



CIBE CONGRESS 16-19 JUNE 2009
COPENHAGEN, DENMARK

**Statement by H.E. Dr. Patrick Gomes, Chairman, ACP Sugar Consultative
Group ***

Mr Jos Van Campen, President of CIBE
General Secretary Madame Lacoste & Members of the Executive
Distinguished participants
Ladies and Gentlemen

On behalf of the ACP Sugar Group, I would like to express my appreciation to CIBE for the invitation and warm welcome to this Congress. I take this opportunity to extend our thanks to Mr. Jos van Campen, President of CIBE, for making special efforts to attend the recently concluded ACP Ministerial Conference on Sugar held in Georgetown, Guyana. His presentation on the EU Sugar Market from the beet growers' perspective was very informative and provided the ministers with a useful insight on the impact of the EU sugar regime reform on the beet sector in the EU. The consequent significant decrease in production in all member states and the concentration of beet production in the most competitive regions had been remarkable in the short space of time. We fully appreciate the negative socio-economic implications of this for the beet growers in the member states which had to reduce drastically or even to cease production.

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This is indeed relevant for some of our ACP states which like Saint Kitts and Nevis had been compelled to cease sugar production for export following the 36% price cut as sugar production became uneconomical in that country.

We certainly have a large number of areas of mutual interest which we need to protect and safeguard so as ensure the sustainability of the EU sugar market. During the discussions leading to the reform of EU sugar regime, we had established a good working relationship to promote our common interests. This is still relevant and there is the necessity to maintain this and develop joint representation as necessary as we face new challenges in the future.

At the Guyana Conference, the ACP Ministers agreed that the overall aim should be to ensure that the transition period is managed in such a way as to avoid market disturbance and pressure on prices in the EU sugar market against the benchmark of the reference prices, which would be counter-productive and would adversely affect the value of our access on the EU market. We believe that this is in line with the approach of the EU sugar beet sector which states that “an effective control is necessary to balance EU market for the benefit of all stakeholders, European as well as LDC and ACP countries”. The achievement of this objective constitutes an important aspect of our cooperation and we need to devise appropriate strategies and communication link to keep track on developments and impress on the Commission to take corrective actions as necessary.

Mr. Chairman

The ACP-EU Sugar Protocol, which has long been portrayed as a model instrument of North-South cooperation, will no longer be in force from October 2009. This is a reality that all of us in the ACP will have to face and adapt to. The 36% reduction in EU sugar prices agreed in 2005 will be fully implemented as from 1st October, 2009. This will see the ACP lose at least € 250 million a year in direct export earnings as from the 2009/2010 marketing year.

The above challenges, Economic Partnership Agreements and fall in price have been exacerbated by the financial crunch and the economic crisis that are currently affecting all of us.

1. As from October 2009, the ACP Sugar Supplying States will be entering a new un-chartered territory when new conditions will apply and when market access opportunity will be offered to all ACP, both LDCs and non-LDCs, parties to EPAs or to EBA as the case may apply. However, non-LDC ACP countries will be subject to double trigger safeguard thresholds. Until 2012, importers of EPA-EBA sugar would be required to pay not less than a 90% of the reference price set by the EC for the relevant marketing year. Thereafter no price guarantees would apply.

From 1 October 2015 onwards duty-free quota-free access will be offered for all ACP suppliers subject to the general safeguard provisions.

Mr. Chairman,

The EU and the ACP both subscribe to the fundamental principle that, under the new EPA sugar arrangements, no single ACP country should be worse off. It

is therefore absolutely crucial that both parties put in place the related implementation measures which should ensure that this objective is fully achieved.

We are working closely with the Commission in the formulation of relevant import rules for EPA and EBA imports and establishing an alert system to monitor the licensing arrangements and any potential application of the safeguard mechanisms with the aim of avoiding any negative impact on our market access terms and conditions. We would like to establish appropriate arrangements to facilitate the regular exchange of information with the Commission with the aim of ensuring that the management of the market is based on accurate and timely information.

As regards future institutional arrangements, our Ministers agreed that the new trade regime would require the establishment of appropriate institutional structures at the various levels. The functions of the new institutional set-up will, inter alia, include:

- Secure links with the European institutions and other international organizations
- Provide strategic advice & coordination of lobbying activities at regional and all ACP level and adoption of common positions on sugar.

We need to ascertain that post 2015 the EC market will remain meaningful in terms of price so as to ensure an adequate return on investment for our respective industries and companies. Together, we will need to start a lobbying

exercise as early as next year to prevent any attempt by the Commission (as was already suggested by the director of the Commission who attended the Guyana Conference) and some Member States to fully liberalise the market at the end of the current sugar regime in 2015

As regards WTO, the ACP Sugar Group is committed to a successful conclusion of the WTO Doha Round of negotiations that delivers on development and we have stated our willingness to work with the EU towards the achievement of this objective.

Our main objective in Geneva remains for sugar and sugar products that of securing; (a) the implementation of tariff cuts in equal instalments spread over ten years following a two year moratorium as detailed in the July 2008 convergence package; (b) should the EC declare sugar as sensitive, the lowest TRQ expansion introduced through ten equal instalments; (c) the binding of tariffs in specific (i.e. non-Ad Valorem Equivalent) rates; and (d) the maintenance of the Special Safeguard Clause

In terms on international cooperation, we have called on the Commission and the Members States as required under the Cotonou Agreement and the provisions of the EPAs to consult with the ACP Party prior to opening any new market access for sugar to all other third countries. In this context we have expressed our disappointment, at the recently held ACP-EC Council of Ministers, that such consultations did not take place prior to opening new sugar tariff rate quotas further to the most recent enlargement of the Community, and noted with concern reports in the press that the EC may be

proposing further TRQs in other ongoing FTA negotiations. We will need to impress with you on the need to ascertain that the market remains in balance and that there is no price collapse.

This should be our common objective for the years to come.

I thank you