

CANE SUGAR IN THE ACP COUNTRIES - ECONOMIC PROBLEMS

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For many ACP countries their economic problems begin with the weather. Frequently it affects production targets. Drainage and irrigation schemes cost money, but to a greater or lesser degree ACP countries are realising their importance. Tests have revealed that there is a 50% difference in cane yields between irrigated and non-irrigated farms.

How can we bring about better water control?

Secondly, the application of inorganic fertilisers in the correct quantities and at the best times to maximise yields is most important. They have to be imported at great cost, including the use of valuable foreign exchange.

Can our research scientists find cheaper and more effective ways of maximising our cane crops?

Third, the optimum size of cane farms is a matter of great concern to many ACP sugar industry leaders. Economies of scale and high yields are clearly very important. An adequate farm size in 1973 will not be adequate in 1983 because of farmers' indebtedness, resulting from inflation over which they have no control. Yet in large farms imported machinery and other expensive inputs can kill profitability.

In our countries, are land use systems, including access to land titles and transfers, sufficiently flexible to meet farmers' requirements?

Fourth, we think we have cane pests under control. Then suddenly there is an outbreak of disease and new varieties have to be researched and introduced. Adequate funds out of our scarce resources must therefore always be channelled into research. In this connection let us remember that Articles 26(d) and 28 of the Lomé Convention 1975 provide for the EEC to help us expand our research and training for research.

Are we making full use of this?

Fifth, the millers who crush the cane and turn it into sugar have had to borrow in order to modernise their factories. But they find their share of the returns from sugar sales is inadequate. They also are in financial difficulties.

Would a capital grants system help? The EEC might be asked to make annual grants to improve and develop ACP farms and mills, so that they can maintain their economic efficiency and keep pace with technological advances.

Such a system, similar to one operating under the Commonwealth Sugar Agreement, would supplement existing arrangements under the Sugar Protocol. Assistance of such a kind which could also lead to the encouragement of crop diversification on top of sugar, might be scaled up and down inversely to the movement of world prices for sugar.

Sixth, it has been shown in Louisiana sugar mills that average costs decline rapidly from small size (2500 tonnes daily) to medium size (4500 tonnes daily) establishments. But cane transport costs increase with mill size because of longer haulage. Economies can also be achieved through the use of larger and more efficient machinery, through spreading managerial costs over larger outputs, and through greater labour specialisation. Another important requirement is to increase crushing capacity in tandem with increased cane supply.

Is there scope for changes in our ACP sugar mills?

Seventh, our markets have been eroded and our prices depressed, not only because of lower consumption through falling birth rates and changes in dietary patterns, but also by the growth in High Fructose Corn Syrup and alternative sweeteners. The EEC has taken positive action to halt such growth: so far, the USA and other major importers have not.

What positive steps can we suggest to increase sugar consumption, to counter anti-sugar propaganda and to control growth of alternative sweeteners?

Eighth, if world sugar production needs to be curtailed through international arrangements, should this apply to all producers, or should the smaller exporters including the ACP group be exempted?

My final point is about training. Factory training programmes for staff at all levels have been in existence for some years. Is there scope for improving the training schedules of cane growers?

Could we get help from ACP governments, from the EEC, and from the Commonwealth Fund for Technical Cooperation?