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Yesterday I had the opportunity to listen to Mr. Fryer when he spoke of the contribution of NGOs to the dialogue between North and South and he referred particularly to the sugar problem. He highlighted the possibilities of further rapprochement in the positions of the beet sector and sugar cane sector and he insisted on the need to avoid confrontations.

I must underline this particular point. We, diplomatic and political representatives of the sugar developing countries, have spared no effort in our dealings with the Community to avoid confrontation, and to establish all possible forms of co-operation with a view to arriving at a common understanding in regard to the problems that have emerged since the inception of the Protocol.

In one or two decades' time when historians will study the relationship between North and South in the 70s, especially when they study the ACP/EEC relationship, they will read for example the debates which were held in 1972 in the European Parliament when certain representatives spoke of the interests of the sugar beet growers as against those of the cane producing countries. They will express surprise that while certain initiatives were being taken at the highest political level to ensure continuity in the arrangements for the marketing of sugar to ensure the viability of the economies of some of the poorest countries of the developing world, other voices claimed that the interests of the farmers of the Community were being jeopardised for what they called some equivocal political motive. It was even said at the time that it was unwise for the Community to commit itself to a long-term programme of planned insufficiency, or a lack of self-sufficiency when it had the capacity to satisfy its sugar requirements. When those historians read about such debates they will shake their heads and may entertain doubts about the authenticity of the instrument called the Sugar Protocol.

But after noting the Protocol, the same historians will shake their heads again when they discover the circumstances under which the Protocol was negotiated. They will shake their heads once more when they realise that after the instrument came into being, so many problems emerged, and discover that it was not possible for a group of countries belonging to a very powerful economic block constituting the most important trading group, to resolve the problems arising

from an instrument which, despite all its weaknesses and shortcomings, has been cited as a model instrument for a single political commodity and quoted as an example to be followed by other groups of industrialised and developing countries in respect of other commodities. We must therefore appreciate the great contribution of those who negotiated and devised this instrument.

The ACP group in Brussels have been very active in representing to the Commission, to member states, to members of the European Parliament and national governments, the importance we attach to the problems of the Protocol, and the need for the commitments which were entered into by the member states of the Community to be honoured.

It is worth reminding ourselves that at some stage the ACP were receiving a price which was below the price range. We must also recall that we had considerable difficulty in securing agreement from the Community that the guaranteed price should be negotiated within the price range. References were made this morning in Edwin Carrington's excellent presentation to the price range. Perhaps we should at this stage remind ourselves that at one time the Community wanted to extend the Storage Levy to ACP sugar. At some stage also the price range was restructured with prices featuring in the range after deduction of the Storage Levy. We had to make forceful representations to explain that there was a need to distinguish between the storage of ACP sugar and the conditions in which EEC sugar was stored. Finally, we had a breakdown of negotiations and were told that we could obtain a differential from the refiners, and were given the assurance by the Community that such a differential would be forthcoming. They would insist in their approach to the refineries to give to the ACP in addition to the lowered guaranteed price an extra payment which would improve our position.

We all know that following those approaches, it was confirmed by the refiners that under this system there would be no saving in fact, and nothing left to pass on to the ACP. We had a verbal assurance that should a market premium materialise the refiners would be able to pass on a substantial proportion of this to the ACP.

When the Community restructured its price range, and we expressed opposition to the fact that we would be receiving a price less favourable than that which would be received by the Community farmers, we were told that we could not be treated more favourably than the Community farmers. Edwin Carrington explained this morning that our Ministers accepted that politically it was essential to the Community that we should not appear to be treated more favourably. But we have

been able to demonstrate conclusively that because economic factors relevant to the ACP are not fully taken into account, - such as freight - we do not receive a proper level of remuneration. Therefore, we consider at the moment we are treated less favourably than the Community farmers.

We are convinced that the Protocol must remain a workable instrument. It is a trade instrument and it must operate as such. We attach great importance to this particular aspect of the Protocol. However, we believe, it is also a political issue, that our Ministers, as responsible representatives of their governments who have subscribed to a specific undertaking (which carries a balance of obligations as well as of rights), to honour their supply commitment, should at least expect to be able to sit together with the Community and arrive at a jointly determined price.

Both sides at the moment admit that there are no genuinely effective negotiations. The question which therefore arises is: can there be any negotiations at all under the Sugar Protocol?

Having gone through the experience of Lomé I and Lomé II, knowing that the Lomé Convention provides ample opportunities for a permanent dialogue at expert, Ambassador and Ministerial level, I see no reason why we should not be able to devise some system whereby real and effective negotiations can take place. We are interested in the determination of Community prices because the prices determined by the Community can affect the conditions under which we will be treated within the Protocol. But we maintain that we are entitled to a price which is higher than the bottom range of the Community price.

I for one do not agree (and I am supported in this view by my colleagues in Brussels) that because the Community has removed certain reference points between the bottom and the upper point of the range, that this means there is no longer a range in which we can negotiate. I will explain why. The Protocol is devised in such a way that it refers to the negotiation within a range of prices. A range of prices was determined at the time we negotiated and signed the Protocol. Despite the removal of the reference points I maintain it is open to the ACP on the basis of relevant economic factors to claim a price which is higher than the bottom of the existing range of prices.

Furthermore, on the grounds that the price is determined CIF, we are deprived of the right to obtain that freight should be treated as a relevant economic factor. We are not claiming a special subsidy in compensation for freight on top of the guaranteed price. What we are saying is that in view

of the burden which ocean freight represents, we are entitled to claim a price which takes this element into account. In any commercial transaction where the price is determined CIF, there should be nothing to stop the seller of a product taking freight into account in the price which he claims. We are conscious of the arguments advanced by the Community to the effect that if freight was taken into account as one of the components for the determination of the guaranteed price, we could end up with a price which would render our sugar unmarketable. Thus to preserve the marketability of our sugar, this would not be feasible. However the factors which affect the determination of price are not the making of the ACP themselves.

It is therefore a matter of responsibility for the Community and for the member states to determine in these specific circumstances, the sort of national policies the member states should adopt, and what Community policy should be adopted in respect of the common sugar policy, so that the objectives which were subscribed to under the Convention can be attained and remain attainable.

This is a policy issue and I hope very much that as a result of our deliberations in the context of the re-examination process we are now carrying out under Article II of the Protocol our Ministers will come to some understanding on that point.

When we negotiated the Protocol we insisted on the principle of indefinite duration. We put to the Community that in order to protect our economies, which are so heavily dependent on the sugar industry, and to plan our future development, there should be no threat on a medium-term or long-term basis which could prejudice the functions or put an end to the Protocol. This is why there was a specific statement after agreeing to the denunciation clause that this clause had been entered into only for reasons of juridical security. There cannot be any Convention if the agreement between two parties does not provide at least for a possibility of denunciation. But the denunciation clause was not meant to be operational.

Despite all the rumours about the re-negotiation of the Protocol which have been linked to the forthcoming events in respect of the re-negotiation of the Lomé Convention, we are satisfied that the Community has decided not to re-negotiate the Sugar Protocol. The ACP on their side have also expressed their political agreement, despite the fact that they are unhappy about the functioning of the Protocol, they do not want to change anything in its basic provisions.

There are certain areas where we are not entirely happy and reference has been made to force majeure. However, the ACP are satisfied that after a series of bitter discussions and complaints against the fact that the Community had unilaterally set down the criteria for the application of the force majeure clause, we have been able to convince them that while we accept that the Commission is empowered to determine cases of force majeure, there should be joint consultation and determination of the principles which would determine application of the force majeure clause. Seeing Mr. Williamson today reminds me of a joint committee of Ambassadors where the Co-Chairmen mandated Mr. Williamson (on the EEC side) and myself when together with some of our colleagues to examine this issue and we were able to arrive at a common understanding about force majeure.

I said earlier there is a balance between obligations and rights. At the moment, as in the past, and I am sure in the future, the ACP would never support any individual ACP country which in the context of the implementation of the Protocol deprived the Community of part or the whole of its agreed quantity of sugar, and diverted its traffic from the Community to another country. We would never accept this. And when we speak of rights and obligations, there have been times in the past when conditions were much more favourable on the world market than on the Community market. We have discharged our obligations to the great surprise of many people, and cannot be blamed on this account.

There were problems in the case of four countries. Here again we were able to satisfy the Community that instead of prolonging discussions to settle those cases, these countries should be considered as retaining their full eligibility for re-allocation. Kenya and Congo have now recovered 80% of their original agreed quota. The ACP are now insisting that they should get further re-allocations to bring them back to the level of their original quotas.

With regard to permanent re-allocations, many people enquire why there are certain shortfalls which have not been re-allocated to the ACP states. To my knowledge there is a quantity of 801 tonnes forfeited by Surinam which is available for re-allocation. With regard to the other quantities, the now so-called dead quantities, we have asked that they be held in abeyance for re-allocation at some future date to those countries who may suffer quota reductions. Once these countries are again in a position to resume their deliveries they should then be able to obtain re-allocations. On the basis of the understanding of the ACP group they have a priority claim for such re-allocations. What we are expecting is that Kenya and the Congo should obtain further re-allocations to bring them back to the level

of their original quantities. Whenever Uganda and Surinam are able to demonstrate to the satisfaction of the ACP and the Community that they have resumed their production and are in a position to fulfil their delivery obligations under the Protocol, they too should regain their quotas.

Of course, the ideal arrangement would have been that until such time the quantities should be utilised by other ACP supplying countries. We do not disregard this possibility, and would like to see the Commission re-allocate them, on a purely temporary basis. But it is a question of timing. We must ask ourselves whether it is the ideal time to apply for such temporary re-allocations of the shortfalls which are being held in abeyance for two ACP countries.

With the support of the ACP states, the Ivory Coast has been insisting for a long time that it should have a quota commensurate with its production capacity. So far, there is no decision in respect of Ivory Coast. Furthermore Zimbabwe, which applied for a quota I believe of some 75,000 tonnes has been allocated 25,000 tonnes.

We have asked to be told exactly what the position is about the total of the 'agreed quantities'. When we enquire formally we are told the 25,000 tonnes come from Zimbabwe. But with regard to the Protocol itself, where do the 25,000 tonnes fit in? We know there has been a link between this problem and India's loss of quota. There have been rumours that at least part of the quota would be reinstated. So in our understanding at the moment the ACP have retained the total of the original quantities agreed. And the total of the existing 'agreed quantities' is the sum total of the amounts appearing in Article III of the Protocol plus the 25,000 tonnes received by Zimbabwe. Plus, hopefully, the quantity which Ivory Coast will be receiving. These therefore are some of the matters which we will pursue actively with the Commission.

Our Ministers have consistently repeated from one year to another that they cannot continue to travel from their capitals to Brussels and home again just to inform their governments and local public opinion they have secured a price unilaterally pre-determined by the Community in respect of its own farmers. When we say that we will claim (and we believe that it is a legitimate claim) we should receive a higher price, we mean that if the minimum price guaranteed in respect of Community farmers does not represent an adequate level of remuneration for our own sugar industries then ways and means should be found to give us a higher price which is more in line with our situation.

We appreciate that if our sugar cannot be marketed in the Community, then huge masses of ACP sugar would have to go to intervention. It was not envisaged by the negotiators that intervention should be resorted to as a normal event, it was envisaged as an exception. We maintain that it is certainly possible at political level to find a solution to this particular problem and to secure smooth operation of the Protocol.

In this particular context, I was very pleased to be able to have Mr. Williamson as counterpart, just as I was gratified to have him as the spokesman on the Community side in the course of the joint sub-committee meetings. I believe that we have a lot of men of good will in the Commission, in the Member States and in the private sector, and solutions can be found on the basis of a real dialogue.

I am more and more impressed by the political support which we receive from members of the European parliament. Of course, certain of our colleagues in the Joint Committee and in the Consultative Assembly who adopt certain very forceful resolutions, sometimes speak a bit differently when they are within the European parliament. But we have had the opportunity to express our views. There is no doubt that mounting support is coming from all sides about the legitimacy of the case of the ACP. I am, therefore, fully confident that the Community, at a time when they are launching the North/South dialogue with a new approach to development and with the start of negotiations for an International Sugar Agreement, cannot afford to leave the sugar question unsettled.

It is being said in certain circles at the moment that ACP sugar is not competitive. Our sugar will remain competitive if we receive an economic price. If we fail to receive an economic price what will happen is that we will be faced with a situation where we will not be able to renovate our equipment, modernise our industry, engage in the necessary research required to remain competitive, or improve the viability of the industry, and our industries might face a situation of collapse. It is thus a political responsibility on the part of the Community, and the member states, to ensure that we are able to improve our position in such a way as to ensure smooth relations between the two sides in the future.