EU must deliver ACP fair package for sugar reform

Brussels 21 March 2006: African, Caribbean and Pacific (ACP) sugar supplying countries[1] remain deeply concerned by the delays and lack of concrete measures on the part of the European leaders to provide them with adequate resources to face the huge losses from the reform of the EU sugar regime. The losses for some of the world's poorest countries could amount to nearly €265 million annually and a staggering €1.7 bn under the new EU sugar regime.

Europe's Trade Commissioner, Peter Mandelson, and Agriculture Commissioner Mariann Fischer Boel, announced €190 per annum in accompanying measures for the ACP from 2007-2013 in the run up to the WTO ministerial meeting in Hong Kong last December but the sums now being considered are substantially less and may be backloaded.

Member States and the Commission have agreed to a generous package of €7.9 billion to compensate European sugar producers for the 36% cut in EU sugar prices and support the restructuring of the European sugar industry. In contrast, the 18 ACP Sugar Protocol countries have thus far been allocated a paltry €40 million euro for 2006, on which the Commission proposes to deduct €1.2 million for its administrative charges. And even then, the money will not be disbursed until 2007.

"The EU has a legal and a moral commitment to honor the ACP's legitimate expectations. The ACP cannot be treated as the collateral damage of the reform. It would make a mockery of EU development policy if small vulnerable developing countries were made to shoulder disproportionately the burden of a 36% price cut. The EU should stop its rhetoric and deliver on its promises to help one of his key trading partner with adequate and timely resources," said H.E. George Bullen, Chairman of the ACP Consultative Group on Sugar.

With the upcoming EU Council of Heads of State and Government on 23-24 March, the ACP are seeking concrete and guaranteed measures on financial assistance urgently and upfront just like their EU counterparts, to support the many existing initiatives to modernise and enhance the competitiveness of ACP sugar sectors, and to diversify economies including the cane sugar cluster. A comprehensive package must be provided to cushion the adverse impacts of the sugar reform on ACP countries and assist them to meet their Millennium Development Goals.

"*Europe's grand promises to help one of its key trading partners are fading away. After failing to address key concerns of ACP countries last year, the EU must urgently step up its efforts on offering much-needed compensation. The livelihoods and development prospects of tens of thousands of poor sugar farmers are at stake*," said Luis Morago of Oxfam International.

The European Commission has proposed an annual allocation of €190 million under the next EU budgetary period 2007-2013. However, the final decision lies in the hands of the EU Member States and the European Parliament when they agree on the EU 2007-2013 Financial Perspectives and the ACP has so far received no firm commitment that this proposal will be translated into reality.

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[1] ACP countries have supplied fixed quantities of sugar at preferential rates to the EU market since 1975 under the terms of the ACP-EU Sugar Protocol. The 18 ACP Sugar Group countries are: Barbados, Belize, Côte d'Ivoire, DR Congo, Fiji, Guyana, Jamaica, Kenya, Madagascar, Malawi, Mauritius, Mozambique, St. Kitts and Nevis, Swaziland, Tanzania, Trinidad and Tobago, Zambia and Zimbabwe.

The ACP, while welcoming the recent European Parliament resolution stating that at least €200 million per annum is needed, argue that at least €500 million a year will be necessary to enable them to adapt to the reform and develop a long term sustainable sugar cane industry that will produce sugar, co-generate environmentally friendly electricity and produce bio-fuels. This funding should be clearly defined and ring-fenced under the Financial Perspectives agreement and disbursed in a predictable basis.

"Without secure and substantial funding, the knock-on socio-economic consequences would be potentially devastating and would set us back years in our development efforts and may even weaken our social fabrics and cause political instability", added H.E. George Bullen, Chairman of the ACP Consultative Group on Sugar.

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