



**THE IMPACT OF PREFERENTIAL, REGIONAL
AND MULTILATERAL TRADE AGREEMENTS
A CASE STUDY OF THE EU SUGAR REGIME**

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ENARPRI WORKING PAPER NO. 1/SEPTEMBER 2003

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Abstract

The EU is a major participant in the world sugar market, being one of the top producers, importers and exporters in the world. The reform of the EU sugar regime will affect not only the EU member states and candidates, but also countries that are associated with the EU through the preferential, regional and multilateral trade agreements. For several decades, the EU has supported and protected the EU sugar sector. Sugar from developing countries will not be able to enter the EU sugar market without preferential trade agreements. In the EU sugar regime, the unique features of the trade concessions are that sugar under preferential import quotas can enter the EU market duty-free and the price paid for sugar equals to the high EU price for sugar. This paper attempts to analyse the complex hierarchy of trade arrangements between the EU and specific groups of countries. It compares the different trade agreements – including those achieved under the WTO – and explores the impact of these upon both the EU and the other countries involved.

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ENARPRI WORKING PAPER No. 1

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1. Introduction

The European Union (EU) is a major participant in the world sugar market. In 1999, the EU was placed second in the ranking of all the major producers, exporters and importers in the world (see Table 1). The EU, Brazil, Australia, Thailand and Cuba accounted for about 70% of world exports in 1999. The EU and Brazil are the dominators in the world sugar trade, being the top producers and exporters in the world. Although the EU is also a major importer of sugar, sugar imports in Brazil are negligible. The EU is unique in being both a major exporter of white sugar and an importer of raw sugar in the world market.

Table 1. World sugar market in 1999 (in raw sugar equivalent and million of tonnes)

Rank	Five largest producers		Five largest exporters		Five largest importers	
1	Brazil	20.6	Brazil	12.5	Russia	5.8
2	EU	19.3	EU	5.1	EU	1.9
3	India	17.4	Australia	4.2	Indonesia	1.9
4	China	9.3	Thailand	3.4	USA	1.6
5	USA	8.2	Cuba	3.1	Japan	1.6
Totals	World	136.3	World	39.5	World	38.4

Source: ISO 1999.

The dominant role of the EU in the world sugar market is the result of the high level of support the EU is providing to its sugar sector, compared with the member countries of the World Trade Organisation (WTO). The EU uses export subsidies to bridge the gap between the high internal EU market price and the significantly lower world market price. In the previous years, the world market for sugar has been characterised by considerable overproduction and a rising level of stocks. The ratio of stocks as a percentage of world sugar consumption escalated from 35.92% in 1992/1993 to 48.81% in 2001/2002. World stocks are now at a high level, which has had the effect of depressing prices. World sugar production in 2001/2002 was 136 million tonnes, with consumption at 134 million tonnes. In 2000/2001, world sugar production was 128 million tonnes with consumption at 130 million tonnes. Approximately 28% of world sugar production is traded in the world market whilst the balance is consumed in the country of origin. Global sugar consumption continues to increase at an average of 2% per annum.

The EU Common Market Organisation (CMO) of sugar has established minimum support prices for sugar guaranteed by an intervention purchase system. A production quota system was established to limit the total quantity eligible for price support. The EU sugar producers (growers and processors jointly) are responsible for paying the full costs to the EU budget of surplus quota-sugar disposal through the producer levies. There are two types of quotas: A and B. The major difference between A and B quota-sugar is the level of imposed producer levies. Only quota-sugar can be sold in the EU and is eligible for price support through the intervention mechanism and export refunds. Sugar produced in excess of the A and B quotas is called C-sugar and cannot be marketed in the EU. C-sugar has to be sold on the world market without the support of export refunds/export subsidies. Thus, the quota system limits the supply of sugar in the EU internal market (CAP Monitor).

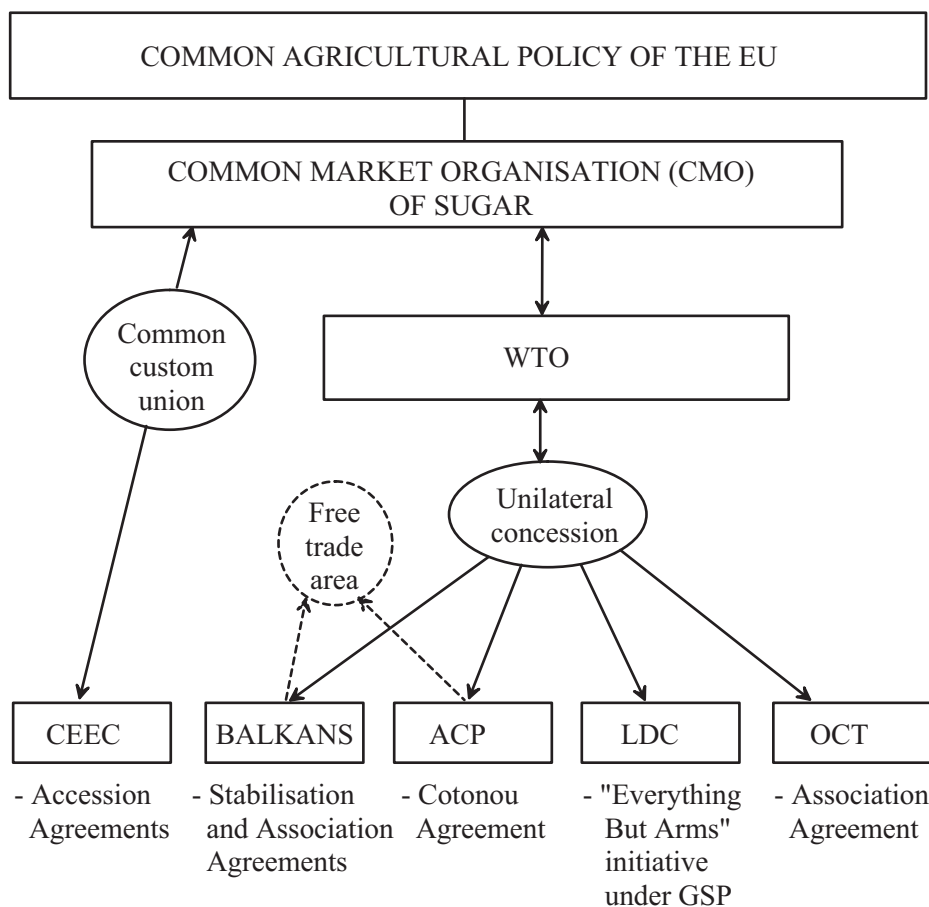
The EU internal market is insulated from the world sugar market through a system of import duties and export refunds. The CMO of sugar supports producer prices at levels above world market prices, stimulating production in the EU and resulting in exportable surpluses of sugar. Consequently, the EU has been distorting trade flows by disposing the sugar surpluses to the world market with export subsidies.

Although the CMO of sugar exhibits a high degree of protectionism, the EU has granted a whole array of bilateral trade concessions to certain developing countries since its creation. Over the years, the EU has established a complex system of trade arrangements, which is reflected in the complex network of discriminatory tariffs and through generalised, country-specific or region-specific trade preferences. Thus, the EU sugar trade policy has deviated widely from the non-discrimination principle of the WTO, and it applies different policies to different regions and trading blocs. These country-specific trade concessions reflect in part the multiplicity of the EU's foreign policy interests, ranging from old colonial responsibilities to military-strategic considerations (Harris and Tangermann 1993).

Currently, the EU is engaged in negotiating or implementing trade agreements that are unilateral, bilateral, regional and multilateral in nature. In addition, the EU enlargement process will cause trade effects that will have important interactions with other trade agreements as well (see Figure 1 at the top of the next page).

This paper attempts to analyse the complex hierarchy of trade arrangements between the EU and specific groups of countries *vis-à-vis* the EU sugar regime. It examines the nature of the different trade agreements that affect the EU sugar regime (including the WTO, Central and Eastern European Countries [CEECs], African, Caribbean and Pacific [ACP] Countries, Least Developed Countries [LDCs], Overseas Countries and Territories [OCTs] and the Western Balkans), and compares the different trade agreements and explores the interaction among them.

Figure 1. The EU sugar regime and trade agreements



2. The different trade agreements

2.1 The World Trade Organisation – multilateral agreement

Within the WTO, the Uruguay Round Agreement on Agriculture (URAA) established a set of rules for agriculture to reduce agricultural export subsidies, create new rules for agricultural import policy, shift domestic support of agriculture away from those practices that affect production and trade flows, and agree on disciplines for sanitary and phytosanitary trade measures.

2.1.1 The Uruguay Round Agreement on Agriculture

The required reduction for export subsidies in the volume of exports and budgetary outlays did not cause any difficulties for the EU at the beginning of the Uruguay Round implementation period. At the end of the implementation period, however, the export subsidy commitments became very binding (Huan-Niemi, 2003a). In order to stay within the final marketing year commitments of 2000/2001, there was a 'temporary cut' of 498,800 tonnes in the total A and B-sugar quotas. Hence, the amount of the EU's subsidised sugar exports (A & B quota-sugar) has decreased while the unsubsidised sugar exports (C-sugar) have increased during the Uruguay Round (Devadoss and Kropf, 1996).

Under the URAA, the EU was obliged to replace the *ad valorem* import duties with fixed standard tariffs. The standard tariffs were gradually reduced by a total of 20% over six years. These standard tariffs were fixed at a high base-level, owing to the methods of converting the equivalent of non-tariff barriers into fixed standard tariffs. In reality, the Special Safeguard Provisions for sugar have remained in constant operation since 1995, because of the low world market prices for sugar. The fixed standard tariffs and the additional import duties under the safeguard measures have made the import of non-preferential sugar uneconomic in comparison with the price of EU quota-sugar in the internal market. Likewise, the minimum access commitments under the URAA have not increased sugar imports to the EU because the EU was importing more than 10% (well above the 5% requirement by the year 2000 to 2001) of consumption under its preferential trade agreement with the ACPs and India.

The EU was not required to reduce its internal price support specifically for sugar under the URAA, because domestic support is measured as the Aggregate Measurement of Support (AMS), aggregated across all commodities and policy instruments. Subsequently, the total reduction of 20% over a period of six years for domestic support commitments refer to the total levels of support, but not to individual commodities. Overall, the sector-wide domestic support for sugar has been high compared with the other agricultural commodities in the EU, because of the high intervention price for sugar. The domestic support for sugar will remain high unless the intervention price for sugar is lowered closer to the world market price.

2.1.2 The forthcoming Doha Round

Further reductions in the export subsidy commitments

The EU has proposed cuts to export subsidies by 45%, but the Cairns Group has proposed eliminating export subsidies by the end of the new WTO round (Doha Round) for agriculture (WTO, 2002). The WTO's first draft of 'modalities' for further commitments in the new WTO round or the so-called 'Harbinson Proposal' has recommended abolishing export subsidies within five to nine years (WTO, 2003).

It will be hard for the EU to agree to abolish the use of export subsidies within five to nine years, but the EU will be able to stay within the export subsidy commitments with a 50% reduction in the amount of subsidised exports within six years. Nevertheless, the EU may resort to cutting the production quotas yearly, when the EU is in danger of breaching the commitments for export subsidy in a particular marketing year, owing to higher output (mainly because of good weather and the area planted). The cut in the production quotas will only be temporary for that particular marketing year.¹ This projection is sensitive to the rate of sugar consumption growth in the EU. The EU may risk breaching the quantity commitments that have been established for sugar or have to

¹ European Commission Regulation (EC) No 1745/2002 of 30 September 2002 reduces the EU sugar production quotas by a quantity of 862,475 tonnes for marketing year 2002/2003, with regard to European Council Regulation (EC) No 1260/2001 of 19 June 2001, on the common organisation of the markets in the sugar sector. According to European Council Regulation (EC) No 1260/2001, under Article 10(3) and (4), the guaranteed quantity under production quotas should be reduced before 1 October each marketing year if the forecasts for the year in question show an exportable balance (attracting an export refund/export subsidy) greater than the maximum laid down by the Agriculture Agreement (URAA) concluded under Article 300(2) of the Treaty.

resort to cutting the sugar production quotas, if the consumption growth for sugar is lower than a 0.5% yearly average (see Huan-Niemi, 2003a).

Nevertheless, the EU will breach the budgetary commitments for export subsidy with a 50% reduction in commitments within six years, if the average subsidy per tonne for sugar is higher than €460. In order to stay within the budgetary commitments under a 50% reduction scenario, the average subsidy per tonne has to be lower than €460. Compared to the quantity commitments for export subsidy, the budgetary commitments for sugar are more binding. The expenditure for export subsidy is dependent on the amount of subsidised sugar exports and the strength of the euro (Huan-Niemi, 2003a).

Further reductions in the import tariffs

The EU Commission is proposing an overall average tariff reduction of 36% and a minimum reduction per tariff line of 15%, as agreed in the Uruguay Round; it has rejected the 'Swiss formula' proposed by the Cairns Group for tariff reduction. The problem for the EU is that the Swiss formula will cut high tariffs more than low tariffs, ensuring no individual tariff exceeds 25%. Sensitive products such as sugar will be pressured to go through drastic reforms to protect the EU border from massive imports if this formula is to be implemented in the new WTO round for agriculture. Meanwhile, the WTO has proposed a reduction to import tariffs by an average of 60%, and a minimum reduction of 45% for tariffs greater than 90% in an *ad-valorem* basis (the *ad-valorem* equivalent tariff for EU raw sugar is 169.5%).

The EU has proposed not only to continue the Uruguay Round formula for further tariff reductions, but also to continue the use of the Special Safeguard Clause (SSG) or 'Special Safeguard Provisions' for both developed and developing countries. Conversely, the Cairns Group has proposed the Swiss formula for further tariff reductions and to discontinue the use of the Special Safeguard Provisions for developed countries. Furthermore, the Harbinson Proposal also includes a proposition to discontinue the use of the Special Safeguard Provisions for developed countries, so that only developing countries are allowed to use this safeguard measure.

Projections according to the EU proposal: the Uruguay Round formula and the Special Safeguard Provisions allowed for developed countries

Even if the Uruguay Round formula proposed by the EU is accepted in the WTO for further tariff reductions, the EU sugar regime cannot sustain a 36% reduction in tariffs without cutting the intervention price for sugar. The EU will lose its border protection for raw sugar in the assumed new WTO round if the standard tariff for EU raw sugar is further reduced by 36%. The import price (the world market price plus the tariff) for raw sugar from the world market will be lower than the intervention price for EU raw sugar (€23). Under a strong euro,² even the additional safeguard duties provided by the Special Safeguard Provisions are not enough to provide border protection. The intervention price for EU raw sugar has to be lowered if the standard tariff for EU raw sugar is lowered by 36%. Nevertheless, a 25% cut in the intervention price for raw sugar (earlier suggested by the EU Commission) will be adequate to provide the border

² A strong euro is defined as: €1 = \$1.20.

protection for EU raw sugar. In spite of this, the safeguard duties are needed to provide the border protection for EU raw sugar under a 'strong euro' (Huan-Niemi, 2003b).

Although the probability is low, the EU sugar regime can avoid reforms or cuts in the intervention price in the new WTO round, if at least three conditions occur at the same time:

- 1) the Uruguay Round formula is accepted as the reduction method in the new WTO round and the EU can use the minimum reduction rate of 15% for sugar;
- 2) world sugar prices recover in the future; and
- 3) both developed and developing countries are allowed to use the Special Safeguard Provisions (Huan-Niemi, 2003b).

Projections according to the Cairns Group Proposal: the Swiss formula

The EU will no doubt lose its border protection for raw sugar in the assumed new WTO round if the standard tariff for EU raw sugar is further reduced according to the Cairns Group Proposal, using the Swiss formula. Moreover, a 25% cut in the intervention price for raw sugar is not sufficient to provide border protection for the EU sugar regime. The intervention price needs to be lowered by two-thirds (67%) in order to maintain the border protection for sugar. In this case, the intervention price for EU raw sugar is very close to the world market price under a 'strong euro', and the intervention price is lower than the world market price under a 'weak euro'.³ Thus, the intervention price system is no longer applicable in the EU sugar regime and a 'safety net' system would most probably replace the intervention price system (Huan-Niemi, 2003b).

Projections according to the Harbinson Proposal

The EU will certainly lose its border protection for raw sugar in the assumed new WTO round if the standard tariff for EU raw sugar is further reduced by 60% according to the Harbinson Proposal. In addition, a 25% cut in the intervention price for raw sugar is not sufficient to provide border protection. In order to maintain the border protection for EU raw sugar under this reduction percentage, the intervention price needs to be lowered by 45% or nearly half (Huan-Niemi, 2003b).

The EU can also choose the minimum reduction percentage of 45% under the Harbinson Proposal. Similar to the 60% reduction in tariff, the EU will lose its border protection for raw sugar in the assumed new WTO round if the standard tariff for EU raw sugar is further reduced by 45%. Although the EU will be able to sustain its border protection with a 25% cut in the intervention price for raw sugar under a 'weak euro', it will be incapable of maintaining its border protection under a 'strong euro'. In this case, the intervention price needs to be lowered by 35% in order to maintain the border protection for raw sugar (Huan-Niemi, 2003b).

2.1.3 The WTO challenge on EU sugar exports

Australia, Brazil and Thailand have formally launched WTO action against the EU sugar regime. These countries are claiming that EU exporters of 'C-sugar' (unsubsidised) are able to export C-sugar at prices below their production cost because

³ A weak euro is defined as: €1 = \$0.80.

of the cross-subsidy from the main A and B quota-sugar of the EU sugar regime. Therefore, these countries are challenging in the WTO that C-sugar exports are in contravention of the commitments made by the EU in the WTO on subsidised sugar exports.

This WTO challenge is a significant threat to the future exports of C-sugar from the EU sugar regime. The reason it is a threat is that there is already a precedent case in the WTO, with regard to the cross-subsidisation of exports. The pricing for C-sugar and quota-sugar is similar to the two-tier milk pricing system in Canada. The WTO found that Canada's dairy programmes provided export subsidies to its dairy processors and farmers above the level to which Canada committed to comply in the WTO. Canadian dairy farmers sold milk at discounted prices to Canadian processors under the Commercial Export Milk (CEM) programme, which gave Canadian dairies an advantage in selling to foreign markets. Now, Canada has agreed to stop exporting subsidised (cross-subsidised) dairy products to the US and will significantly limit these exports to other countries, as part of an agreed settlement to reform its dairy support programme, which was ruled illegal by the WTO. This WTO ruling ended a lengthy five-year dispute involving six panel decisions and no fewer than four appeals (Agra Europe, 2003a).

2.2 The Central and Eastern European countries – bilateral agreements (Free Trade Agreements/European agreements) before EU accession and Common Custom Union after EU accession

2.2.1 The EU enlargement

Under EU enlargement, ten new member states are ready to join the EU by 2004, consisting of Poland, Hungary, Czech Republic, Slovenia, Estonia, Latvia, Lithuania, Slovakia, Cyprus and Malta. Bulgaria and Romania are expected to join the EU by 2007. The EU Commission will impose new sugar production quotas after EU enlargement. It is assumed that the new member states will receive sugar production quotas equal to the EU Commission's quota allocation for each country (Commission of European Communities, 2002).

The sugar production quotas agreed between the CEECs and the EU Commission are below the initial requests by the CEECs. The overall EU sugar production quotas will increase by 2.96 million tonnes in 2004 and an estimated 3.22 million tonnes in 2007 (see Table 2). In the first wave of enlargement, the CEECs will be producing more quota-sugar than consumption, with quota production exceeding consumption by nearly 50,000 tonnes. Yet, according to the rules specified by the EU Commission, the sugar consumption of Bulgaria and Romania will exceed their entitlement of quota-sugar production. In fact, the CEECs' sugar consumption will exceed quota-sugar production by an estimated 430,000 tonnes in 2007. Consequently, the accession of the CEECs will not be a burden on the EU sugar regime.

Table 2. Central and Eastern European countries' sugar production quotas, consumption and potential 'current access' for non-member countries (in tonnes)

	A-quotas	B-quotas	Total quotas (Production)	Total Consumption	Production minus Consumption	Potential 'current access' for non-member countries ^c
Czech Rep.	441,209	13,653	454,862	441,409	13,453	
Estonia ^a	Nil	Nil	Nil	50,000	-50,000	
Hungary	400,454	1,230	401,684	378,791	22,893	
Latvia	66,400	105	66,505	70,000	-3,495	11,410
Lithuania	103,010	Nil	103,010	96,241	6,769	
Poland	1,580,000	91,927	1,671,927	1,590,533	81,394	
Slovakia	189,760	17,672	207,432	195,000	12,432	
Slovenia	48,157	4,816	52,973	87,000	-34,027	2,875
Bulgaria ^b	7,000	700	7,700	206,000	-198,300	196,345
Romania ^b	225,000	25,500	250,500	532,000	-281,500	278,049
TOTAL	3,060,990	155,603	3,216,593	3,646,974	-430,381	488,679
TOTAL Excluding Bulgaria & Romania	2,828,990	129,403	2,958,393	2,908,974	49,419	14,285

a Estonia, Malta and Cyprus do not produce sugar; therefore, the EU Commission did not allocate sugar production quotas to these countries.

b Production quotas and consumption figures are estimated according to EU Commission rules.

c Historical quantities of sugar imported by the CEECs are potential 'current-access quotas' for countries outside the EU after enlargement.

Sources: CEC 2002, EUROSTAT COMEXT, FAOSTAT, Interactive TradeMap and PC-TAS.

Under the WTO rules, non-member countries have to be compensated for their market access in the countries that are joining a common custom union like the EU, if the 'current access' of the non-member countries in the markets of the accession countries is jeopardised due to the common custom union. The CEECs are currently importing sugar not only from the EU member states and candidates, but also from non-member countries like Brazil, Guatemala, Nicaragua, Mexico, Cuba and Australia. Current-access quotas were allocated to Brazil, Cuba and other non-member countries after the accession of Finland, Austria and Sweden in 1995.⁴ The EU has undertaken to import 85,463 tonnes of raw sugar as part of its current-access commitment due the agreement under the GATT.⁵ As a result, the EU has to either allocate current-access quotas for sugar imports from Brazil, Guatemala, Nicaragua, Mexico, Cuba and Australia or compensate these countries in other ways such as market access in other EU markets or compensatory payments to these countries. The potential current-access quotas for non-member countries are estimated to be about 490,000 tonnes in the enlarged EU sugar regime by including Bulgaria and Romania (see Table 2). Overall, the part of the CEECs' sugar consumption that exceeds quota production will be matched by the

⁴ European Commission Regulation (EC) No 1507/96 of 29 July 1996 opening and providing for the administration of certain tariff import quotas for the supply of raw cane sugar to Community refineries.

⁵ General Agreement on Tariff and Trade.

allocation of potential current-access quotas for non-member countries' historical market access in the sugar markets of the CEECs. If the current access of non-member countries is compensated in other ways than allocating sugar import quotas, the 'additional consumption' of the CEECs will alleviate the current overproduction pressures in the current EU-15 member states.

2.2.2 The Doha Round and EU enlargement

An EU with 25 member states⁶ (including Romania and Bulgaria, but excluding Malta and Cyprus) should be able to stay within the export subsidy commitments for sugar in the new WTO round, if the current commitments are further reduced by 50% within six years. The ten CEECs will bring in additional export subsidy commitments for sugar after EU accession, without bringing in additional subsidised sugar exports. This result is based on the assumptions that the new member states will receive sugar production quotas equal to the EU Commission's quota allocation for each country and EU sugar consumption would grow on average by 0.5% per year (Huan-Niemi, 2003a).

After accession to the EU, the CEECs will be included in the common market organisation for EU sugar. Therefore, the CEECs will have support price or intervention price and border protection systems exactly like the current EU-15 member states. The projections mentioned earlier for border protection in the forthcoming Doha Round apply not only for the current EU-15 member states, but also apply to the CEECs. Overall, the EU sugar regime is sensitive to steep tariff reductions because of the huge difference between the EU support prices and world market prices for sugar. If the forthcoming Doha Round requires substantial tariff reductions, the EU could be forced to reduce the intervention prices for sugar in order to avoid large increases in sugar imports (Poonyth et al., 2000). In addition, the Special Safeguard Provisions under the URAA plays a major role in upholding the border protection for sugar. It is uncertain whether the Special Safeguard Provisions will continue to be a safeguard feature for developed countries such as those in the EU. The border protection for EU sugar will be very vulnerable without this safeguard feature.

2.3 The African, Caribbean and Pacific countries – preferential agreements (Cotonou Agreement) with unilateral concessions until 2008 and regional trade agreements after 2008

In 2001, EU trade with the ACPs totalled over €8 billion, with EU imports totalling €1 billion and EU exports totalling €7 billion. For most of the ACPs and virtually all African ACPs, the EU is the main trading partner. In order to enhance the contribution of trade to development, the ACP states and the EU decided to completely overhaul their previous trade relations. Whereas previous trade relations have been primarily

⁶ In this EU-25 projection, net exports of the CEEC-10 countries are added to the total exports of the EU-15 member states. Intra-trade within the CEECs (PC-TAS) and trade between the CEECs and the EU-15 member states (Eurostat Comext) are excluded from the EU-25 total exports of sugar. Simultaneously, the total current access of non-member countries in the market of the net importers can be estimated by using the same base calculations and database. The estimations indicate that the combination of the ten CEECs should produce net imports instead of net exports, whereby the net imports are counter-balanced by the current-access quota of non-members' (based on historical market access in the CEECs). Consequently, the combination of the ten CEECs will bring no additional quota-sugar exports to the total quota-sugar exports of the EU-15 member states (Huan-Niemi, 2003a).

based on non-reciprocal trade preferences granted by the EU to ACP exports, both parties have agreed now to enter into economic integration agreements (new WTO-compatible trading arrangements), progressively remove barriers and enhance cooperation in all areas related to trade. To this end, the Economic Partnership Agreements (EPAs) will be negotiated with the ACPs and applied in a regional economic integration process. Formal negotiations of the EPAs started in September 2002 and the EPAs will enter into force by 1 January 2008 at the latest. The unilateral trade preferences will continue to be applied during the interim period of 2000 to 2007.

The ACPs are not eager to engage in regional economic integration that leads to the creation of a free-trade area. These countries have reservations about the possible negative effects of trade liberalisation on their economies. Studies have shown that the creation of a free-trade area between the EU and the ACPs will have negative effects on the gross domestic product (GDP) of the ACPs. The negative effects are mainly based on the declining price level of commodities in the ACPs. In contrast, the previous Lomé Convention has shown positive effects of creating market access to the products from the ACPs even though it is often claimed that the preferential market access has not created any permanent growth in opportunities (Kerkelä et al., 2000 and McQueen, 1999).

At present, 77 ACPs are signatories to the Cotonou Agreement signed in June 2000 comprising: 48 African states (covering all sub-Saharan Africa), 15 states in the Caribbean and 14 states in the Pacific. Yet, only 19 ACPs are signatories to the ACP/EU Sugar Protocol (see Appendix 1). In the Sugar Protocol, the EU has pledged to import 1.3 million tonnes of quota-sugar from ACPs at guaranteed prices on a duty-free basis. This privileged treatment of the ACPs has deep historical roots. Most of the ACPs are former colonies of the EU member countries. When the EU was formed, the overseas dependencies of Belgium, France, Italy and the Netherlands were given associated status. These dependencies gained independence in the 1960s, but continued to maintain close economic links with the EU through the Yaounde Conventions and the Arusha Agreement. When Denmark, Ireland and the United Kingdom joined in 1973, it was agreed that the developing countries of the British Commonwealth, except those in Asia, should receive similar associated status. In 1975, the EU entered into a new contractual agreement known as the Lomé Convention with 46 ACPs, followed by Lomé II in 1979 with 58 ACPs, Lomé III in 1984 with 65 ACPs, Lomé IV in 1989 with 68 ACPs, which was extended in 1995 to 70 ACPs.

During the Uruguay Round, the fixed-standard tariffs and the additional import duties under the Special Safeguard Provisions have made the import of non-preferential sugar uneconomic in comparison with the price of EU quota-sugar in the internal market. Subsequently, only a very small amount of non-preferential sugar is imported. Also, the Uruguay Round commitments under minimum access have not increased sugar imports to the EU. The import quotas given to the ACPs amounted to 10% of EU domestic sugar consumption, which is clearly above the 5% market access required under the Uruguay Round. Moreover, further market access is given through the import quotas from the Agreement on Special Preferential Sugar⁷ (SPS) with 17 ACPs and India (see

⁷ The SPS agreement with the ACPs was reached on 1 June 1995, and, similar to the ACP/EU Sugar Protocol, it is a government-to-government agreement; but unlike the Protocol, it is of a fixed duration and the ACPs are jointly supplying the quantities of sugar covered by the SPS agreement. The current

Appendix 2). Hence, the EU has been able to prevent competition from imported sugar that is outside its preferential trade agreement with the ACPs.

The preferential market access of ACP sugar to the EU and the support of preferential sugar have a distorting influence on world market conditions. The higher prices received for raw sugar result in higher returns and higher sugar production in the ACPs. The extra production is indirectly fed onto the world sugar market through larger, supported EU sugar exports. The extra volume reaching the world sugar market reduces the market prices received by countries that do not have access to the EU market. Thus, the ACP/EU Sugar Protocol discriminates against sugar exporting countries that are outside the Sugar Protocol (Roberts and Whish-Wilson, 1991). Such discrimination is one of the original reasons for Brazil's WTO challenge to the EU sugar exports. Brazil is unhappy that the EU is allowed to re-export an amount equivalent to 1.6 million tonnes outside of the export subsidy commitments that limit subsidised sugar exports from the EU in the Uruguay Round (Agra Europe, 2002).

2.4 The Least Developed Countries – preferential agreements with a unilateral concession ('Everything but Arms' concession under the Generalised System of Preferences)

The United Nations has denominated a 'Least Developed Country' (LDC) category for those countries (presently 49) that are deemed structurally handicapped in their development process since 1971. In response to the socio-economic weaknesses of the LDCs, the United Nations grants these countries especially favourable treatment in the allocation of resources under its relevant cooperation programmes. At the same time, the organisation gives a strong signal to the other development partners of the LDCs, by periodically identifying these countries and highlighting their structural problems, thereby pointing to the need for special concessions in their favour, especially in the area of development finance and in the multilateral trade framework.

At present, the EU is the most important single market for the exports of the LDCs. In 2001 (according to WTO statistics), the EU is the largest importer of agricultural products from Africa, with imports worth \$11.5 billion, followed by Japan (\$1.3 billion), the US (\$1.1 billion) and Canada (\$187 million). Over 50% of the exports from the LDCs were sold to the EU market in the year 2000, compared with 37% in 1999. Among the 49 LDCs, 15 of these are dependent on the EU market (United Nations Conference on Trade and Development [UNCTAD], 2002). The orientation of exports from the LDCs towards the EU market is partly explained by the relatively low tariff barriers involved in the EU market. Out of the 49 LDCs included in the EBA concession, 39 of them also benefited from preferential market access under the ACP-EU Partnership Agreement (Cotonou Agreement).

SPS agreement is for an initial period of six years, matching the duration of the new sugar regime (ending in June 2006) and the refiners' rights to refine raw sugar. The SPS sugar imports have been ranging from 344,000 tonnes in 1995/1996 to 217,000 tonnes in 2002/2003.

The ‘Everything but Arms’ (EBA) unilateral trade concession⁸ from the EU is intended to further improve trading opportunities for the LDCs. All agricultural products are included in the concession, which is in contrast with the original Generalised System of Preferences (GSP) concession to the LDCs that focused on manufactured products. Although the market access of LDCs in the EU had a wide coverage of products before the EBA concession, a further 919 agricultural products (tariff lines at Harmonised System [HS] 8-digit level) are freed from *ad valorem* or specific duties and import quotas. Now, agricultural products such as fruit and vegetables, meat, beverages and dairy products are granted ‘duty and quota-free access’ to the EU market with the exception of sugar, rice and bananas.

The EU’s initiative to eliminate duty and quota for essentially all products except arms and ammunition originating from the LDCs took effect in March 2001 (EU Council Regulation [EC]416/2001). In spite of this, the full liberalisation of sugar, rice and bananas will be phased in during a transition period.⁹ The ‘duty and quota-free’ market access for sugar will only begin in year 2009. Nevertheless, in order to compensate for the delay in the full liberalisation of sugar, raw sugar¹⁰ can be exported duty-free by the LDCs to the EU market within the limits of a tariff quota, which will be increased each year by 15% from 74,185 tonnes (white-sugar equivalent) in 2001/2002 to 197,355 tonnes in 2008/2009. This is not an indication, however, that there will be additional imports flowing into the EU sugar market. The increase in the LDCs’ sugar imports through this tariff quota will simultaneously decrease the imports of SPS sugar from the ACPs (see Appendix 2). Currently, only 13 members¹¹ out of the 49 LDCs are eligible to export raw sugar under this tariff quota (see Appendix 3).

The EU Commission initially estimated that 2.7 million tonnes of sugar may enter the EU market by year 2009 (European Commission, EBA Proposal, 2000). From this total, 1.4 million tonnes would be from the substitution of domestic consumption from world sugar imports, while the domestic production of sugar is exported to the more lucrative EU market. Meanwhile, 1.3 million tonnes would come from the medium term enhancement of the LDCs production capacity in sugar. Later, the EU Commission gave a second estimation that sugar imports from the LDCs would gradually increase to 900,000 tonnes in the medium term (European Commission, EBA Proposal, 2001). The lower estimation is because of the infrastructure costs, constraints (in particular for land-locked producers) and the unfavourable investment climate (including political stability) facing the LDCs at present. Most probably, it would take time before the

⁸ The provisions of the EBA Regulation (European Council Regulation (EC) No 416/2001 of 28 February 2001) have been incorporated into the GSP Regulation (European Council Regulation (EC) No 2501/2001). The EBA regulation foresees that the special arrangements for LDCs should be maintained for an unlimited period of time and not be subject to the periodic renewal of the EU’s scheme of generalised preferences. Therefore, the date of expiry of European Council Regulation (EC) No 2501/2001 does not apply to its EBA provisions.

⁹ Duties on sugar will be reduced by 20% on 1 July 2006, by 50% on 1 July 2007, by 80% on 1 July 2008 and eliminated by 1 July 2009. Duties on rice will be reduced by 20% on 1 September 2006, by 50% on 1 September 2007, by 80% on 1 September 2008 and eliminated by 1 September 2009. Duties on fresh bananas will be reduced by 20% annually, starting on 1 January 2002 and eliminated on 1 January 2006.

¹⁰ The EU’s minimum purchase price for raw sugar from the LDCs is €196.8 per tonne. The world market price for raw sugar (New York No. 11) is between the range of €130 to €200 per tonne (Sugartraders).

¹¹ These countries have signed the Framework Agreement with the EU.

LDCs would be able to overcome the existing constraints in infrastructure, logistics, marketing, quality and other areas, not to mention political instability (civil war or unrest) and economic mismanagement.

According to a study conducted by UNCTAD in 2002, it is estimated that sugar exports from the LDCs to the EU market would increase by only 50,000 to 100,000 tonnes, based on the results generated by the partial equilibrium SMART model.¹² The result may be an indication that the non-trade barriers are quite substantial in blocking the sugar exports from the LDCs to the EU even after the duty and quota-free market concession from the EU to the LDCs.

One very important non-trade barrier is the safeguard measures enacted to protect the EU market from serious disturbances. The EU Commission has stated that, if in any given marketing year, imports into the EU from the LDCs for sugar, rice and bananas exceed or are likely to exceed imports in the previous marketing year by more than 25%, the EU Commission will automatically examine whether the conditions for applying safeguard measures¹³ in accordance with the GSP Regulation are met. Moreover, the EU is entitled to the application of safeguard measures provided for in the Agreement on Safeguards under Article XIX of the GATT 1994.

Any imports of sugar in the range of 900,000 to 2.7 million tonnes from the LDCs to the EU market will cause serious disturbances and trigger the safeguard measures. The safeguard measures under the GSP Regulation may temporarily withdraw the duty and quota-free market access to the EU market. After that, the normal border protection for EU sugar will come into place. In addition, if the normal border protection is not enough, the EU may apply quantitative restrictions or additional duties on the sugar imports under the safeguard measures of the GATT 1994. The safeguard measures are in place to protect the EU market from massive influx of sugar imports from the LDCs. The emerging questions will be whether it is politically correct to impose the safeguard measures on the LDCs, when the EU has committed itself to opening its market fully to the world's poorest countries or whether the EU will protect its market because of internal pressures from the sugar industry and producers.

Another issue is the fact that the EU has the obligation, under the ACP/EU Sugar Protocol, to purchase a fixed amount of ACP sugar at the EU intervention price. Possible trade diversion from the ACPs to the LDCs may occur because EU refineries may switch buying raw sugar from the ACPs to the LDCs. If the ACPs are unable to sell their raw sugar to the EU market, the EU may be forced to publicly buy the raw sugar into intervention stores, causing further expenses to the EU budget. Nevertheless, the UNCTAD study in 2002 indicated that trade diversion from the ACPs is not substantial. For example, the SMART model estimated that the largest ACP sugar exporters, such as Mauritius and Fiji, would see their current level of exports reduced

¹² See Laird and Yeats (1986) for a technical description of the model, methodology and data uses.

¹³ The preferential arrangements provided under the GSP Regulation may be temporarily withdrawn, where imports under these arrangements massively exceed the usual levels of production and export capacity of that country (GSP Regulation, Article 30:1:b). Where a product originating in a beneficiary country is imported on terms that cause, or threaten to cause, serious difficulties to a Community producer of like or directly competing products, normal Common Customs Tariff duties on that product may be reintroduced at any time at the request of a member state or on the Commission's initiative (GSP Regulation, Article 31).

by 5% and 2.4% respectively. Trade diversion from the ACPs to the LDCs may be small from 2001 to 2009 because sugar imports from the LDCs are restricted by quota during the transition period for the sugar sector. Yet, after the transition period, sugar imports from the LDCs to the EU market will be quota-free and duty-free as well. Trade diversion from Mauritius may be quite substantial after 2009, because sugar can be imported from the LDCs quota-free. Furthermore, Mauritius is a high-cost cane sugar producer compared with the more efficient and lower cost producers of cane sugar such as Sudan, Mozambique, Zambia, Malawi and Ethiopia.

Preferential market access is very lucrative at present, owing to the high price for EU sugar and well-protected sugar market. The forthcoming reforms¹⁴ on the EU sugar regime may have a major impact on the sugar exports of the LDCs. A drastic cut in the intervention price for sugar may correspond to a big drop in the LDCs' earnings from sugar exports to the EU. Full liberalisation of the EU sugar regime will mostly benefit countries outside the EU preferential trade agreements, since neither the LDCs nor the ACPs can compete with sugar producers from Brazil, Australia and Thailand. The LDCs may no longer gain from preferential market access to the EU sugar market if the EU sugar regime is fully liberalised.

2.5 The Balkans – bilateral agreements with unilateral concessions (Stabilisation and Association Agreements leading to Free Trade Agreements in the future)

In the year 2000, the EU granted autonomous trade concessions to five countries of the Balkans or South Eastern Europe (Albania, Bosnia-Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Serbia and Montenegro), making it possible for around 95% of their exports to enter the EU duty-free. The EU has offered these countries the possibility of full integration into the EU structures; they are potential candidates for accession to the EU, and are being offered tailor-made Stabilisation and Association Agreements. The agreements, over a transitory period, render these trade concessions reciprocal, thereby gradually opening up the markets of the region to EU products.

The EU ranks number one in both the region's imports (55% of total) and exports (57%). Total trade with the EU has increased by 40% since 1999. The candidate countries represent the second largest trade partner of the region, accounting for 21% of imports and 13% of exports.

Previously the Balkan trade agreements have raised relatively few problems for EU producers, other than indications at the end of year 2000 that small quantities of Croatian sugar had been exported to Germany. The Balkan accord includes a quota system for wine and beef, but trade in sugar is fully liberalised. Currently fears are mounting that the Balkan sugar being imported duty-free into the EU may not be genuinely home-grown, as required by the rules of the Balkan accord. According to figures from the Committee of European Sugar Producers (CEFS), exports of sugar from the western Balkans rose from 613 tonnes in the year 2000, when duty-free access was granted, to 228,332 tonnes in 2002. The European Anti-Fraud Office (OLAF) has

¹⁴ The studies carried out by Frandsen et al. (2003), Koo (2002), Piketty and Boussard (2002), Bureau et al. (2001), Poonyth et al. (2000), Devadoss and Kropf (1996), Alas (1996), Roberts and Whish-Wilson (1991) have evaluated the impact of alternative reforms in the EU sugar policy and trade liberalisation in the sugar sector.

harboured 'serious doubts' whether western Balkan sugar exporters are complying with the terms of the Balkan accord, and have stepped up measures to pre-empt the prospect of fraudulent imports (Agra Europe, 2003b).

The EU Commission agreed in April 2003¹⁵ to suspend the special trade agreements with Serbia and Montenegro for at least three months, following the advice from OLAF that the origin of sugar coming duty-free into the EU from Serbian and Montenegro could not be verified. The major concern is that these countries could be involved in 'carousel' trade. EU sugar exported to Serbia and Montenegro, was fraudulently declared to be of Serbian-Montenegrin origin, and then re-imported into the EU at a zero tariff. Moreover, the EU sugar was exported from the EU with the support of export refund. Suspicions have been strengthened by the fact that sugar imports into the EU from the western Balkans – primarily Croatia and Serbia & Montenegro – have climbed significantly since the beginning of 2001, while sugar flows in the opposite direction have also sped up. The EU initially responded in February 2003 by suspending export refunds on shipments of white sugar, raw sugar and syrups to the western Balkans. Meanwhile, the EU Commission and the competent authorities of Serbia and Montenegro are to look into bolstering the control systems to put a stop to the circular trade and regain the duty-free import access for Serbia and Montenegro. Without duty-free access, the high standard tariffs or border protection will apply for sugar coming from Serbia and Montenegro, effectively making the imports of sugar from this region economically impossible.

These safeguard measures are politically sensitive, as preferential trade arrangements form a central plank in the EU's strategy to shore up the region's stability in the aftermath of the Balkan war. In the future, this will be a precedent case for the 'Everything But Arms' initiative to the LDCs, given that LDCs-sugar will be able to enter the EU duty-free by year 2009.

2.6 The Overseas Countries and Territories – bilateral agreement with a unilateral concession (Association Agreement)

The OCTs are countries that have a special relationship with one of the member states of the EU. The OCTs have been associated with the EU since the 1957 Treaty of Rome that provides for the associate status of these countries or territories. The GATT had already accepted the EU's Association Agreement with the OCTs in 1971. The new OCTs association arrangements¹⁶ are designed to achieve four objectives set out in the 1997 Treaty of Amsterdam, namely: promoting the economic and social development of the OCTs more effectively; developing economic relations between the OCTs and the EU; taking greater account of the diversity and specific characteristics of the individual OCTs; and finally, improving the effectiveness of financial instruments.

¹⁵ European Commission Regulation (EC) No 764/2003 of 30 April 2003 suspends for a period of three months, with regard to sugar of CN codes 1701 and 1702 imported from Serbia and Montenegro, the arrangements provided for in European Council Regulation (EC) No 2007/2000 introducing exceptional trade measures for countries and territories participating in or linked to the European Union's Stabilisation and Association process.

¹⁶ European Council Decision 2001/822/EC of 27 November 2001 on the association of the overseas countries and territories with the European Community, *Official Journal of the European Communities* (2001), L314, 11 November and L324, 7 December. This Council Decision will remain in force until 2011.

Two main characteristics distinguish the OCTs from the ACPs and the French Overseas Departments (DOM): 1) the OCTs are not part of the EU territory and, 2) in contrast to the DOM, OCTs inhabitants have the nationality of the EU member states to which they are related. The OCTs are constitutionally linked to four of the EU member states: Denmark, France, the Netherlands and the United Kingdom. Differing from the ACPs, OCTs are not independent countries.

The OCTs benefit from preferential market access to the EU market. Products originating from the OCTs imported into the EU are not subject to import duties or quantitative restrictions. These arrangements are nonreciprocal, in other words, products originating from the EU are subject to the import duties established by the OCTs. Additionally, the OCTs gain from the accumulation of origin with the ACPs. The possibility of the accumulation of origin stipulates that a product exported to the EU from an OCT, but composed of products from an ACP country (or another OCTs or the EU) may benefit from these preferential arrangements. The new OCTs regulation (European Council Decision 2001/822/EC) makes substantial changes in relation to the import of certain sensitive foodstuffs, especially those imported from the OCTs under the principle of the accumulation of origin. The EU markets have been seriously disrupted by the widespread arrival of sugar and rice grown mainly by other non-member countries, but processed and exported as that of OCTs origin. As a result, the possibility of the accumulation of origin for sugar will gradually be removed and will no longer be possible after January 2011.

In January 1998, an annual import quota for 3,000 tonnes of sugar was imposed on sugar coming from the OCTs. Imports of sugar from the OCTs within this import quota will be considered duty-free. Imports outside this quota will be under the normal border protection for sugar (no duty-free access), unless the sugar is heavily processed into a product that is not under the tariff heading for sugar. This quota became necessary as operators in the OCTs were threatening to flood the EU market with sugar originating from the ACPs, which had been very lightly processed (e.g. cubed or with molasses added). The new OCTs regulation has also provided a safeguard clause that may be used if the EU markets are disrupted excessively. In 1999, the OCTs tried to circumvent the import quotas imposed on sugar, but the EU Commission applied safeguard measures to prevent the import of sugar and cocoa mixtures from the OCTs. Currently, the EU Commission has increased the import quotas to 4,848 tonnes, but this quota includes sugar and mixtures with high sugar content.

3. Conclusions

The reform of the EU sugar regime will affect not only the EU member states and candidates, but also countries that are associated with the EU through the preferential, regional and multilateral trade agreements. For several decades, the EU has supported and protected the EU sugar sector. Sugar from developing countries will not be able to enter the EU sugar market without preferential trade agreements. In the EU sugar regime, the unique features of the trade concessions are that sugar under preferential import quotas can enter the EU market duty-free and the price paid for sugar equals to the high EU price for sugar.

One crucial issue for the ACPs is whether the EU will continue the ACP/EU Sugar Protocol after the end of the Cotonou Agreement in 2008. The Sugar Protocol explicitly

states that the EU undertakes, for an 'indefinite period', to purchase and import, at guaranteed prices, specific quantities of cane sugar that originate from the ACPs. But the EU Commission is currently examining options for reforming the sugar regime, most of which involve substantial cuts in the EU's guaranteed price for sugar. These price cuts would inevitably be reflected in the prices paid to the ACP producers. The EU Commission has indicated to the sugar producers in ACPs that the inflated prices they receive under the Sugar Protocol are unsustainable in the long term.

Similarly, the EU's initiative to eliminate duties and quotas for sugar imports from the LDCs is pressuring the EU to reform the sugar sector in order to avoid a major influx of sugar coming from the LDCs. The main questions are what the supply capacity of the LDCs will be and how the 'rules of origin' will affect the amount of sugar entering the EU market. Moreover, the Everything but Arms trade concession allows accumulation among the LDCs and ASEAN,¹⁷ SAARC¹⁸ and the EU. The lucrative EU sugar market will attract both genuine and fraudulent trade in sugar because of the high EU price for sugar compared with the world market price. Both the 'safeguard cases' involving the OCTs and western Balkan countries have shown that the EU Commission is willing to make use of the safeguard measures stipulated in the preferential market access agreements. It remains to be seen whether the EU Commission is going to impose the safeguard measures on the imports of duty-free sugar from the LDCs or if there will be a flood of sugar from LDCs after 2009.

The pressure from the WTO multilateral agreement to reduce import tariffs will instigate reform in the high support price for EU sugar. The EU will not be able to keep its border protection for sugar without lowering the support price for sugar. In addition, the use of export subsidies may be substantially reduced or eliminated, while quota-sugar exports are heavily dependent on export subsidies. Thus, exports of quota-sugar to the world market will not be possible without export subsidies, owing to the high EU price for sugar. Even the exports of non-quota sugar (C-sugar) are being challenged in the WTO because of the issue of cross-subsidisation from the high EU price for quota-sugar. A possible multilateral agreement in Cancun (September 2003) with regard to the liberalisation of agricultural trade will contribute to the magnitude of the forthcoming reform in the EU sugar regime.

¹⁷ The Association of Southeast Asian Nations (ASEAN) consists of Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

¹⁸ The South Asian Association for Regional Cooperation (SAARC) consists of Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

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APPENDIX 1
THE IMPORT QUOTA FOR RAW SUGAR UNDER THE ACP/EU SUGAR
PROTOCOL (19 COUNTRIES)

ACPs	Agreed quantities (tonnes w.s.e.)
Barbados	50,312.4
Belize	40,348.8
Congo	10,186.1
Côte d'Ivoire	10,186.1
Fiji	165,348.3
Guyana	159,410.1
Jamaica	118,696.0
Kenya	0.0
Madagascar	10,760.0
Malawi	20,824.4
Mauritius	491,030.5
St Kitts Nevis	15,590.9
Surinam	0.0
Swaziland	117,844.5
Tanzania	10,186.1
Trinidad	43,751.0
Uganda	0.0
Zambia	0.0
Zimbabwe	30,224.8
Total	1,294,700.0

Source: ACP Sugar.

APPENDIX 2

THE ALLOCATIONS OF SPECIAL PREFERENTIAL SUGAR (IMPORT QUOTA) FOR THE 17 ACPs AND INDIA

(units: metric tonnes white sugar equivalent)								
	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
Barbados	0.0	2,500.0	0.0	0.0	0.0	0.0	0.0	0.0
Belize	13,010.5	8,489.6	8,233.4	9,374.5	10,447.8	8,066.8	5,579.0	5,527.0
Congo	3,025.7	2,021.5	1,815.1	1,891.7	2,376.5	3,623.2	2,554.3	2,249.3
Côte d'Ivoire	13,025.7	11,719.8	0.0	10,138.9	12,376.5	13,962.5	9,775.2	9,703.9
Fiji	49,116.2	32,263.5	27,456.2	32,910.4	38,312.3	32,184.9	19,646.2	21,059.5
Guyana	51,401.8	33,446.4	30,683.3	39,134.7	38,569.1	41,714.8	22,443.6	17,111.3
Jamaica	38,273.6	25,317.3	24,599.6	28,373.9	37,842.4	34,868.6	17,931.0	18,893.5
Kenya	0.0	0.0	0.0	0.0	0.0	3,486.4	11,275.7	10,908.4
Madagascar	3,082.1	2,121.4	2,410.7	2,442.0	2,952.5	2,918.0	0.0	0.0
Malawi	16,148.3	13,222.1	13,610.8	13,866.9	14,858.5	12,858.1	10,000.0	9,897.1
Mauritius	13,139.3	44,095.5	64,241.3	78,450.6	37,648	14,017.9	43,101.2	21,266.2
St Kitts Nevis	5,027.3	3,401.0	3,181.4	0.0	0.0	0.0	0.0	0.0
Swaziland	65,005.3	53,548.9	57,254.4	52,145.2	57,421.9	56,999.5	14,696.0	45,029.9
Tanzania	2,687.9	1,531.9	393.2	1,925.5	2,376.5	3,500.0	2,520.1	2,182.7
Trinidad	14,107.5	9,233.1	8,927.6	10,165.0	11,487.7	12,134.1	6,239.2	5,658.2
Zambia	13,070.6	11,953.7	12,045.8	12,205.1	12,562.6	14,165.0	12,765.0	12,862.8
Zimbabwe	33,978.2	31,134.6	35,147.1	30,975.8	27,388.5	29,520.6	24,921.4	24,948.0
India	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0
Total	344,100.0	296,000.5	300,000.0	334,000.0	279,000.0	294,020.4	213,447.9	217,297.8

Source: ACP Sugar.

APPENDIX 3

THE EBA IMPORT QUOTA FOR RAW SUGAR UNDER THE FRAMEWORK AGREEMENT (13 COUNTRIES)

(units: metric tonnes white sugar equivalent)		
	2001/02	2002/03
Bangladesh	0.0	0.0
Burkina Faso	7,073.3	7,237.5
Burundi	0.0	0.0
Congo DRC	0.0	0.0
Ethiopia	14,298.0	14,689.3
Madagascar	0.0	0.0
Malawi	10,402.2	10,661.3
Mozambique	8,331.4	8,384.2
Nepal	0.0	8,970.1
Sudan	16,256.7	17,036.8
Tanzania	9,065.4	9,317.2
Uganda	0.0	0.0
Zambia	8,758.0	9,016.7
Total	74,185.0	85,313.0

Source: ACP Sugar.

ABOUT ENARPRI

ENARPRI is a network of European agricultural and rural policy research institutes formed for the purpose of assessing the impact of regional, bilateral and multilateral trade agreements concluded by the European Union or currently under negotiation, including agreements under the WTO, EU accession, Everything But Arms (EBA), EuroMed and Mercosur. It also addresses the wider issues of the multifunctional model of European agriculture and sustainable development of rural areas. Participants in the project include leading national institutes and research teams from 13 countries (11 EU member states and 2 accession countries).

AIMS

- Creation of an institutional structure linking key research institutes with major benefits for improved exchange of information and policy analysis both in the short and long run,
- Development of improved tools for impact assessment,
- More effective impact assessment of trade agreements on a variety of important social, economic, and environmental indicators and an assessment of multi-functionality, and
- Clearer analysis of the need for EU policy adjustments.

PARTNER INSTITUTES

- **CEPS**, Centre for European Policy Studies (Belgium)
- **FAL**, Federal Agricultural Research Centre (Germany)
- **FOI**, Danish Research Institute of Food Economics (Denmark)
- **IEEP**, Institute for European Environmental Policies (UK)
- **INEA**, Istituto Nazionale di Economia Agraria (Italy)
- **INRA**, Institut National de la Recherche Agronomique (France)
- **IRWIR PAN**, Institute of Rural and Agricultural Development/Polish Academy of Sciences (Poland)
- **LEI**, Landbouweconomisch Instituut (The Netherlands)
- **MTT**, Agrifood Research (Finland)
- **TEAGASC**, Rural Economy Research Centre (Ireland)
- **UPATRAS**, Department of Economics, University of Patras (Greece)
- **UPM-ETSIA**, Universidad Politécnica de Madrid – Escuela Técnica Superior de Ingenieros Agrónomos (Spain)
- **VÚZE**, Research Institute of Agricultural Economics (Czech Republic)

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