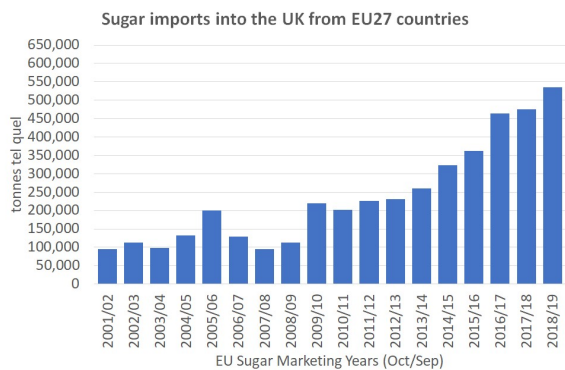
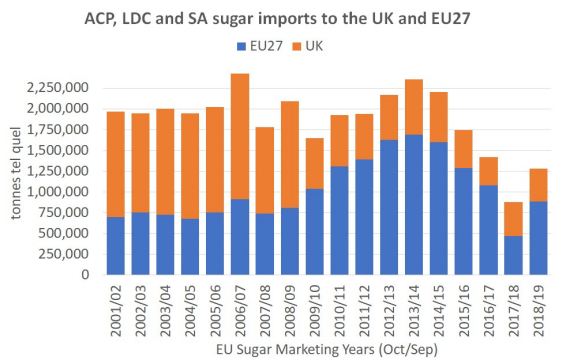
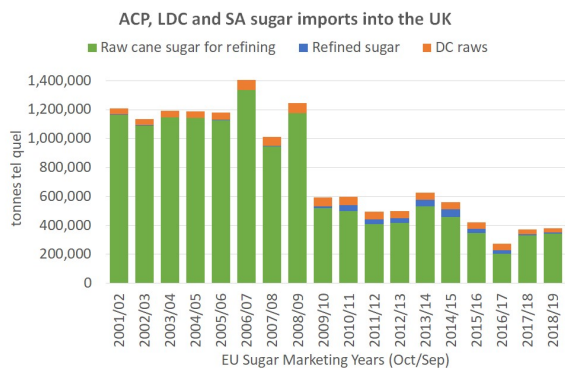
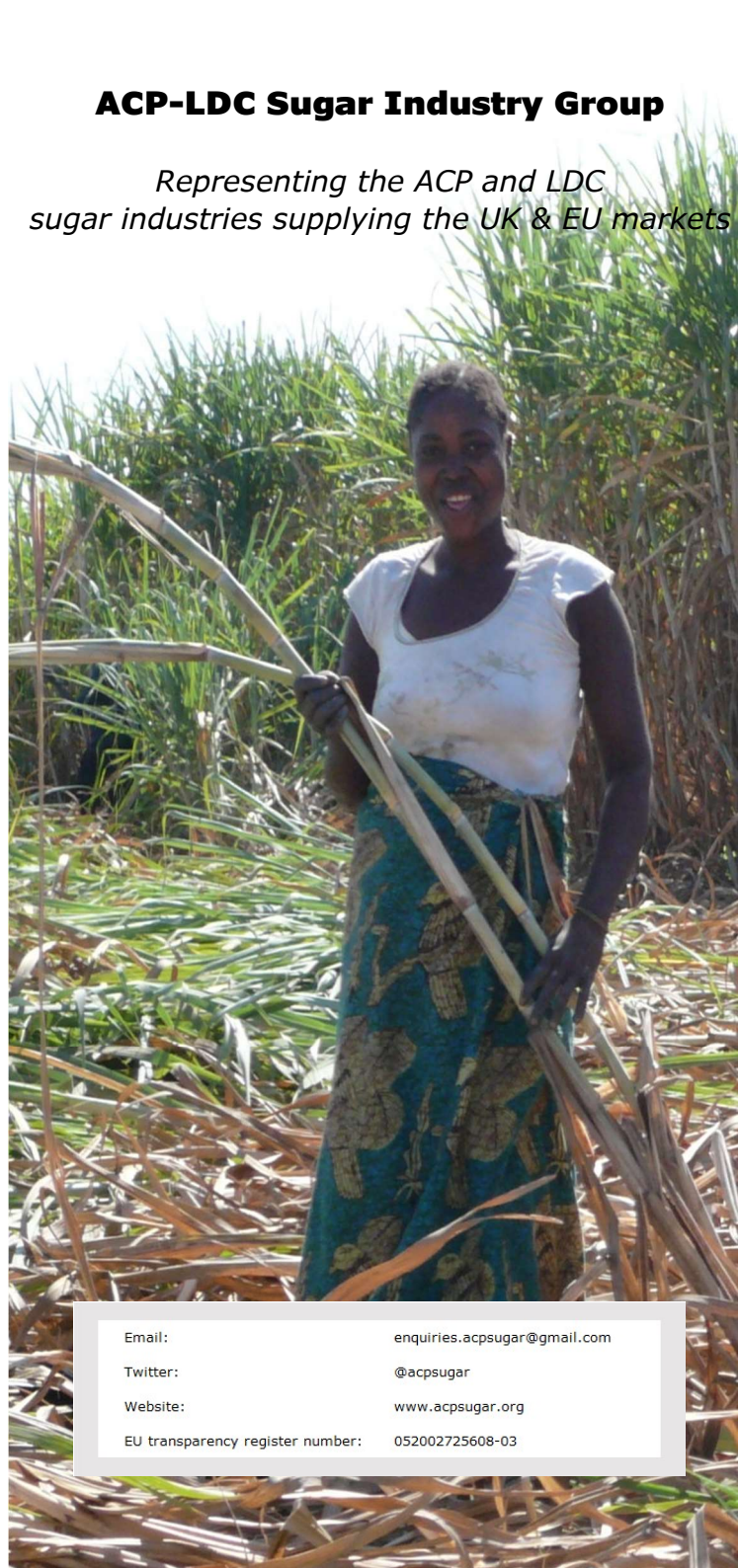


Some statistics:



ACP-LDC Sugar Industry Group

Representing the ACP and LDC sugar industries supplying the UK & EU markets



Email: enquiries.acpsugar@gmail.com
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 Website: www.acpsugar.org
 EU transparency register number: 052002725608-03

ACP and LDC cane sugar in the UK market

Aide Memoire produced by the ACP /LDC Sugar Industries Group

January 2020

Source for all statistics: Eurostat, 17th December 2019. Further data are available at www.acpsugar.org and also on request.

There is a long history of supply of sugar between ACP-LDC countries and the UK. The UK remains the an important export market for ACP-LDC sugar. Despite the end of the Sugar Protocol and successive reforms of the EU sugar regime, the most significant being in 2017, ACP and LDC countries delivered in 2018/19 1,247,000 tonnes of raw, refined and speciality sugars to the EU of which 382,000 tonnes was delivered to the UK.

Sugar cane industries provide many vital roles in ACP and LDC countries:

- ✔ 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: bagasse (cellulose) provides energy to mill the cane and surplus energy from bagasse is exported as electricity to the local grid. Hence efficient sugar cane industries are often net sequesters of CO₂.
- ✔ 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.

Sugar prices within Europe have fallen dramatically since 2017. These low prices are having a real impact on returns for ACP-LDC sugar farmers and millers and thus on hundreds of thousands of ACP-LDC citizens.

In the Caribbean alone, over 400,000 people depend on the sugar industry for their livelihoods. In eSwatini, around 50% of production is exported to Europe and sugar production amounts to 13% of GDP and 35% of private sector employment. The fall in EU prices and demand has led to a stagnation in many ACP and LDC regions, affecting communities and services and forcing governments to consider social transfers. Access to education and healthcare are all negatively impacted.

There are two factors overall that will affect the size and value of the UK market for developing countries. These are the volume of UK domestic production and the level of access granted under Free Trade Agreements (FTAs) with third countries, including the EU.

Subsidies and the world market

The production of either Beet or Cane sugar is heavily affected by a range of different subsidies in many of the world's largest exporters, including Brazil, India and the EU 27. ACP-LDC sugar industries, and indeed the UK's own farmers, require a degree of protection from world markets which are distorted by the subsidies that are prevalent therein.

Imports into the UK from mainland Europe have displaced ACP-LDC Sugar and seriously impacted the UK's cane refinery. Voluntary Coupled Support (VCS) paid in 11 EU Member States creates surplus sugar in EU27. It is currently paid to farmers on 31% of the EU27's beet area. It is estimated that this sustains between 3 to 4 million tonnes of beet sugar production. The High-Level Expert Group on

Sugar set up by the EU Commission in November 2018 noted the views of 6 EU Member States not granted VCS for sugar beet, including the UK, that, *"the measure distorts competition by artificially maintaining sugar beet cultivation in less efficient and competitive areas"*. This surplus is, and will continue to be, dumped in the UK and the world market. This VCS subsidy warrants *"reasonable trade protection to address a genuinely unfair practice"* as provided for in the white paper *"Preparing for our future UK Trade Policy"*.

Autonomous Tariff rate Quotas (ATQ)

& FTAs: Every tonne of new access granted through ATQs or FTAs competes directly with ACP-LDC sugar and indeed UK domestically produced sugar. Unless properly managed, an ATQ at zero tariff will undermine preference and in effect become a subsidy for the UK's refiner.

We therefore urge the UK, at the end of the transition period, to:

- ✔ **Implement an independent sugar policy that creates a sustainable cane sector and market value for ACP-LDC suppliers.**
- ✔ **Apply a tariff on sugar imports from Non ACP-LDC countries at levels no lower than those set out in the Temporary Tariff Schedules.**
- ✔ **Treat sugar as a sensitive product during the negotiation of all new FTAs, especially with the EU27.**
- ✔ **Open ATQ's only on the basis of a UK requirement established by verifiable market data.**