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REPORT

drawn up on behalf of the Committee on Development and Cooperation

on the medium and long-term problems of the Community's sugar policy in relation to the ACP-EEC sugar protocol of 30 September 1981

Rapporteur: Mr V. SABLE

PE 80.196/fin.

English Edition

By letter of 13 November 1981 the Committee on Development and Cooperation requested authorization to draw up a report on the medium and long-term problems of the Community's sugar policy in relation to the ACP-EEC sugar protocol.

By letter of 16 December 1981, the committee was authorized to report on this subject.

On 24 February 1982 the Committee on Development and Cooperation appointed Mr SABLE rapporteur.

It considered the draft report at its meetings of 24 November 1982 and 26 May 1983 and adopted the motion for a resolution and the explanatory statement unanimously with one vote against, on 15 June 1983.

The following took part in the vote: Mr PONIATOWSKI, chairman; Mr BERSANI, vice-chairman; Mr SABLE, rapporteur; Mrs FOCKE, Mr FELLERMAIER, Mr ENRIGHT, Mr NARDUCCI, Mr COHEN, Mr WEDEKIND, Mr DESCHAMPS (deputizing for Mr VERGEER), Mr FUCHS, Mr VERGES, Mrs CARETTONI-ROMAGNOLI, Mr JACKSON, Mr IRMER (deputizing for Mr PEARCE) and Mr KLINKENBORG.

The final version of the report was tabled on 20 June 1983.

C O N T E N T S

A

The Committee on Development and Cooperation hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

On the medium and long-term problems of the Community's sugar policy in relation to the ACP-EEC sugar protocol of 30 September 1981.

The European Parliament,

- having regard to the report of its Committee on Development and Cooperation (Doc. 1-456/83)

- recalling the position taken by the ACP-EEC Consultative Assembly on implementation of the sugar protocol, in particular the resolutions of 3 November 1982 (Rome) and of Luxembourg[1]

I. BACKGROUND

1. Notes that Community policy on sugar is characterized:

(a) by market organization based on the production-quota system;

(b) by a 50 % growth in production between 1969 (Community of Six) and 1980 (Community of Nine) and steady growth of exports. This has put the Community in a dominant position on the world market in sugar (largest producer, second-largest consumer, second-largest exporter, with a near monopoly in the export of refined sugar)

(c) by constant improvements in the competitivity of beet sugar over cane sugar, mainly as a result of agricultural research activities and technological progress; however points out that the Community beet producers' high production level is encouraged by guaranteed high prices for a large proportion of their production, which makes economic comparisons difficult;

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[1] OJ No C39, 10 February 1983 (pp 14 and 15) and OJ No C15, 20 January 1982 (pp 16 and 17)

(d) by the Community's non-accession to the International Sugar Agreement (ISA);

(e) by the existence of the sugar protocol providing the ACP countries with a guarantee of outlets and prices for 1.3 million tonnes of cane sugar.

2. Points out that the world market is characterized by structural production surpluses and low prices; notes that the present International Sugar Agreement has not helped to remedy this situation which is liable to worsen with the development of alternatives to sugar, in particular isoglucose;

3. Takes the view that the Community's present sugar policy represents a serious threat of disruption to the world market, and of recession to ACP cane-sugar producers;

4. Notes that by placing its sugar surpluses on the world market, the Community causes prices to fall and may ultimately bring about a loss of earnings for the ACP possibly well in excess of their revenue guaranteed through the sugar protocol.

5. Recalls that other difficulties encountered in implementing the protocol concern:

- the absence of real negotiations on the prices fixed annually;
- variations and structural growth tendencies of freight charges for ACP countries;
- the effects of inflation and international monetary disruptions;
- reallocation of quantities not delivered by ACP countries pleading force majeure;
- the accession of new ACP States to the protocol.

6. Notes that the obligations arising from the commercial character of the sugar protocol have hitherto been fully respected;

7. Points out that the difficulties encountered by the cane-sugar refining industry are liable to compromise the 'commercial' character of the protocol in the shorter or longer term;

8. Notes that since the protocol came into operation, guaranteed (CIF) prices for ACP sugar have, with the exception of a single marketing year (1975-1976) been higher than world prices;

9. Stresses that the contraction of the world market in raw sugar to the advantage of white sugar is a major obstacle to exports from ACP countries;

II. THE ROLE OF THE SUGAR PROTOCOL

10. Stresses the importance of sugar cane growing in the economies of most ACP countries that are signatories to the sugar protocol;

11. Points out that for climatic and geographical, as well as social and economic reasons, growing anything to replace sugar-cane production would be fraught with the greatest difficulties;

12. Stresses the responsibility of certain Member States for recent developments in the export potential for brown sugar from the ACP countries;

13. Reaffirms its view that there can be no question of holding ACP sugar in anyway responsible for the present EEC surpluses in this area;

14. Believes that implementation of any new Community arrangements for sugar based on a system of regulation by prices owuld lead to a fall in the latter, and therefore also to a fall in guaranteed prices for ACP sugar, which have already ceased to be remunerative;

15. Calls on the Community to establish a ceiling for production of beet sugar at guaranteed prices which would provide a remunerative price to Community and ACP producers and at the same time a reduction in the Community beet sugar surplus which would assist the sale of ACP sugar on the world market;

16. Considers therefore that a quota system is the only way of implementing a ceiling for Community production, through control of the A and B quotas, while at the same time maintaining the earnings of the sugar-producing ACP countries;

17. Notes that in the event of partial or total failure by commercial operators to purchase quantities of ACP sugar, it will be incumbent upon the Community to acquire such quantities at the guaranteed intervention price with all the consequences, and particularly budgetary consequences, of any such development;

18. Considers that all proposals for the improvement of the protocol based on non-obligation on the ACP to deliver the prescribed quantities of sugar to the Community are subject at present to serious objections, such as:

    - the ACP countries' difficulties in financing the industrial refining capacity required for the exportation of white sugar on the world market;

    - the lack of any incentive for the European cane sugar refining industry to maintain the sugar protocol if a long-term guarantee of regular supplies is not formally given;

19. Reaffirms that the European Community must continue to honour its obligations under the ACP sugar protocol signed on 28 February 1975;

20. Notes that, despite its limitations, the sugar protocol remains an indispensable mechanism for the ACP producer countries but that the maintaining of the provisions of the protocol should, however, be accompanied by the implementation of auxiliary measures on the part of the Community and the ACP States concerned;

21. In this spirit, calls, in the first instance, on the Community to accede to the future international sugar agreement now under negotiation; considers that accession is a political and moral obligation that the Community and the other countries concerned must assume vis-à-vis the developing countries and in particular our partners in the Lomé Convention;

22. Expects accession, in addition to exerting a regulating effect on the world market, to impose a ceiling on production, and consequently on Community sugar exports;

23. Supports the idea of a market-sharing scheme guaranteeing sugar-exporting developing countries a share in the markets of developing-countries which are sugar importers;

24. Considers also that the Community must support the efforts of the ACP States to diversify their economies so as to supplement their cane sugar production; such diversification can result either from an extension of the use of by-products of cane sugar, the introduction of replacement crops, the establishment of new industries, or a combination of these various elements;

25. This policy should be complemented by agreements concluded by the Community with a view to granting free access for ACP export products resulting from this policy of diversification, and protecting the latter from protectionist measures, and indeed self-limitation agreements;

26. Calls for the implementation at Community level of a policy of technical and financial assistance to the sugar-exporting developing countries, in particular in the fields of:

- agricultural research to improve cane sugar yields and launch replacement crops;
- research into the packaging and transportation of refined sugar;
- modernization or expansion of refinery and port facilities;
- training for technical, managerial and marketing staff.

27. Instructs its Committee on Development and Cooperation and its Committee on Agriculture to draw up a report on the evolution of substitution products for sugar and the consequences for the cultivation of cane and beet sugar.

28. Instructs its President to forward this resolution to the Council and to the Commission.

EXPLANATORY STATEMENT

In its study on the common agricultural policy and the EEC's trade relations in the agricultural sector (effects on the developing countries) (1) the Commission states:

'it should be noted that current trends indicate that sugar from ACP countries could in the medium-term meet increasingly stiff competition - both on world and Community markets - from beet sugar and isoglucose' (page 56).

Although this is a cautious statement, it is nevertheless revealing. The Commission could have taken refuge behind the Community's contractual obligations under the sugar protocol.

The Committee on Development and Cooperation was in fact already well aware of the possible risk to ACP sugar. Following the various positions it had adopted in the form of opinions for the Committee on Agriculture, and following exchanges of views with ACP representatives, notably in the context of the ACP-EEC Joint Committee, the Committee on Development and Cooperation decided in November 1981 to take up once more the whole question of ACP sugar with a view to identifying the medium- and long-term difficulties and trying to find solutions.

I. ASSESSMENT OF THE APPLICATION OF THE SUGAR PROTOCOL

(a) Background

The sugar protocol annexed to the Convention of Lomé is the offspring of another protocol, Protocol No. 22 to the Act of Accession of the United

(1) July 1982

NB.: Most of the statistics and technical information are taken from:
- EEC sugar policy - 1981-1986 - Jean TERLINDEN
  European Information Bureau SPRL
- EUROPE's new sugar policy
  European News Agency
  Marketing and processing of sugar: areas for international cooperation
  Report by the UNCTAD secretariat (1982)

Kingdom to the Community, in which the six original Member States undertook to offer to the developing countries which were signatories to the Commonwealth Sugar Agreement the outlets traditionally guaranteed by the United Kingdom. After two years of negotiations this undertaking by the Six led to the conclusion of the sugar protocol annexed to the Convention of Lomé.

This protocol is valid for an indefinite period and could not be amended until 1981 or denounced until 1982.

It includes a mutual commitment to purchase and supply agreed quantities of ACP sugar (1.3 million tonnes of raw sugar) at guaranteed cif prices 'negotiated' annually. These negotiations in fact amount merely to a system of index-linking ACP prices to Community prices. The total annual quantity (1.3 million tonnes) is broken down into individual quantities to be supplied by each ACP country which belongs to the sugar protocol.

The sugar protocol is primarily a trade agreement. ACP sugar is sold on the Community market at prices freely negotiated between buyers and sellers. The Community's obligation to purchase at the guaranteed price becomes operative only if certain quantities of ACP sugar cannot be marketed in the Community at a price equivalent to or exceeding the guaranteed price. These purchases are made through the intervention agencies of the Community Member States.

(b) Assessment after five years of operation

Since the sugar protocol entered into force, its commercial purpose has been fulfilled. At no point have the Community's intervention agencies been obliged to purchase ACP sugar, virtually all of which has been sold to the British refinery Tate and Lyle.

Moreover, the guaranteed prices (cif) and those actually paid have always been very much higher than world prices (except in the case of the 1975/76 marketing year).

UA/100 kg of raw sugar

Marketing year	World price	Guaranteed price
1974/75	57.36 (maximum)	-
1975/76	27.39	25.53
1976/77	16.90	26.70
1977/78	13.06	27.25
1978/79	12.21	27.81
1979/80	-	28.23
1980/81	-	29.69
1981/82	-	32.21
1982/83	-	35.26

The principal problems which arose during this period of application relate to:

- the lack of genuine price negotiations which take account in particular of 'all relevant economic factors' (Article 5(4) of the sugar protocol)

- the increase in the freight costs borne by the ACP States, together with inflation which reduces proportionately the annual increases in the guaranteed prices (see Annex I)

- the failure by certain ACP States to fulfil the obligation to deliver the agreed quantities, and the question of the re-allocation of these quantities

- in connection with this failure to deliver, the definition of 'force majeure' as referred to in Article 7. An agreement on this point was reached in 1978

- the accession of other ACP States to the sugar protocol without, however, increasing the total quantity (1.3 million tonnes) (e.g. Zambia and the Ivory Coast)

(c) Difficulties facing Tate and Lyle

Until 1973 (when the United Kingdom joined the Community) two-thirds of the sugar consumed by the British came from the Commonwealth countries. This raw sugar was refined in the United Kingdom by Tate and Lyle.

The British Sugar Corporation, a quarter of whose capital is owned by the state, produced beet sugar to supply the remaining third needed for internal consumption.

The following table illustrates how the situation has reversed since the United Kingdom's accession to the Community.

United Kingdom sugar balance (1000 tonnes white sugar equivalent)

Year July-June	Production	Preferential imports	Imports from Member States	Total available	Consumption
1975/76	641	1,291	315	2,247	2,307
1976/77	696	1,345	423	2,464	2,420
1977/78	949	1,246	296	2,491	2,444
1978/79	1,022	1,129	211	2,362	2,337
1979/80	1,154	1,186	206	2,546	2,339
1980/81	1,125	1,130	150	2,405	2,280
1981/82	1,092	1,116	237	2,445	2,213

Source: Commission of the EEC

By 1981 more than 50% of the British sugar market was controlled by the British Sugar Corporation, a situation which forced Tate and Lyle to close several of its refineries, including the Liverpool refinery in January 1981.

The report by the UNCTAD secretariat on the 'Marketing and processing of sugar: areas for international cooperation' (1982) states, on this subject:

'These developments are potentially very serious for the ACP countries. Their traditional market is steadily contracting not only on account of lower consumption levels, but also, and more particularly, because of the switch to beet. Tate and Lyle, their principal refiners, have reduced their refining activities and diversified into more lucrative activities. There are no other refineries in the EEC at present capable of taking over from Tate and Lyle. If refining margins fall any lower, the company may be forced to contract operations even further. This may leave the ACP countries without 'a bridge' for their sugar into the EEC (depending on the role to be played by the Portuguese cane sugar refineries). Given that the EEC already has a massive surplus of sugar which is expensive to finance, the opportunity can be taken, in the light of these new circumstances, to re-examine the necessity for the Sugar Protocol.'

II. EFFECTS OF THE COMMUNITY'S SUGAR POLICY

(a) Present situation

Since 1968 the Community has implemented three 'sugar regulations'. It may be said from the outset that the introduction of these various regulations has led to a considerable increase in Community sugar production and has thus helped to create a surplus on the world market.

Between 1968 and 1980 Community production increased by 50% from 8.1 to 12.2 million tonnes. During this period production in the individual Member States rose by 64% in France, 73% in Belgium, and 56% in the FRG, whereas sugar-cane production in the Overseas Departments fell by 12.17% over the same period (1).

(1)

	1968	1980
Réunion	229,800	260,748
Antilles	179,484	92,739
	409,284	353,487

However, over the same period production in the European countries outside the Community (1) increased by 46.2% as compared with the 50% increase in the Community, which can therefore not be attributed solely to the mechanisms introduced by the various 'sugar regulations'.

These regulations nevertheless did much to increase the areas under cultivation in the Community, which between 1968 and 1980 rose by 25.7% from 1.4 to 1.7 million hectares, including:

- + 47% in Denmark
- + 43.4% in France
- minus 8% in Italy (2).

Together with this increase in the area under cultivation, the substantial progress made by agronomic research led to a considerable improvement in yields and quality.

TREND IN AVERAGE YIELDS OF SUGAR/HECTARE (x 100 kg.)

	Average 60/61-69/70	Average 70/71-79/80	%
Italy	42.93	49.21	16.8
Germany	56.75	61.96	+ 9.2
France	59.24	64.25	+ 8.5
Ireland	48.69	52.80	+ 8.4
Belgium	62.12	65.98	+ 6.2
Netherlands	63.69	66.14	+ 3.9
Denmark	54.73	54.89	+ 0.2
United Kingdom	48.80	46.17	- 5.7
EEC	56.15	60.22	+ 6.6

(1) e.g. Austria, Spain, Finland, Greece, Switzerland, Turkey and Yugoslavia.
(2) There was a steady decline in the area under cultivation in Italy between 1967 and 1975 as a result of disputes between sugar planters and manufacturers and of competition from other crops.

These increases in area under cultivation, yield and, ultimately, Community production must be set against the increase in Community consumption, which between 1970 and 1980 rose by only 5.3%.

The Community (of 6) exported 167,000 tonnes (of raw sugar) in 1966, which rose steadily to 1.495 million tonnes in 1972, and to over 2 million tonnes in 1979(1). It should be noted that Tate and Lyle is doing no more than to hold on to its traditional markets, i.e.,
- in the Community, Britain and Denmark;
- outside the Community, the other Scandinavian countries.

Alongside the growth in productivity in the cultivation of beet, there has been a substantial reduction in the number of sugar factories (from 273 in 1968 to 213 in 1980), which has coincided with an increase in industrial productivity and a reduction in costs. Over the period 1970-1980 the major production of the Community factories rose from 28,000 to 56,000 tonnes.

The situation can be summarized as follows:

- The Community is at present
  - the world's major sugar producer
    c. 14% of world production
  - the world's second biggest consumer of sugar
    c. 12% of world production
  - the second biggest exporter
    c. 12 % of world exports
  - the major exporter of sugar in the free market
    c. 20% of the market
- The Community almost has a monopoly of world exports of refined sugar
  c. 70% of exports.

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(1) The principal ACP importers are Nigeria (482,000 tonnes) and the Sudan (157,000 tonnes).

(b) The future 'sugar regulation' (after 1986)

In submitting its proposal on the sugar regulation for the period 1981-1986 (1) the Commission stated categorically that this was the last time that the quota system would be extended. In its explanatory memorandum the Commission says that, pending a future system of control based on prices, it is proposing a system based on quotas 'for a limited period, which it regards as a transitional system'. It feels that systems which influence production principally through prices 'are preferable but they would involve a substantial reduction in Community prices in order to control production' (point 13 of the explanatory memorandum).

The future sugar system as envisaged by the Commission would therefore have adverse effects on the ACP States which are signatories to the sugar protocol.

The guaranteed price for ACP sugar is 'negotiated annually, within the price range obtaining in the Community', so that a fall in the Community price will automatically lead to a similar fall in the price of ACP sugar.

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(1) Doc. 1-471/80

NB.: The situation in Spain and Portugal for the 1979/1980 marketing year was as follows:

	Production	Consumption
Spain	1.04 m t	1.1 m t
Portugal	12,000 tonnes	335,000 tonnes

(c) Cost of the Community's sugar policy

EAGGF, GUARANTEE SECTION, EXPENDITURE IN THE SUGAR SECTOR

(million EUA)
Source: EAGGF

Year	(1) Expenditure on sugar (gross)	(2) (a) Production levies	(3) (1 - 2) Net EAGGF expenditure	(4) Total EAGGF Guarantee Section	(5) (3)/(4) %
1975	271.2	86	185.2	4,522.5	4
1976	229.3	133.2	96.1	5,587.1	1.7
1977	698.4	320.8	377.6	6,830.4	5.5
1978	878	410.6	467.4	8,672.7	5.4
1979	939.8	464.9	474.9	10,440.7	4.6
1980	575.2	247.1	328.1	11,315.2	2.9

(a) production levy and levy for storage costs

EXPORT REFUNDS IN RELATION TO THE VALUE OF THE SUGAR CONSUMED

(million EUA)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Year	Export refunds on sugar	Total EAGGF refunds	(1)/(2) (%)	EEC sugar consumption (m t)	Intervention price white sugar/ tonne	(4)x(5) Value of quantity consumed	(1)/(6) (%)
1973	56	1,178	4.7	10.4	236	2,454	2.3
1974	10	619	1.6	9.6	265	2,544	-
1975	28	992	2.8	9.5	304	2,888	1
1976	62	1,711	3.6	9	331	2,979	2
1977	409	2,827	14.5	9.5	328	3,116	13
1978	640	3,750	17	9.5	335	3,182	20
1979	685	4,982	13.7	9.5	410	3,895	17.6
1980	396	5,440	7.3	9.5	432	4,104	9.6

This table shows that, although beet accounts for only 2.7% of the total value of Community agricultural production, it accounted alone for 10 - 20% of total expenditure on export refunds between 1977 and 1979. Expenditure on export refunds for sugar is, relatively speaking, higher than for any other agricultural product. In his study of the EEC's sugar policy - 1981-1986, Mr Jean TERLINDEN states that it is necessary 'to deduct from this refund expenditure an amount corresponding to the export refund on a quantity of sugar equivalent to that imported on preferential terms ...'.

Should the refunds connected with ACP sugar in fact be deducted? It has already been pointed out that ACP sugar has hitherto always been imported on a commercial basis. These imports are linked to a refinery infrastructure already existing in the Community. To want to deduct ACP sugar from the refunds is tantamount to saying that without the sugar protocol this infrastructure would automatically have ceased to exist.

Ambassador JACKMAN, chairman of the ACP Subcommittee on Sugar stated on 18 September 1981: 'In this connection I must draw attention once again to the objections raised in the ACP countries by the Community practice, which could be described as 'idiosyncratic', of presenting its budget in such a way that, to the layman the Community appears to have entered into an obligation equivalent to providing aid for the export of 1.3 million tonnes of sugar, and of showing this fictitious expenditure to be attributable to imports of ACP sugar. The fact is, of course, that sugar imports into the Community have not increased since the entry into force of the protocol and that there is no calculation which indicates that the ACP countries can be held responsible for the sugar surpluses in the Community and hence for the cost of aid to export of these surpluses'.

<u>The current sugar regime</u> (1981-1986) is mainly distinguished, apart from changes to the quota system, by the fact that the producers are fully responsible for the cost of disposing of surpluses (co-responsibility levy).

According to the Commission, this new regime has already produced results, since there was a reduction of 9.1% in the area under cultivation in 1982. It is estimated that there will be a reduction of between 5 and 10% in 1983.

In the report already quoted, the UNCTAD secretariat appears to be less optimistic, observing:

'It is obviously too early to tell whether the new sugar regime will be more successful than earlier ones in curtailing production and reorienting it in keeping with the market. However, there are at least two points which can be made at this stage. Firstly, the new regime does not appear to impose any real limit on the amount of sugar to be produced within the Community, prices to be paid or the amount of funds for subsidizing export rebates. The effects of the 2 per cent co-responsibility levy have in fact been offset by the 8.5 per cent increase in the intervention price for raw sugar in 1981/82.'

<u>To sum up, the Community's sugar policy has led to</u>:

- a rise in the Community's sugar production of approximately 50% between 1968/1969 and 1979/1980, as a result of a 25% increase in acreage and a 25% increase in yields;

- increased amounts available for export;

- increased budgetary appropriations for the sugar regime by the Community (at least until 1980), including export refunds and contributions to storage costs;

- increased problems in connection with ACP sugar imports;

- increased problems with other exporters in terms of competition on world markets, such that the exports by the EEC have been seen as contributing to world instability and falling sugar prices to the detriment of many developing country exporters.

III. ISOGLUCOSE

Isoglucose is a liquid sweetener of which 100 kg corresponds to around 71 kg of white sugar. It is manufactured from starch (1) obtained either from maize, wheat or potatoes.

In the Community isoglucose is manufactured principally from maize and, because there is a shortfall in Community production, 50% of maize requirements have to be imported.

Despite the restrictive Community rules (twice annulled by the Court of Justice), isoglucose production has developed rapidly, increasing from 82,593 tonnes (dry matter) in 1976/77 to 164,217 tonnes in 1979/80.

Compared with the United States, however, these figures are very low. Per capita consumption of isoglucose alone rose in the United States from 0.32 kg in 1970 to 8.57 kg in 1980. Consumption of all maize-based sweeteners totalled 3.75 million tonnes, 29% of total sugar consumption, in 1980, and 37% of total sugar consumption in 1981. In the near future, and if a majority of the United States soda manufacturers (2) follow the example of Coca-Cola and replace half the quantity of sugar used by sweeteners, 900,000 tonnes of sugar will be replaced by isoglucose. The reduction in United States sugar imports would have serious consequences for the supplier countries, including ACP countries in the Caribbean (Barbados, Jamaica and Trinidad and Tobago).

In the Community, the latest sugar regulation, which entered into force on 30 June 1981, for the first time includes isoglucose. This product is now subject to a system of quotas which, for the two types A and B, total 198,085 tonnes (3).

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(1) The 'direct hydrolysis' manufacturing process enables glucose to be obtained from groats and maize meal without the starch stage.

(2) This industry alone accounts for 24% of total sugar consumption in the United States.

(3) Including Greece

IV. WORLD MARKET

INTERNATIONAL SUGAR AGREEMENT (ISA)

(a) Production

The following table shows world production broken down by region for the marketing years from 1977/78 to 1980/81 :

(1000 tonnes raw sugar equivalent)

Region	1977/78	1978/79	1979/80	1980/81
Europe	30,464	30,180	29,298	28,083
EEC	12,538	12,645	13,277	12,991
Western Europe	16,587	16,437	16,985	16,665
Eastern Europe	13,877	13,743	12,313	11,418
Central America and North America	19,419	20,381	18,134	17,684
South America	13,267	12,636	12,381	13,602
Africa	6,553	6,504	6,610	6,545
Asia	18,118	17,936	14,977	17,211
Oceania	3,437	3,518	3,586	3,855
WORLD TOTAL	91,078	91,155	84,986	86,980

The principal producers in order of importance are the EEC, Brazil, the USSR, Cuba, India, the United States, Australia and China. Together their production accounts for approximately 60% of world production.

Total production in Africa amounts on average to 6.5 million tonnes of raw sugar.

The trend in world production follows a 'price-investment' cycle, whose duration corresponds roughly to that of cane, that is, seven years.

(b) World consumption

World consumption rose from 64.4 million tonnes in 1967/68 to 89.6 million tonnes in 1980/81 (1). Consumption is stable in the industrialized countries but is increasing in the developing counries by an average of 5% a year, although this is clearly influenced by the fluctuations in, and development of incomes in these countries.

(c) World trade

Over the last ten years the developing countries' share in gross exports of raw sugar has totalled around 65%. The biggest exporters of raw sugar are, in order of importance:

	m tonnes per year	
- Cuba	approximately	5.9
- Brazil	"	2.3
- Philippines	"	l.4
- Dominican Republic	"	0.9
- Argentina	"	0.8

Among the industrialized countries:

- EEC (white sugar)	4.l
- Australia (raw sugar)	2.5
- South Africa (raw sugar)	1.0

Taking all countries together, the EEC is, after Cuba, the biggest net exporter of sugar on the world market. Deducting preferential imports, the EEC's net exports for the marketing year 79/80 amounted to 2.8 m tonnes of white sugar as compared with Brazil's 2.5 m tonnes of raw sugar and Australia's 2.4 tonnes of raw sugar.

(1) Compared to world production of 86.9 million tonnes and stocks of 31.3 million tonnes.

The trend in the Community's exports has provoked, and continues to provoke, reactions from certain exporting countries such as Brazil and Australia. They have brought up the problem in GATT, since they feel that, through its export refund policy, the Community is distorting the world market and gaining too great a share of this market (see para. on ISA, below).

The industrialized countries account for around 63% of gross imports, including:

	1979/80
- USSR	5.0 m t of raw sugar
- United States	4.7 " " " "
- Japan	2.1 " " " "
- China	1.2 " " " "

(d) Features of the world market

The sugar trade is conducted in accordance with a number of different systems which in fact boil down to two. The first is a controlled market system, under which trade is regulated by the public authorities and is conducted in the framework of a series of bilateral deals and special agreements between the governments of the importing and exporting countries (ACP-EEC Sugar Protocol, Cuba agreement, Comecon, etc.). The second is the free market system, which accounts for between 70 and 75% of all dealings in sugar. This market is, however, regarded as 'residual' because it only covers sugar which is not consumed in the producer countries or is not subject to preferential arrangements, i.e. some 16% of world production (about 15 m tonnes).

It is not possible to state how many bilateral agreements on long-term contracts are in force, since their existence is not always made public. The number of such agreements has tended to rise since 1974, however. The details of the special agreements in force between Cuba and the Soviet Union or the other socialist countries are not made public.

Analysing the situation over a long period, it can be seen that, eight years out of ten, the world market is characterized by structural surpluses and low prices.

Moreover, world stocks have risen sharply, from an estimated 16.9 m tonnes in 1972 to 31.3 m tonnes in 1980, or roughly 35% of annual world consumption.

(e) International Sugar Agreement (ISA)

The first international sugar agreement dates back to 1964, since when the system has undergone several profound changes through successive re-negotiations. The objective is still the same, however: to establish a system which, through control of the market, enables sugar prices to be stabilized at a 'fair' level.

The existing ISA entered into force on 1 January 1978 for a period of five years, which was extended to 1984. Unlike the other major exporting countries (Cuba, Australia and Brazil) the Community did not accede to this ISA or to the previous agreements. Moreover, six ACP States are party to the ISA. (1)

Like the previous agreements the 1978 ISA comprises a system of export quotas adapted to:

- the world market price

- the buffer stocks established or relased in accordance with the market situation.

These mechanisms are intended to maintain the price of sugar within a bracket of 13 to 23 US cents per pound fob, Caribbean ports.

In fact, the annual average price during the period of application of the ISA has been:

- 7.82 US cents in 1978
  9.65 US cents in 1979
  28.69 US cents in 1980

These figures clearly reveal the failure of the ISA, which certain countries consider is partly attributable to the non-participation of the EEC.

(1) Fiji, Guyana, Jamaica, Trinidad and Tobago, Mauritius and Swaziland. Non-members are: Barbados, Belize, Surinam, Kenya, Madagascar, Malawi, Uganda, Congo and Tanzania.

In the study already referred to Mr J. TERLINDEN states: 'Certain people have hastened to point out that, by remaining outside the ISA, the Community has benefited from its advantages and evaded its restrictions:

- the restrictions applied by the members of ISA (2.6 million tonnes) left room on the world market for the expansion of European exports;

- it has been estimated that, in 1979, each time the world market price rose by one point EAGGF support expenditure fell by 5%;

- while other exporting countries (such as Austrialia, South America and the Philippines) have been obliged to cut production, the EEC has been able to increase its production'.

The Community's policy on sugar exports was accused of exercising a destabilizing influence and damaging the interests of other exporters. Australia and Brazil brought proceedings against the Community within GATT.

In March 1982, the GATT Council decided to abandon its consideration of this action, since the amendments made to the Community sugar regime had removed all elements of subsidy. A week later, 10 countries (Argentina, Australia, Brazil, Colombia, Cuba, India, Nicaragua, Peru, the Philippines and the Dominican Republic) brought another action against Community export subsidies for sugar.

V. WHAT IS THE FUTURE FOR ACP SUGAR?

Under these circumstances - primarily, merciless competition from beet sugar (and isoglucose) in a market with a structural surplus - does ACP cane sugar still, in economic terms, stand a chance? To answer this question it is necessary to examine the importance of cane sugar in the economies of the ACP countries and to reiterate the responsibility which the Community and the Member States must bear for the development of cane sugar production in the ACP countries.

(a) Importance of sugar cane in the economies of the ACP countries

1000 tonnes	INITIAL QUOTAS SUGAR PROTOCOL	PRODUCTION (raw sugar)				CONSUMPTION
		77-78	78-79	79-80	80-81	80/81 (raw sugar)
	(Metric ton sugar)					
BARBADOS	49.3	104	117	135	130	16
BELIZE	39.4	118	103	108	104	8
JAMAICA	118.3	301	275	268	260	97
TRINIDAD AND TOBOGO	69	148	144	114	130	55
SURINAM	4	9	10	7	12	5
GUYANA	157.7	304	311	309	300	35
KENYA	5	220	290	405	390	313
MADAGASCAR	10	116	119	117	120	100
MALAWI	20	90	110	142	145	42
MAURITIUS	482.2	684	691	686	550	40
UGANDA	5	-	-	-	-	-
PEO. REP. CONGO	10	-	-	-	-	-
SWAZILAND	116.4	250	261	307	340	23
TANZANIA	10	123	121	123	130	150
FIJI	163.6	357	424	466	425	37

- To illustrate the importance of the cane sugar sector in the economies of certain ACP countries, in addition to these figures it is necessary to indicate the percentage share of raw sugar exports in total exports.

  For example, in 1978 this percentage was

  - 65.4% for the Island of Mauritius
    (= $ 211.6 m)

  - 51.4% for Fiji
    (= $ 103.6 m)

  - 37.2% for Swaziland (for 1977)
    (= $ 61.2 m)

  - 35.1 % for Guyana
    (= $ 103.8 m)

  - 18% for Barbados
    (= $ 23.3 m)

- The vital importance of this sector is increased by certain features of the cultivation of sugar-cane. This crop is frequently the only one suited to the restrictions imposed by climate, soil composition and terrain. There is therefore a tendency towards single-crop farming which increases the dependence of the economy on the sugar market. Moreover, any conversion programme, even if it were possible, comes up against the constraints of the sugar-cane cycle, around seven years, and the farmers' way of life. Finally, since it requires a large labour force in view of the scant possibilities for mechanization (too small an area under cultivation, the nature of the terrain, etc.) the cultivation of sugar-cane plays an important economic and social rule, even though the cost is substantially increased by the wages bill. This means that for countries such as Fiji, the Island of Mauritius or Guyana, for example, the development of their agriculture and agricultural processing industry is dependent on an expansion in sugar-cane cultivation.

(b) <u>Responsibility of the Community and the Member States for the development of ACP cane sugar production</u>

In a communication to the Council of 1978 (1) the Commission questioned: 'whether the Community could continue to turn a blind eye to the fact that indiscriminate, though understandable, export aid policies are manifestly at odds with the responsibility incumbent upon these States and the Community towards their trading partners in the Third World, particularly with regard to the choice of industries, and activities most suitable for development'.

This was the conclusion, expressed in the form of an appeal, to an analysis of the trend in current or proposed investment in the ACP States' sugar sector. According to this analysis (published at the beginning of 1979):

- the production of sugar in the ACP States which would have to be exported would reach 2.9 million tonnes in 1981 as compared with 2 million at that time;

- two thirds of the current or proposed projects in the ACP States receive financial support and technical assistance from Community firms and agencies which are generally backed up by public guarantees and interest rebates. The activities of these Community agencies involve promotion, engineering, project management and the provision of equipment on credit.

  The Commission pointed out that this trend occurred at a time when the world market showed a serious structural surplus. At current price levels, the Commission added, no new projects could be guaranteed profitability.

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(1) Lack of proper coordination between the policies of the Community and the Member States - the case of sugar - COM(78) 623 final PE 56.847

- Even if the estimated increase in sugar production in the ACP States has been only partially realized (1), this does not remove the lack of coordination between these policies and the resulting responsibility which must be borne by the Member States and the Community.

  In order to correct this situation the Commission proposed the introduction of 'in-depth coordinative consultation' on all action taken or envisaged in the sugar sector by Community firms with the active and systematic support of Member States. It would be interesting to know to what extent this proposal has been followed up.

(c) Are there alternatives to the sugar protocol?

Given that the world market situation is characterized by structural surpluses and the steady increase in the profitability of beet sugar, together with the expansion of sweetener production, the competitiveness of sugar cane would appear to be doomed in the long term. However, this purely economic fact is politically unacceptable, chiefly for the reasons just mentioned (importance of sugar cane for the economies of certain developing countries; responsibility of the industrialized countries for the introduction and development of this crop).

Moreover, the terms in which the problem is currently being presented contain a number of contradictions.

For example, the Community claims that it can only reduce its beet sugar production by introducing a system of market regulation by means of prices; such a system would lead to a reduction in the price of Community sugar, and hence also a reduction in the guaranteed price for ACP sugar. On the other hand, raising the guaranteed price encourages the production of Community sugar, but also benefits ACP sugar. Finally, if the Community were to sign the ISA, as the developing countries in particular are urging it to do, the result would be, because of the mechanisms of the agreement, a reduction in the Community price, and hence also in the guaranteed price for ACP sugar.

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(1) For example :
Tonnes of raw sugar available for export:

	1978	1981
IVORY COAST :	0	60,000 t.
SWAZILAND :	216,000	310,000 t.

Is it possible to eliminate these contradictions and achieve 'peaceful coexistence' between beet sugar and cane sugar?

Will the implementation of the sugar protocol alone be enough to remove the threat to ACP sugar?

The limits and shortcomings of the sugar protocol

Our committee, the European Parliament as a whole and the ACP-EEC Consultative Assembly have stressed on many occasions the irrevocable nature of the commitment undertaken by the Community in signing the sugar protocol. All those who have expressed a view on the matter have emphasized the political content of this commitment and hence the 'political' nature of the price of cane sugar.

However, this does not prevent us from going beyond ritual pronouncements of this kind and considering realistically the content and possible changes to the sugar protocol.

- In comparison with the present situation, the application of this protocol can offer only limited progress for those ACP countries which produce sugar cane. Apart from cases involving the reallocation of quotas, the accession of other countries to the protocol and greater involvement of the ACP countries concerned in the negotiations on Community prices on which the guaranteed prices are based, the sugar protocol cannot lead to any substantial changes in the situation of those ACP countries which produce sugar cane.

  During the negotiations on the guaranteed prices for ACP sugar for 1982-1983, the ACP countries which produce sugar cane stressed once again that, in real terms, these prices had been falling steadily for six years. They claimed that, during this period, the guaranteed price rose by 26% while costs had increased by over 150%.

  As the guaranteed price for ACP sugar is directly dependent on the guaranteed Community price, the only way to modify this trend would be to amend the protocol to make the basis for the ACP's guaranteed price fob instead of cif. The cost of shipping, which is currently met by the ACP, would thus no longer affect the price paid to the latter, which would therefore once again be in a more favourable position than European beet sugar producers.

However, there is little chance of such an amendment to the sugar protocol being introduced. At present the Community is only prepared to undertake studies into the possibilities of reducing the cost of shipping to the ACP countries. By May 1938 the result of such studies was known to be negative.

- The guaranteed price for ACP sugar, which is not very profitable at present, could become even less interesting if, as already indicated, the Community were to abandon the system of regulating the market by means of quotas in favour of regulation by prices. Moreover,

- a system of this kind in the Community would benefit large farms at the expense of small or medium-sized concerns. If the latter disappeared from the market, the average production cost of beet sugar would fall at the same time as that of sugar cane were increasing as a result of improvements in social security arrangements and wages. At the end of this process, the guaranteed price for ACP sugar would cover an ever diminishing proportion of production costs.

- The Community would thus have safeguarded the irrevocable nature of the sugar protocol but deprived it of its substance and hence its value to the ACP countries.

Other possible developments which would not render the sugar protocol inoperative but would call its very existence into question must be reckoned with. For instance, if Tate and Lyle (a firm which faces direct competition from beet sugar and isoglucose) were to stop purchasing sugar cane, the Community would have to buy up the fixed quantities under the protocol at the guaranteed intervention price. The resulting financial burden might lead certain influential lobbies to call for the abolition of the sugar protocol.

These few examples are mainly intended to show that it is not enough just to stress the irrevocable nature of the commitments entered into by the Community by virtue of the sugar protocol. The Community and the ACP countries must start to anticipate such developments now so that they will be able to mitigate their impact.

Abolition of the obligation to deliver?

According to some experts, the expected trend of the Community and world sugar markets requires the sugar protocol to be revised by the abolition of the obligation on ACP countries to deliver specified quantities of cane sugar to the Community. These experts base their argument on the fact that the obligation on the Community to import 1.3 m tonnes of sugar to be re-exported at a later date does not make sense in economic terms. Each tonne of sugar involved costs the Community:

- the difference between the guaranteed price and the world price plus
- export refunds.

It has therefore been suggested that the obligation on the ACP countries to deliver the above quantity should be abolished and that the Community should merely pay the difference between the world price and the guaranteed price in respect of fixed quotas. A system of this kind would result in savings on export refunds.

In this connection, Jean TERLINDEN writes in his study of the Community's sugar policy from 1981-1986 referred to above: Considerable savings would also be made on storage and transport costs, particularly as the Community imports cane sugar from the ACP countries on the one hand and, on the other, exports its surplus refined sugar to neighbouring countries in the same areas. For example, the Community imports 100,000 tonnes of sugar from Fiji every year and exports about 30,000 tonnes to Papua-new Guinea. This convoluted procedure could be avoided if the latter were to import sugar directly from Fiji.

The idea of abolishing the delivery obligation could be presented to the ACP countries as an alternative to the present system. Preferential import arrangements could thus act as a safety net if the ACP countries were unable to find outlets on the world markets.

If, on the other hand, the ACP countries found buyers for their sugar, the Community would pay the difference between the price of cane on the world market and the guaranteed price in respect of the agreed quotas. For the ACP States, this solution would have the advantage of meeting one of their repeated demands, namely, that the guaranteed price should be ex-factory and not cif at a European port; they would no longer have to deduct from their revenue the cost of transporting sugar to European ports, as the Community would intervene locally.

Another solution could be adopted to guarantee a market for ACP sugar for which no buyer could be found on the world market. This sugar would not be imported into Europe but would instead be used as food aid and sent directly to regions where it was required.

Even under the present system this solution would result in savings to the Community budget.

When the export refund is higher than the world market price of sugar, as was the case in 1977-78 and 1978-79, this option becomes even more attractive. This would be the case whenever the Community intervention price was more than twice the world price, with the result that, paradoxically, it would be less expensive to give away the sugar than to sell it at a price which would not even cover the export refund necessary to dispose of it on the world market.

This idea was also evident in the Community's agreement with Zimbabwe, as the latter was guaranteed a market or payment for 25,000 tonnes of white sugar

- either within the quotas not used by the other ACP countries,

- or, if this does not cover all or part of the quantity concerned, as a local purchase to be used with no obligation to export to the Community.

These various solutions may appear attractive. However, they ignore several aspects of the problem.

Firstly, as explained at the beginning of this report, the system established in the sugar protocol results directly from Tate and Lyle's concern to secure guaranteed supplies for its cane sugar refineries. If the obligation to deliver certain quantities was abolished, Tate and Lyle would no longer have any interest in the sugar protocol being maintained. Is there not a risk then that, instead of the protocol merely being amended, it might be scrapped altogether?

Furthermore, solutions involving the cessation of deliveries to the Community fall down on one very important point: the refining and storage facilities of the developing countries in general, and the ACP countries in particular. On this subject, the report by the UNCTAD secretariat noted that, because of market trends (discouraging prospects for raw sugar, very healthy demand for white sugar, competition from white beet sugar), sugar-exporting developing countries were in a dilemma, since:

- their outlets for raw sugar are decreasing, but
- the price fetched by white sugar is too low to cover the costs of refining raw sugar.

Apart from Brazil, India, Cuba, the Republic of Korea, the Philippines and Thailand, the other sugar-exporting developing countries' refining industries are capable, at best, only of meeting domestic needs and not of catering for exports. Although there are admittedly no obvious technological or structural problems to be overcome, there are nevertheless two other obstacles to the refining of the sugar in question:

- the need for large investments to achieve a small margin of added value, and

- the increased need for, and cost of, storage and transport.

With reference to investment costs, certain major trends can be identified. Over the last ten years, the FOB cost of new refineries has risen from £1,500 to £7,000 per tonne of sugar cane and per day. In Africa, the rise in the average cost of sugar refinery with a basic capacity of 2,000 tonnes has been:

1971	1975	1976
£3.75 m	£8.5 m	£11 m

Finally, it should be recalled that, in general, the costs of storage and transport are much higher for refined sugar than for raw sugar. This is due to hygiene requirements, particularly in damp climates, and to the fact that the mechanization of loading operations is much less advanced than in the case of raw sugar.

Finally, your rapporteur considers that the amendments to the protocol suggested in certain quarters do not amount to a realistic solution for the ACP countries concerned. In spite of its weaknesses and deficiencies, the sugar protocol continues to be necessary in its present form. An improvement in the situation of the ACP sugar-producers will have to be achieved, instead, by measures accompanying the protocol.

(d) Accompanying measures to the sugar protocol

The Community and the new international sugar agreement

- While the accession of the Community to the future international sugar agreement would certainly not solve all the problems, your rapporteur nevertheless feels that it is a political and moral obligation which the Community must respect if it wishes to retain its credibility vis-à-vis its trading partners and, more particularly, in the eyes of the developing countries.

  The weaknesses and deficiencies of the present international sugar agreement, to which the Community is not a party, were described in a previous chapter. It was also pointed out that these shortcomings resulted partly from the Community's failure to participate in the agreement.

Up to now the Community has always stated its readiness to accede to an international sugar agreement which took account, in particular, of trends in prices, consumption, production and the sales and stocks of alternative sweeteners.

In March 1983, the Council of the European Community adopted a common position for the negotiation on the new ISA scheduled for the beginning of May 1983. The Community proposes that this new agreement, which should enter into force at the beginning of 1984, be based on a system of stocks, and no longer on a system of export quotas. The principal exporting countries (South Africa, Argentina, Australia, Brazil, the EEC, Cuba, Dominican Republic, India, Philippines and Thailand) and importing countries (USA, Japan and Canada) should establish national stocks which would be coordinated by the international sugar organization. Finally, according to the Community proposals, medium-size producers would be granted export quotas and small producers (with less than 70,000 tonnes annual exports) could sell freely up to this ceiling.

Your rapporteur considers that, in addition to its impact in terms of regulating the world market, the Community's accession to the international sugar agreement must also be seen as a partial solution to the problem of those developing countries which produce cane sugar. It should lead to a fall in Community sugar exports. Commissioner PISANI pointed out during the recent meeting of the Joint Committee in Rome (1-3 November 1982) that, although the Community could, without too much difficulty, replace its beet crop with other crops in which it is not self-sufficient, the same was not true for the sugar-cane producing developing countries because of the climatic, pedological, social and economic factors already discussed.

Before asking the developing countries and the ACP in particular to make changes in their economies, the Community should set an example by fixing a ceiling for its beet sugar production (which increased by 50% between 1968 and 1980) and acceding to the international sugar agreement.

Community aid for the diversification of the economy of ACP countries which produce cane sugar

Apart from the problem of Tate and Lyle, the underlying conception of the sugar protocol is related directly to the economic structure of the ACP States most concerned, namely (apart from Swaziland and Mauritius), the countries of the Caribbean and the Pacific, where the main economic activity is sugar cane production. Consequently, the provisions of the sugar protocol (quantity and price guarantees) inevitably have a major impact on their trade balance.

In addition to applying the sugar protocol, these countries should be encouraged to make changes in the structure of their economies to decrease their dependence on cane sugar. At the same time as fixing a ceiling for its beet sugar production, the Community should undertake to help the countries concerned to diversify their economies by:

- providing the ACP countries with technological and financial assistance in order to help them make full use of sugar cane by increasing value added on the spot (energy products, cellulose, sucro-chemical products, fodder, etc.);

- promoting alternative crops;

- promoting the establishment of new industries.

Furthermore, the Community's commitment should not be restricted to aid to diversify these countries' economies. The example of Mauritius is illuminating in this respect.

After Mauritius had started to diversify its economy by establishing textile industries, it was forced to accept a voluntary restraint agreement in respect of its exports to the Community. Even though the situation of the Caribbean ACP countries is different because there is a potential regional market, the fact remains that if the economies of sugar-producing ACP countries are to be diversified, export outlets must be found on the markets of the industrialized countries. If an ACP State which has acceded to the sugar protocol adopts a policy of diversification, the Community should enter into specific and firm commitments:

- of a financial nature to support the policy of diversification;

- of a commercial nature to guarantee the country concerned access to its market.

Without wishing at this stage to discuss the details of commercial undertakings of this kind, it is clear that, in such cases, the safeguard clause provided for in the agreement should not be applied. At the very least it should be specified that any restrictive trade practice would be 'erga omnes' so that it would be virtually impossible to apply such a clause in practice.

Sharing the markets

The report of the UNCTAD secretariat mentions, among its proposals for concerted international action, a market-sharing or 'limit' arrangement guaranteeing the developing countries a steady or increasing share of the sugar markets of non-sugar producing developing countries. In an arrangement of this type, the importing developing countries would ensure that a proportion of their imports were supplied by developing country producers, and/or the exporting developed countries would limit their sales to such countries to a certain proportion of the demand, thus exercising a certain degree of self-restraint in competing with other exporting countries.

Such a policy presupposes, however, that the cane sugar exporting developing countries have adequate refining facilities at their disposal. The guarantee of certain outlets could encourage them to acquire such facilities, despite the heavy investment required. If necessary, particularly in the case of small exporting developing countries, whose refining industries could not rely on a sufficiently large domestic market, consideration should be given to setting up refineries at regional level.

Technical and financial assistance

There are many opportunities for the international community, and hence the European Community, to provide technical and financial assistance to developing countries which export cane sugar. The most important areas to which this technical and financial assistance should be directed are:

- agronomic research to improve cane sugar yields, and to develop substitute crops;

- research on the processing and transport of refined sugar;

- the modernization or extension of refining and port facilities;

- training the necessary staff (technical, management, and sales).

CONCLUSIONS

The problem of the sugar market is certainly one of the most difficult and sensitive we have to face. Throughout this report, your rapporteur has emphasized the large number of conflicts between the interests of ACP producers and the Community's policy on sugar. He does not claim that these few proposals for future action will resolve these conflicts of interest. As the UNCTAD document states, it would be difficult to find a more striking example of the conflict resulting from colonialism's creation of monocultural countries and the practical consequences of current policies.

In concluding this attempted analysis of the medium and long-term problems of the Community's and the ACP countries' policies on sugar, your rapporteur considers that the sugar protocol continues to be an indispensable instrument for the ACP countries, even though it is not in itself an adequate one. It is indispensable because the ACP countries will continue to need, for a very long time to come, guaranteed outlets and prices for their sugar cane. Because of its political commitments and responsibilities, the Community must maintain and indeed improve these guarantees. But the protocol is inadequate because it does not enable the ACP countries to obtain a profitable price; moreover, it contains neither the means to guarantee its own survival nor provisions to ensure 'peaceful coexistence' on world and Community markets between cane and beet sugar.

A number of suggested accompanying measures to the protocol have been outlined, with Community accession to the next ISA as a priority. This list of accompanying measures is far from exhaustive, and both the Commission and the ACP countries which are party to the protocol are requested to join in the quest for medium-term and long-term solutions to the problem. The objective of any such solutions is to make the sugar protocol a more integral part of the Community's sugar policy, while providing the ACP countries concerned with technical and financial aid, in the context of cooperation and development policy, to help them overcome their problems.

NOMINAL COSTS OF FREIGHT AND INSURANCE

1972 - 1980

Year	Daily London c.i.f. price, bulk shipments to UK (1)	Nominal costs of freight and insurance (2)	(2) as a percentage of (1) (3)	Price paid for sugar from ACP countries (4)	(2) as a percentage of (4) (5)
1972	72.63	4.33	5.9		
1973	99.46	10.16	10.2		
1974	305.13	16.87	5.5		
1975	216.47	9.26	4.3	210.44	4.4
1976	153.44	10.61	6.9	182.65	5.8
1977	114.88	11.38	9.9	210.76	5.4
1978	101.21	11.12	10.9	220.14	5.1
1979	114.73	14.00	12.2	217.76	6.4
1980	291.52	18.00	6.2	210.04	8.6

Sources: International Sugar Organization for the figures on the daily London price and the nominal freight and insurance costs; *The Case of Sugar*, *op. cit.*, for the price of sugar from ACP countries

a/ Prices in £ sterling per ton from 1972-1976 and in £ sterling per metric tonne from 1977-1980.

THE PRINCIPAL ACP SUGAR PRODUCERS (1981)

	(tons)
Africa	
Mauritius	609,744
Zimbabwe	391,320
Swaziland	368,485
Kenya	350,000
Sudan	230,000
Malawi	177,323
Ethiopia	170,122
Ivory Coast	147,000
Tanzania	121,727
Madagascar	112,185
Zambia	102,318
Cameroun	66,483
Zaïre	60,000
Somalia	50,000
Senegal	37,439
Upper Volta	30,000
Chad	25,000
Nigeria	25,000
Guinea	22,000
Congo	20,000
Gabon	20,000
Uganda	20,000
Mali	9,426
Ghana	7,000
Rwanda	2,367
Caribbean	
Guyana	320,168
Jamaica	204,010
Belize	103,645
Barbados	96,867
Trinidad and Tobago	93,317
St. Kitts	(*) 33,135
Surinam	8,000
Pacific	
Fiji	487,508
W. Samoa	3,000

Source: International Sugar Organisation, London