

# **THE SUGAR ASSOCIATION OF THE CARIBBEAN (Incorporated)**

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## **Directors**

MR. C. SIMPSON  
MR. J.J. MONTALVO  
MR. M. BOAST  
MR. P. NANDLAL  
MR. R.K. JAMES  
MR. C. KELLY

## **Members**

BARBADOS AGRICULTURAL MANAGEMENT CO.  
BELIZE SUGAR INDUSTRIES LIMITED  
GUYANA SUGAR CORPORATION INC.  
SUGAR MANUFACTURING COMPANY LIMITED  
SUGAR MANUFACTURING CORPORATION OF JAMAICA LTD.  
ST. KITTS SUGAR MANUFACTURING CORPORATION

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## **143rd MEETING OF THE BOARD OF DIRECTORS** **GUYANA MAY 9&11<sup>th</sup>, 2005**

### **PRESS RELEASE**

## **EU Sugar Reform**

Directors of the Sugar Association of the Caribbean (SAC) met at Herdmanston House, Georgetown, Guyana, on 9th and 11th May, 2005. On 10th May, Directors participated in the Second Meeting of Caricom Stakeholders on Sugar under the Chairmanship of the Hon. Clement Rohee, Minister of Foreign Trade and International Cooperation, Guyana, which was held at the Caricom Secretariat in Georgetown. The meetings brought together Ministers, the Caricom Secretariat, the Regional Negotiating Machinery (RNM), and representatives of Caribbean sugar industries. Directors also held discussions with Tate & Lyle, the buyer of nearly all our raw sugar sales to the European Union (EU) market.

Directors reacted with dismay to press reports that the EU Commissioner of Agriculture, Mrs. Mariann Fischer-Boel, was saying that a sugar price cut in the European market of 33 percent might not be enough to achieve the policy aims of the European Commission, and that even steeper cuts were being contemplated. The current price cuts being contemplated would translate into a price cut of around 45% for Caribbean raw sugar and would spell disaster for the whole of the Caricom sugar industry. Already, the sugar industry of St Kitts & Nevis is being forced to discontinue production in 2006, a decision which is causing painful social and economic dislocation in St Kitts.

Directors also rejected the Agriculture Commissioner's suggestion that the recent WTO ruling on EU export subsidies "requires" such catastrophic price cuts. The WTO ruling does not require the EU to respond with such price cuts; however, it does require a reduction in the quantity of EU sugar exports. It seems clear that the EU is seeking once again and as far as possible to impose the burden of its own problems onto the African, Caribbean and Pacific sugar suppliers.

At the Stakeholders Meeting Minister Clement Rohee stated, "what is mind-boggling about this unfolding drama is the hollow ring that reverberates from all the talk [on sugar reform] about commitment to the Millennium Development Goals by the European Commission". He continued that the Commission appears to be in a rush to force consideration of the Action Plan for ACP Sugar, "but", he said, "we are ignored with respect to our own demands for a fair and equitable deal including a much less severe reduction in price, starting in 2008 instead of 2006 and introduced over an eight year period rather than a three year period. This is our alternative which we put to the Commission and which apparently has fallen on deaf ears".

In this respect CARICOM Stakeholders agreed on the need to intensify lobbying activities in the EU, even as SAC producers accelerated their plans for meeting the challenges ahead.

### **Economic Partnership Agreement**

The Directors discussed the ongoing negotiations between the Caribbean region and the European Union on the creation of the Economic Partnership Agreement (EPA) as a successor to the current all -ACP Cotonou partnership agreement. They stressed the primary importance of safeguarding the position of sugar in these negotiations, in particular the benefits deriving from the Sugar Protocol of guaranteed access, stable and remunerative prices and indefinite duration.

### **Intra-regional Trade**

In 2004 intra-regional trade sales of sugar amounted to 136,196 tonnes. This is the fourth consecutive year of growth in this trade in bulk, bagged and packaged sugar. When compared to 2003 this trade has grown by 30 per cent and almost threefold since 2001.

### **Increase in the value of the Euro**

The meeting noted the appreciation in the value of the Euro in relation to the US dollar. The Euro is the currency in which prices are paid for sugar sold to the European Union.

One Euro was presently valued at US \$ 1.28. By comparison in May 2003 the Euro was valued at US\$1.12. This increase in value has helped to augment the earnings of SAC industries against the background of a freeze in the EU price for raw sugar for a number of years.

### **Sugar Cane Industry in the Region**

The Directors acknowledged that a flexible multi product industry offers the best prospect for viability. Renewable energy will become of increasing importance in future. This represents a growth opportunity for sugar cane which is the most efficient converter of sunlight to biomass and is environmentally friendly.

The High Quality and Base Broadening Programmes at the West Central Sugar Cane Breeding Station based in Barbados is producing varieties to increase sucrose and fibre for commercial canes and form the base of an energy industry while at the same time increasing sugar yields.

The Directors noted that all the industries were looking at energy projects in their efforts to diversify and reduce costs.

Guyana had commenced an industry expansion at Skeldon which included a co generation facility with plans for a potable alcohol distillery and a refinery.

Belize plans for a co-generation were well advanced. Jamaica was evaluating co-generation, fuel ethanol and refined sugar production. Barbados had committed itself to co-generation for the industry as well as the national grid. Trinidad and St.Kitts were also looking at the feasibility of fuel ethanol.

The Directors acknowledged the recent generous offer from the Brazilian Government to assist the Caribbean sugar industries in the form of a proposal aimed at promoting diversification into ethanol production.

### **Dr.Ian Mc Donald- 50 years of Service to Sugar**

The Directors SAC in close collaboration with the Guyana Sugar Corporation arranged a special event to recognize the 50 years contribution to Caribbean sugar by Dr.Ian Mc Donald.

The Prime Minister of Guyana and the Secretary General of CARICOM also joined in paying glowing tribute to the man who has also helped to guide the SAC as its current CEO.

### **For further information, please contact**

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