.2 Barbados

In Barbados, where sugar accounts for 39.2% of total goods exported to the EU, an adaptation strategy is being pursued that focuses on the development of a sustainable multi-product industry producing a range of diversified products, including speciality sugars (e.g. the small volumes of the Plantation Reserve brand) and high-quality rum, ethanol and electricity. This strategy is largely being implemented on the basis of nationally mobilised financial resources. To date, EC 'sugar protocol accompanying measures' support has been deployed in support of economic diversification initiatives outside the sugar sector. This being noted, EC-financed rum programme funding has been used to support the development and marketing of quality rum production in Barbados. The limited pump-priming support from government-financed trade development programmes and from the regional rum programme has proved effective to date in facilitating some level of production and trade restructuring to serve 'luxury purchase' components of the EU sugar and rum markets. However, this is not yet affecting a sufficient volume of production to provide a long-term, financially secure future for the Barbadian sugar sector, with more public financial resources needing to be devoted to the changes that are required.

2.3 Jamaica

In Jamaica, where sugar accounts for 14.2% of the country's total exports to the EU, the government is looking to privatise its sugar industry within a framework of diversification of revenue streams from sugar cane production. Initial efforts to privatise were undermined by the impact of the global financial crisis, with the collapse of the initial deal with a Brazilian biofuel company. However local Jamaican companies then stepped in to take over some of the government-run estates, with agreement being reached in July 2009 on the sale of Duckenfield Estate to Seprod, and the Long Pond and Hampden estates to Everglades Farm.

Efforts to privatise the remaining government-run estates, via an agreement with the Italian sugar company Eridania (which commands 30% of the Italian market and has a joint marketing arrangement with Tate & Lyle), collapsed in mid December 2009. However Eridania remains interested in a forward purchasing arrangement, under which pre-financing for sugar production is made available in exchange for contractual commitments to deliver a specified volume of raw cane sugar at a specified price. This price currently includes a profit-sharing arrangement related to the sale price in the EU of refined sugars produced on the basis of the Jamaican raw sugar.

It is unclear however what kind of long-term relationship such an arrangement will give rise to, and how precisely this arrangement will assist Jamaica in positioning itself for the heightened competition that will emerge on the EU market from 2014 onwards. At this time:

- price guarantees for ACP sugar will have fallen away;
- world sugar production will have expanded substantially in response to current high world market prices;
- the number of preferred suppliers exporting sugar to the EU will have increased considerably;
- EU corporate restructuring and corporate alliance formation will be likely to have further reduced the number of sugar importers (see accompanying special report 'Corporate restructuring in the EU sugar sector: Implications for the ACP').

Against this background it is unclear to what extent the restructuring taking place in the Jamaican sugar sector will provide secure long-term commercial foundations for the future of the sector.

Currently a half of the committed budget support in Jamaica is allocated to sugar sector restructuring, primarily aimed at preparing the sector for privatisation.

2.4 Guyana

In Guyana, where sugar accounts for 50.9% of total goods exported to the EU, the sugar sector adaptation strategy is based on enhancing the profitability of sugar production through a market-oriented expansion of sales and the diversification of revenue streams. Under the EC 'sugar protocol accompanying measures' programme, over 90% of planned expenditures are currently targeted at enhancing the profitability of sugar cane production and supporting revenue diversification from sugar cane production. EC assistance is provided in the form of general sector budget support, the utilisation of which is jointly agreed with the government of Guyana.

At the present time, the Guyanese government is exploring the best basis for drawing the private sector into the management and operation of the state-owned sugar industry. With the process of corporate restructuring of the EU sugar sector in response to the 2005 reforms now at an advanced stage of completion, the fact that Guyana has yet to identify its long-term corporate partner for maximising revenue flows from sugar sales in the new EU market context is potentially a matter of concern. There are concerns that the Guyanese sugar sector could be locked into the supply of raw sugar to traditional refiners, and hence vulnerable to the full effects of reform-induced market-price reductions.

With suggestions in the UK business press that Tate & Lyle could find it more profitable to dispose of its sugar division, the maintenance of its traditional supply relationship might well prove problematical in the long term, although it should be noted that this is not an immediate threat, given the current increased demand for raw sugar from traditional EU beet refiners and the high world market price of sugar experienced in 2009. Indeed, GUYSUCO, the Guyana Sugar Corporation, may currently enjoy greater flexibility in maximising short-term revenues on the basis of exceptionally high world market prices than other ACP sugar exporters who have moved swiftly to secure new long-term, profit-sharing supply contracts with new partners in the EU market. Nevertheless, if world market sugar prices return to more normal levels after the termination of price guarantees from 1 October 2012, then Guyana's dependence on raw sugar sales to traditional refiners could become a source of concern.

2.5 Belize

In Belize, where sugar accounts for 34.6% of total exports of goods to the EU, the industry is looking to reduce the costs of sugar production in order to remain competitive suppliers of sugar to the EU market. Restructuring efforts in Belize are focused on reducing costs, improving efficiency and shifting national production to serve the 'fair-trade' component of the EU market, where a price premium is available. New marketing arrangements have been negotiated with Tate & Lyle, which is committed to converting the whole of its UK direct-consumption sugar range to 'fair trade'-certified in the coming years. However, disputes over the use of the fair-trade premium within the Belize sugar sector have generated divisions among cane producers that could hold back the process of fair-trade certification and the competitive supply of fair-trade sugar.

While the Belize national adaptation strategy submitted to the EU for financing over the 2007-11 period included components aimed at increasing the efficiency of sugar cane production, processing and transportation, EC assistance to date has been focused on the road infrastructure component, and capacity building in government institutions. This programme has, however, faced implementation delays: by the beginning of 2010, only 7.36% of funds allocated to Belize's annual action plans for 2007, 2008 and 2009 had been disbursed.

So far, little EC assistance has been extended to the process of assisting farmers' associations to meet the standards required to secure the fair-trade certification required that would enable Belize to exploit fully the opportunities opened up under the Tate and Lyle decision to progressively convert all its direct-consumption sugars to fair trade. In addition, while substantial investments are needed in the refinery to assist in efficiently diversifying revenue streams from cane production, this also has seen little or no EC assistance being provided.

A considerable divergence of views exists in Belize on how best to utilise EU 'accompanying measures' funding, with industry players wanting to focus assistance on measures that directly reduce costs and enhance revenues, and the EC and government of Belize apparently favouring deploying EC funds in support of general road infrastructure interventions and capacity building within state institutions.

2.6 Dominican Republic

The Dominican Republic was not a traditional supplier of sugar to the EU market under the sugar protocol. Under the Caribbean-EU EPA, it was granted a transitional quota of 30,000 tonnes, but this fell away with the phasing in of full DFQF access for all Caribbean sugar exports (within the pan-ACP safeguard ceiling) from 1 October 2009. As a consequence, the Dominican Republic is the Caribbean country with the most to gain from the granting of DFQF access, with substantial EU investment having been attracted in expanding and improving the efficiency of sugar production. A substantial expansion of sugar exports from the Dominican Republic to the EU seems likely in the medium term, although in the short term more profitable markets may be found in the region, given the high world market price of sugar. Thus we find the estimated supply of sugar to the EU from the Dominican Republic in 2010/11 projected to be around 20% below the volume supplied in 2008/09.

Table 2: Caribbean: Regional safeguard thresholds and the countries affected (white sugar, tonnes)

Region	Countries affected*	2009/10	2010/12	2011/12 - 2014/15
CARIFORUM countries	Barbados, Belize, Dominican Republic, Guyana, Jamaica, Trinidad & Tobago	454,357	477,749	527,876

* due to their non-LDC status

3 Southern and Eastern Africa-EU sugar sector relations

3.1 Overview of regional sugar sector situation

Southern and Eastern Africa has been a major recipient of investment in sugar sector developments since 2002. Two out of three major South African-based sugar companies (Illovo and Tongaat Hulett) have launched substantial investment and acquisition programmes to expand sugar production in least developed countries, largely in Eastern and Southern Africa (Mozambique, Malawi, Zambia and Tanzania). These have been aimed primarily at taking advantage of the expanded market-access opportunities available under the EU's EBA regime. The third major South African sugar company, Transvaal Suiker Beperk (TSB), has also expanded into the region by taking a shareholding in the Royal Swazi Sugar Corporation.

Illovo, it should be noted, is now 51% owned by Associated British Foods, which owns British Sugar, Billington's (a leading supplier of unrefined cane sugar to the UK market, including organic cane sugar and fair-trade sugar), and the Azucarera Ebro sugar refinery near Cadiz in Spain.

Other European sugar companies are also showing a growing interest in sugar production in Southern Africa, with the French sugar company Tereos (formed in 2003 from the merger of Béghin-Say, Union SDA and Union BS) investing in production in Mozambique to supply its Acor refinery in Spain and possibly a Krajowa Spólka Cukrowa (KSC) state-owned sugar plant in Poland. The German sugar producer Suedzucker meanwhile has concluded a long-term supply agreement with Mauritius to market exports of direct-consumption sugar products within an overall ceiling of 400,000 tonnes.

The growing South African and EU corporate interest in sugar sector development in Southern and Eastern Africa has resulted in a substantial expansion of sugar production in the least developed countries of the region, an expansion of sugar production in Swaziland and a restructuring of the product mix in sugar exports from Mauritius.

3.2 Mozambique

While Mozambique was able to join the list of sugar protocol beneficiaries, it did so with a zero quota, an arrangement which enabled it to pick up a share of any unutilised quotas. It was not until the entry into force of the EBA initiative that Mozambique enjoyed secure access to the EU sugar market. In the first year of operation of the EBA quota regime, 2001/02, Mozambique exported 8,331 tonnes of sugar to the EU. In 2010/2011, sugar companies with production in Mozambique will be looking to export some 310,000 tonnes of sugar to the EU market. Some of this trade will take place through intra-corporate arrangements within the Tereos corporate alliance, while other parts of this trade will take place through trade arrangements within the Associated British Food corporate alliance.

It is expected that by 2012 Mozambican sugar production will have doubled from current levels to reach 500,000 tonnes. The granting of duty-free, quota-free (DFQF) access under the EBA initiative, despite the initial quota restrictions, provided a major stimulus to the investment in this expansion of sugar production. The ending of the transitional arrangements and the full entry into force of the DFQF access will allow Mozambican sugar exports to expand dramatically: in 2006/07 Mozambican total exports were a mere 37,042 tonnes.

3.3 Zambia

For many years Zambia was not a beneficiary of the sugar protocol. When it did accede, like Mozambique it initially had a zero quota but was able to pick up unutilised quotas. Subsequently Zambia was allocated its own quota of 10,000 tonnes. From 2001/02 Zambia was also able to export sugar under the EBA initiative, initially exporting 8,758 tonnes under this arrangement, rising to 22,921 tonnes by 2006/07. By 2010/11, Zambia will be looking to export 250,000 tonnes to the EU. Illovo and its corporate partners linked through Associated British Foods can be expected to play the dominant role in this trade. In Zambia, with the benefit of investment from Illovo, sugar production capacity is currently being boosted from 250,000 tonnes to 440,000 tonnes (with a longer-term potential of up to 1 million tonnes).

3.4 Malawi

Since the announcement of the EU's EBA initiative, the establishment of transitional arrangements and the commitment to a firm date for the introduction of full DFQF access, extensive investments have taken place in the development of sugar production in Malawi, exclusively via Illovo, which is 51% owned by Associated British Foods. From production of 207,800 tonnes in 2000, sugar production expanded to 258,053 tonnes in 2004, 266,000 tonnes by 2008, and is scheduled to reach 310,000 tonnes by 2010.

Traditionally Malawi enjoyed access to the EU market for 20,824.4 tonnes of sugar under the sugar protocol, and a further 10,000 tonnes of sugar under the special preferential sugar arrangements. In addition Malawi gained access to the EU market under the EBA transitional quota, exporting a total of 46,461 tonnes of sugar to the EU in 2007. In 2010/11, the first year in which full DFQF access will apply, it is estimated that Malawi will export 100,000 tonnes of sugar to the EU. The expansion in Malawian sugar production has thus been primarily geared towards capitalising on expanding market-access opportunities in the EU.

With the Malawian sugar sector 100% owned by Illovo, this trade will take place through Associated British Foods' related companies, most notably newly established Mitra Sugar Ltd, a joint venture between British Sugar and Illovo.

It should be noted that this investment by companies such as Illovo has not only stimulated an expansion of sugar production in LDCs, but has also served to improve physical infrastructure and management capacities in Malawi and other LDCs in ways that are effectively preparing LDC sugar exporters to compete in the EU market beyond the lifetime of traditional sugar sector trade preferences.

3.5 Tanzania

Traditionally under the sugar protocol Tanzania enjoyed access for only 10,186 tonnes of sugar, with a further 2,486 tonnes of sugar available under the special preferential sugar arrangement. Tanzania also enjoyed access to the EU market under the EBA initiative, and in 2007 exported a total of 39,237 tonnes of sugar to the EU market. Tanzanian sugar production however is primarily for the domestic market, with the country having a sugar deficit (production 282,000 tonnes in 2008/09, compared to consumption of 320,000 tonnes). In the context of exceptionally high world market sugar prices, no sugar exports to the EU took place in 2008/09, since local prices yielded better returns. With 1 October 2009 seeing the final reduction in the guaranteed prices for ACP sugar exports to the EU market, Tanzania is not projected to export sugar to the EU in the coming seasons. Nevertheless limited investment is taking place in the expansion of Tanzanian sugar production, aimed at a 25% expansion of production using existing installed refining capacity.

3.6 The situation in other LDCs

So far Madagascar, the highest cost LDC producer in the region, has not benefited from the investment boom. Significant sugar investments in Uganda, Ethiopia and Sudan are however under way, although with little or no EU corporate participation. In the case of Uganda, investment has largely come from local Indian-owned companies, while in Ethiopia the government has been able to secure loans from the Indian government to expand sugar production. The principal source of investment in the Sudan has come from the Gulf States, with much of this investment being geared towards securing supplies for Gulf-based sugar refiners. However, with Sudan looking to triple sugar production in the coming years, with the aim of becoming 'the next Brazil', the prospects of DFQF access to the EU market may also have been a factor in investment decisions.

3.7 Mauritius

Traditionally Mauritius was the main beneficiary of the sugar protocol, with a quota of 491,030 tonnes and a further 41,980 tonnes under the special preferential sugar arrangement. However in 2007, Mauritius exported only 444,739 tonnes of sugar to the EU market. Against the backdrop of EU sugar sector reform, an ambitious production and trade adjustment process is being pursued in the country. This consists of:

- the implementation of a rigorous cost-reduction programme at field and factory levels;
- an active policy of diversification of revenue streams from sugar cane production;
- a market-led repositioning of Mauritian sugar exports on the EU market, including a redefinition of the routes to market and a shift from the export of raw sugar to the export of value-added sugars.

EC 'sugar protocol accompanying measures' financing and European Investment Bank (EIB) loans have both been effectively deployed in support of this process.

In terms of the traditional trade relationship with Europe, the conclusion of a marketing agreement with Suedzucker, which *de facto* ends the dependence of Mauritius on raw sugar exports, has been critical. Such a process of trade adjustment however would not have been possible had not substantial investment been made in production restructuring, in part supported under the EU 'sugar protocol accompanying measures' programme.

In the coming period, no expansion of Mauritian sugar exports to the EU is anticipated (although some recovery from the low levels of 2007 will take place) in response to the granting of DFQF access. For Mauritius, the focus has been on exploiting changes in the EU market to export high-value sugar products to the EU. The development of expanded direct-consumption sugar exports to the EU via Suedzucker will, it is hoped, provide far more flexibility in responding to evolving market opportunities, not only in the EU but also regionally and beyond. While in the short term some technical difficulties have been faced in pursuing this strategy, in the long term, by moving up the value chain, the strategy is likely to situate the Mauritian sugar sector in a better position to take advantage of evolving market opportunities in an increasingly global industry.

3.8 The situation of other non-LDC sugar exporters

With the granting of full DFQF access under the interim EPAs (IEPAs), investment has also been stimulated in sugar production in certain non-least developed countries, most notably at this point Swaziland**.** While traditionally Swaziland enjoyed access to the EU market for around 150,000 tonnes of its sugar (117,844 tonnes under the sugar protocol and 30,000 tonnes under the SPS arrangement), in 2007 it exported only 132,567 tonnes. However in the coming years, despite the EU price reductions that have taken place, Swaziland is projected to be ready to expand its annual sugar exports to the EU market to around 330,000 tonnes.

Given the high world market price of sugar that prevailed in 2009, pressure arose in Swaziland to limit exports to existing contractual commitments in the short term, in order to capitalise on the exceptionally high world market price. Nevertheless, with investment under way, Swaziland appears to be well placed to capitalise on the DFQF access now available. Indeed, the expanded access may well be sufficient to compensate for the reductions in the guaranteed price for ACP sugar that has taken place (although this depends on the balance between EU and world market sugar prices). With three major corporate players operating in the Swazi sugar sector and a single marketing channel being used, the routes to market are varied, with Mitra Sugar playing a more limited role than in Malawi and Zambia.

Traditionally Zimbabwe enjoyed a quota of 30,225 tonnes under the sugar protocol, and access for a further 25,000 tonnes under the SPS arrangement. However in 2007 Zimbabwean sugar exports to the EU amounted to only 29,591 tonnes. With the granting of DFQF access, investor interest in expanding sugar production in Zimbabwe is also apparent, with the South African company Tongaat Hulett poised to restore sugar production once domestic economic and political circumstances improve. Indeed, with dollarisation of the Zimbabwean economy improving operating conditions significantly, it is projected that by 2010/11 Zimbabwe could be exporting up to 182,000 tonnes to the EU market. Zimbabwe thus also looks well place to capitalise on the DFQF access now available.

Kenya for its part is busy trying to foster a process of industry restructuring, including privatisation. South African sugar companies have expressed some interest in engagement with this privatisation process, given the size of the Kenyan market. However, with political uncertainty and difficult operating conditions, significant challenges are faced in effectively managing the privatisation process. Indeed, the competitiveness challenges faced in the Kenyan sugar sector have been such that they have necessitated the repeated extension of special safeguard arrangements for sugar under the Common Market for Eastern and Southern Africa (COMESA) agreement.

Table 3: Southern and Eastern Africa: Regional safeguard thresholds and countries affected (white sugar, tonnes)

Region	Countries affected*	2009/10	2010/12	2011/12 - 2014/15
Southern African Development Community (SADC)	Swaziland	166,081	174,632	192,955
East Africa Community (EAC)	Kenya	12,908	13,572	14,997
Eastern and Southern Africa (ESA)	Mauritius, Zimbabwe	544,712	572,756	632,851

* due to their non-LDC status

4 West and Central Africa-EU sugar sector relations

Traditionally under the sugar protocol, Côte d'Ivoire and Congo each enjoyed quotas of 10,186 tonnes, and also benefited from a further 10,000 and 2,519 tonnes respectively under the SPS arrangement. With high world market sugar prices, both countries have fallen out of supplying the EU market, and with the final reductions in the guaranteed price for sugar having taken place on 1 October 2009, it is not deemed likely that exports to the EU market will be resumed in the near future, give the high costs of sugar production in these traditional sugar-protocol beneficiary countries.

Looking beyond these traditional sugar exporters, the South African-based multinational Illovo has invested in Mali, primarily to serve the national and regional markets. In Cameroon, French majority-owned SOSUCAM, central Africa's biggest sugar company, is cutting back on worker numbers and shutting down factories, according to press reports. This follows difficulties finding ready markets for Cameroon's high-cost sugar.

Table 4: West and Central Africa: Regional safeguard thresholds and countries affected (white sugar, tonnes)

Region	Countries affected*	2009/10	2010/12	2011/12 - 2014/15
Economic and Monetary Community of Central Africa (CEMAC)	Cameroon, Gabon	10,186	10,186	10,186
Economic Community of West African States (ECOWAS)	Côte d'Ivoire	10,186	10,186	10,186

* due to their non-LDC status

5 Pacific-EU sugar sector relations

Traditionally Fiji was the second largest beneficiary of the sugar protocol, with a quota of 165,348 tonnes and additional access under the special preferential sugar arrangement of 19,182 tonnes. However, the

Fijian sugar sector has been facing difficulties for some years now, and in 2007 exported only 174,547 tonnes of sugar to the EU market. As part of its response to EU sugar sector reforms, the Fijian sugar industry signed a new long-term contractual arrangement with Tate & Lyle. However production difficulties have meant that the Fijian sugar industry has not been able to meet its ambitious delivery targets. Sugar production has declined from 310,000 tonnes in the 2006 season to 208,000 tonnes in the 2008 season, with serious concerns being raised about the future of the industry.

Against this background, the Fiji Sugar Corporation has made significant investments to upgrade the four sugar factories, due to be completed at the start of the season 2010/11. Furthermore, the government has adopted a strategy seeking *inter alia* to address land tenure issues, revive the sugar industry and progressively bring sugar production back to former levels. New contractual arrangements notwithstanding, high world market sugar prices have further reduced the attractiveness of the EU market.

For these reasons Fiji looks far from ideally placed to take advantage of the duty-free, quota-free (DFQF) access granted to the EU market under the post-sugar-protocol trading arrangements.

Tate & Lyle is currently exploring the development of production and imports from non-ACP LDCs, including Laos and Vietnam. It is unclear what implications this could have for the long term commercial future of Fijian sugar exports to the EU.

Table 5: Pacific: Regional safeguard thresholds and the country affected (white sugar, tonnes)

Region	Countries affected*	2009/10	2010/12	2011/12 - 2014/15
Pacific	Fiji	181,571	190,919	210,950

* due to its non-LDC status

Annex: EU sugar-protocol beneficiaries

Table A.1: Sugar-protocol beneficiaries: costs of production and transport after restructuring to lower costs (2009)

Country	2007-10 MIP* €m	Production costs €/t	Transport costs €/t	Total cost €/t	Pre-reform EU price €/t	EU price 2010 €/t
Caribbean						
Guyana	77.547	211	76	287	523.7	335.00
Belize	45.147	211	92	303	523.7	335.00
Jamaica	77.547	264	56	320	523.7	335.00
Barbados	34.677	352	60	412	523.7	335.00
St Kitts & Nevis	44.286	440	80	520	523.7	335.00
Trinidad & Tobago	41.643	440	80	520	523.7	335.00
Southern and Eastern Africa						
Mozambique	6.0	141	68	209	523.7	335.00
Malawi	9.911	141	92	233	523.7	335.00
Zimbabwe	22.137	158	84	242	523.7	335.00
Swaziland	69.895	176	76	252	523.7	335.00
Zambia	6.0	141	116	257	523.7	335.00
Mauritius	127.541	229	64	293	523.7	335.00
Tanzania	6.0	211	120	331	523.7	335.00
Kenya	6.23	264	120	384	523.7	335.00
Madagascar	8.428	317	80	397	523.7	335.00
Central and West Africa						
Congo	6.245	229	104	333	523.7	335.00
Côte d'Ivoire	13.467	264	112	376	523.7	335.00
Pacific						
Fiji**	8.0	229	80	309	523.7	335.00

Source: Extrapolated from Table 8 of draft report 'Safeguarding the benefits of the ACP-EU sugar protocol in the context of the EPA negotiations' (20 February 2007). It should be noted that costs of production are only half of the restructuring equation: opening up of alternative revenue streams from sugar cane production also constitutes an important part of the restructuring process, as do revenue enhancement arrangements within existing trading arrangements (e.g. exports to the EU).

* Multi-annual Indicative Programme

** Annual allocation for 2008 only, subsequently suspended.

Source

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Return to normal page view