ACP-LDC Sugar Industry Group

Representing the ACP and LDC sugar industries supplying the EU

ACP/LDC suppliers of sugar to the UK deplore the unnecessary extension for 3 years of the UK ATQ

For immediate release **17 January 2022**

ACP/LDC sugar industries wish to see a viable cane refining sector in the UK, but we urge the UK government to assess the true impact that this ATQ is having on developing countries

On 7th January 2022 the UK Government announced an extension of the 260,000 mt Autonomous Tariff rate Quota (ATQ) for raw sugar for refining for 3 additional years until 31st December 2024, following what it called an "evidence-based" review.

The evidence presented by ACP/LDC sugar industries (and others) to the original consultation in September 2020 and to the recent review in November 2021, both predicted and then demonstrated the profoundly negative impact that this ATQ would have on the important traditional trade in raw sugar for refining, a trade vital to developing countries in Africa, the Caribbean, the Pacific and Least Developed Countries.

The UK having mirrored the access arrangements that are in existence in the EU effectively created, in trade terms, a single EU27 + UK market for sugar. Thus, additional access granted through an ATQ in the UK displaces ACP/LDC sugar in the wider European market.

Between October 2020 and September 2021, ACP/LDC[1] shipments of all types of sugar to the UK were 244,831 tonnes compared with 364,070 tonnes between October 2019 and September 2020 and a 5-year average of 356,104 tonnes for the same twelve months' period[2]. Between 2019/20 and 2020/21, ACP/LDC shipments of raw sugar refining to the UK have declined by 113,813 tonnes, and meanwhile shipments of raw sugar for refining to the EU27 have declined by 78,763 tonnes, in total 192,576 tonnes. During this time (until end-September 2021), shipments under the ATQ amounted to 192,098 tonnes. As we foresaw in our submission the UK Government, the ATQ has displaced ACP/LDC sugar tonne-for-tonne almost exactly. When calendar year 2021 figures are available (the first full year of the ATQ) the impact is likely to be even more pronounced.

There is, therefore, unambiguously clear evidence that increases in supply through the ATQ and other Free Trade Agreements impact directly on the market share of ACP/LDC countries in the EU27+UK, tonne-for-tonne in fact.

In its response to the 2020 consultation, the UK government concluded that the proposed ATQ would have no impact on consumer prices. It is thus hard to see what the diversion of 260,000

[1] *Including South Africa*
[2] *Sources: Eurostat Comext and ONS*

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metric tons of market share from ACP/LDC suppliers to – in practice – are Brazilian sugar suppliers is intended to achieve, nor how the UK Government's trade policy can be reconciled with the Government's commitment to reducing poverty through trade.

It is particularly hard to understand the decision to extend the ATQ for three years whilst the policy was originally implemented on the basis that it would be reviewed annually. If this is to provide certainty to consumers and businesses in the UK, then the only certainty is that, after 4 years of an ATQ, the trade in ACP/LDC sugar into the UK and Europe will have been permanently damaged by this quota.

The benefits derived from sugar production in ACP/LDC states are significant, in particular:

- Sugar cane is a proven, sustainable crop that is unique in its ability to withstand the extremes of weather in tropical regions.
- Sugar cane industries are important sources of renewable energy in the form of electricity and ethanol.
- The expansion of cane sugar industries in developing countries goes hand-in-hand with the establishment of small grower schemes and projects.
- It is an agro-industrial process that supports the development of a range of engineering skills that readily transfer to other parts of the economy.
- It contributes to large scale, dependable employment in rural areas.
- The multiplier effect on employment and the economy is significant.
- Cane sugar industries provide much needed export earnings and tax revenues.
- Sugar industries often provide healthcare, education, housing and infrastructure for their employees and the wider communities.
- For further information as to the socio-economic and environmental benefits of the sugar industries of ACP and LDC countries, please see: https://acpsugar.org/s/acpldc_sugar_cane_development_role_final.pdf

ACP/LDC sugar industries wish to see a viable cane refining sector in the UK – they are our major customers after all – but we urge the UK government to assess the true impact that this ATQ is having and implement a policy which recognizes the vital importance of this trade to developing countries.

Notes for editors:

The ACP Sugar Group is open to all sugar industries in countries which are eligible to supply sugar duty-free and quota-free to the EU and to the UK and which are listed in Annex 1 to EU Regulation 2015/1550, plus South Africa.

Industries from eligible countries which are currently represented by the ACP Sugar Group are: Bangladesh, Belize, Benin, Dominican Republic, eSwatini, Fiji, Guyana, Lao, Malawi, Mauritius, Mozambique, Sierra Leone, South Africa, Sudan, Tanzania, Togo, Zambia, and Zimbabwe.

https://acpsugar.org/

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