

***“THE CHALLENGE  
TO CANE SUGAR  
IN THE 1980’s”***



Commonwealth Secretariat

**Report of a Seminar  
held at the  
Commonwealth  
Institute, London  
26-29 April 1983**

# THE CHALLENGE TO CANE SUGAR IN THE 1980's

REPORT OF A SEMINAR HELD AT THE  
COMMONWEALTH INSTITUTE, LONDON  
26-29 APRIL 1983

Produced by the Organising Committee of the  
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COMMONWEALTH SECRETARIAT

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## FOREWORD

The importance of cane sugar to the economies of a large number of Commonwealth countries who are members of the Lomé Convention, the continuing significant role played by Commonwealth sugar producers in supplying the United Kingdom market and the interdependence between cane growers in these countries and workers in the United Kingdom cane refining industry make sugar a commodity of special interest to the Commonwealth. Any disturbance either to the present ACP supply arrangements or to the size of the United Kingdom refining capacity would damage the chain linking growers and users and could do substantial harm to many Commonwealth economies.

Concerned at the major problems likely to face the sugar industry in the 1980s, a group of trade unionists employed in United Kingdom cane refineries proposed to the developing Commonwealth cane sugar exporting countries that they meet in London to exchange views. As a result a four-day seminar was held last April under the title "The Challenge to Cane Sugar in the 1980's". The participants were drawn from governments, sugar brokers, trade unions, cane farmers, industrial consumers, academic institutions and non-governmental organisations, and came from eleven Commonwealth countries. The importance of the occasion and of the issues at stake was highlighted by the presence of Ratu Sir Kamisese Mara, Prime Minister of Fiji. For Ratu Sir Kamisese this represents the continuation of a distinguished role in ACP matters and in particular in representing the Commonwealth cane sugar industry.

As the summary of proceedings by Dr. Vincent Cable makes clear, there was a large measure of agreement that the Sugar Protocol of the Lomé Convention must continue in its present form. This was agreed not only by the cane sugar exporting countries, the United Kingdom cane refining industry and its employees, but also by representatives of industrial consumers and, most importantly, of the European Commission and the United Kingdom beet industry itself. The main threat was conceived to be not a major attack on the Protocol as such, but rather a steady if gradual erosion of cane sugar interests in the EEC. There were four main sources of anxiety. First the continued growth of the Community beet sugar surplus caused by the excessively protected price granted in respect of a high level of production; secondly the competition from substitute sweeteners, encouraged by price instability and the alleged health hazards of excessive sugar consumption; thirdly the uncertainty about future cane refining capacity in the United Kingdom; and fourthly the intensified supply problems facing the ACP as a result of the effects of the world recession.

Yet all was not gloom at the seminar and positive ideas for the future also emerged. It was felt that in renegotiating the Lomé Convention, the ACP must take the initiative to submit proposals where these were thought to be justified, for example on pricing and quotas, but also to seek out common ground with beet sugar producers, for instance on artificial sweeteners and stabilising the world market. Beyond Lomé there were wider possibilities, for example developing new markets through regaining the ground lost to artificial sweeteners or fostering intra-developing country trade or creating new products, and perhaps by establishing an international sugar research and promotion organisation.

These were only some of the interesting ideas which were discussed by participants. But I trust they give the flavour of a seminar which attracted considerable interest and attention. In responding to an approach by the Organising Committee therefore, I agreed it would be useful in relation to Commonwealth interests, to bring together and publish the papers presented to the seminar and a résumé of the ensuing discussion. This will give the wider public an opportunity to become better informed of the underlying issues of concern to both sides of the cane sugar industry, particularly in the context of the forthcoming Lomé renegotiation. Beyond that, however, I believe the report also makes a contribution to wider North/South cooperation by taking up a major commodity trade issue - the renegotiation of the International Sugar Agreement. Finally, I wish to congratulate the British trade union movement and Commonwealth exporting countries for their unique cooperative endeavour in arranging the seminar, and to recognise the great contribution made by its sponsors and supporters, as well as all who helped to ensure its success.

A handwritten signature in black ink, reading "Shridath S. Ramphal". The signature is fluid and cursive, with a large, looping initial 'S'.

Shridath S. Ramphal  
Commonwealth Secretary-General  
August 1983

## THE CHALLENGE TO CANE SUGAR IN THE 1980'S

### A Seminar Proposed by Trade Unionists in the Cane Sugar Industry in the United Kingdom

Sixteen developing countries in Africa, the Caribbean and the Pacific (ACP) depend for the livelihood of a great many of their people on sales of their cane sugar to Europe, and in particular to the United Kingdom.

The cane sugar industries in most of the ACP countries were established by the European countries many years ago for their own advantage. In the case of the United Kingdom, long standing preferential arrangements were followed after the last war by the Commonwealth Sugar Agreement. At the time of entry into the European Community the United Kingdom made it a condition that access for ACP sugar should be preserved. Hence the creation of the Sugar Protocol of the Lomé Convention with the enlarged European Community, which guarantees annual imports of over one million tonnes of cane sugar into Europe from these countries. Since the United Kingdom joined the Community ten years ago, the increase in domestic beet crops has put at increasingly serious risk the trade in cane sugar on which these developing countries depend for employment and foreign exchange earnings.

This is the challenge to cane sugar in the 1980's. But there is a further challenge - the threat of the Community becoming an agricultural fortress from which developing country cane sugar would be completely excluded. Surely the largest and richest group of trading nations will not renege on 30 years of undertakings to some of the poorer countries of the Third World, whose agricultural infrastructure is most difficult to diversify?

The Seminar was divided into four sections. First, it briefly discussed some of the acute economic and social problems of the developing cane sugar exporting countries. Next, it considered the world market and arrangements for cane sugar imports into the Community under the Lomé Convention. Third, it studied the British sugar beet industry and cane sugar refining in Britain. Last, it turned its attention to the London end, the involvement of British trade unions and the very important subject of competition and marketing.

Four days of discussion cannot solve the severe challenges facing cane sugar imports into the European Community. We believe that the representatives of ACP Governments, industrial management, trade unions and cane farmers can, through exchanging views on mutual problems, help to secure the cane sugar industry into the 21st Century.

## OBITUARY

### Mr. Norman Girwar, CMT

When this Report was in draft, the sad news was received of Norman Girwar's death.

Norman played a notable part in the cane sugar seminar and took the chair for the session at which Edwin Carrington spoke on the Sugar Protocol of the Lomé Convention.

Norman's host of friends in the world of Caribbean, Commonwealth, and ACP sugar, in sharing with his wife an acute sense of loss, are enormously grateful for his life's work in seeking to improve the sugar economies of the developing countries.

REPORT OF THE CANE SUGAR SEMINAR HELD AT THE COMMONWEALTH  
INSTITUTE, FROM 26 -29 APRIL, 1983

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OPENING STATEMENT

The Rt. Hon. Ratu Sir Kamisese Mara, GCMG, KBE.  
Prime Minister of Fiji

Your Excellencies, My Lord, Ladies and Gentlemen,

I was indeed very pleased when your Organising Committee invited me to open this important and unique Seminar which as you know, was so thoughtfully suggested by British Trade Unionists working in the cane sugar refining industry.

I say unique because this is the first time that experts from all four corners of the industry - representatives of Governments, trade unions, industrial management, and cane farmers - from no less than ten countries have met together to discuss and exchange views on some of the major problems facing our industry. It is wise for us to think of ourselves as partners in an industry which provides livelihoods for so many of our people. We do no justice to our countries, if we bicker and divide. We have to find common ground through discussion and cooperation on all sides. The days of confrontation between cane growers, mill management and labour should be put behind us, as we realise the importance of unity.

That this Seminar is important hardly needs to be said when it is considered that the annual exports of raw cane sugar from ACP countries to the Community, and in particular Britain, amount to over a million tonnes per year. For most ACP sugar producers Britain is still the biggest single market for their export production and as such the preservation of this market is vital to the economic and social well being of our countries and our peoples.

During the course of the Seminar you are going to be considering specifically the problems of our industry in the 1980's. If we look back on the previous decade, we see a period which brought great changes to our sugar trade with the United Kingdom. With the entry of Britain into the Community we were faced with long and arduous negotiations for arrangements to replace the Commonwealth Sugar Agreement. Having then successfully negotiated the Sugar Protocol as part of the first Lomé Convention, we subsequently found that our sugar trade with the U.K. had to be carried out in a different climate and under very changed circumstances from those that we had previously enjoyed. We quickly realised that the old bonds and ties of the Commonwealth did not have the same value in a U.K. influenced in its decision-making by EEC partners. We saw an upsurge in beet sugar production in Britain which led to the contraction of the market for our product and the sole U.K. refiners found themselves with excess refining capacity.

Some rather painful decisions had to be made by Tate & Lyle resulting in the closure of two refineries and the consequent loss of livelihoods for many employees. However, I now understand that as a result of this unpalatable surgery, U.K. cane sugar refining is once again strong and viable and we must ensure that it continues to remain so.

We therefore had many challenges to meet and problems to face in the past, and it was only by maintaining our unity and cohesive approach that these problems were successfully overcome. Some of these problems will recur in the eighties and no doubt new challenges will arise. I would suggest that the preservation of our unity of purpose and action is of paramount importance for the future.

We all know that at the time of Britain's entry into Europe there were forces that were unsympathetic to the ACP sugar producers and opposed to the continued entry of our cane sugar into the Community. These forces are still there.

They are exemplified today by those who hold the view that we should sell our Lomé quotas on the world market and be compensated by aid for the inferior price we would receive. This is a proposition which I suggest we should reject. We who negotiated the Sugar Protocol insisted from the start that the arrangement was one of "Trade" not "Aid", and I believe it must continue to be so. A similar argument is held by those who, whilst professing to have our interest at heart have proposed, I might even say preached to us, diversification, and by this they mean away from sugar.

Perhaps it is not always realised how much more difficult it is to diversify in our developing countries than it is in the developed ones, and some advanced countries have found it difficult enough. Diversification entails capital investment, production and markets. There are a number of international sources for loans for investment and transfer of skills for production, but marketing is the most difficult of these three factors. It is difficult enough to protect let alone enlarge the market for what we are producing now; the thought of multiplying our worries and anxieties over diversified product markets is a daunting one indeed. Moreover, there is no need to preach to us about diversification, we know how important it is.

However, there are other general and particular problems of our cane sugar industry that merit close attention in the course of this Seminar. I refer specifically to the increasing cost of machinery, fuel, fertilizer, labour and freight - items which have a direct bearing on ACP sugar production. The currently depressed sugar price due largely

to over production in the traditional markets, has exacerbated the position of ACP sugar producers.

For agricultural products, apart from sugar, which have found access into the Community markets, STABEX has been absolutely vital. If diversification is to be encouraged, the principle of STABEX must be extended to cover both agricultural and industrial products. If the latter cannot come under STABEX, then a guaranteed market like that of sugar must be provided. The guaranteed market for sugar has been the one life saving assurance to a number of cane-sugar producing countries during this world recession. There should be no tampering with this guarantee.

All our efforts must be directed towards ensuring that the major part of our sugar market under the I.S.A. is improved and assured for the future. It is only after our sugar markets are guaranteed to provide us with a reasonable standard of living that we can have the ease of mind to think of diversification.

Agricultural chemical fertilizers are produced mainly in industrialised countries. They are vital in the struggle of ACP farmers to compete against production costs in countries which produce the chemical fertilizers. Our farmers are at a great disadvantage when compared with beet sugar producers whose fertilizers are available at their doorstep. Then there is the high price of fuel which affects both production and freight from ACP countries to their markets in Europe where their competitors have little freight to pay in comparison. There is a view in the EEC that considers as irrelevant in terms of the Sugar Protocol, the question of freight for ACP sugar. It is a stance that is inconsistent with the spirit of the Lomé Convention. These are some of the issues and problems that we must face together and for which we must find solutions as we develop our cane sugar industry in the decade ahead.

In addition to these questions, there is the general issue of ACP/EEC sugar trade and related matters. We all know that ACP sugar producers, in common with other similar producers, are facing a very serious world market situation.

In my own country for example, production is between 450,000 and 500,000 tonnes of sugar each year. Of this amount more than 90% has to be exported. Whilst the EEC is our largest single outlet, considerably more than half our exports have to be sold on the world market. The state of this market is therefore of very great importance to ourselves and to many other ACP producers.

The present International Sugar Agreement has proved ineffective in bringing stability to the market. The Agreement has many faults, but in any event it has had little chance of success without membership by the EEC which, after all, is now the second largest exporter of sugar in the world. We, the ACP Group, would like the EEC to take heed of their repeated advice to us on diversification and have continually urged the Community to join with the rest of the sugar world in efforts to bring some order into the world sugar economy. It is gratifying therefore that in the preparatory work over the last few months for a new ISA, the EEC has played a leading part. Let us hope that it will continue to do so in the negotiations due to start next week in Geneva, and that what will emerge will be an effective Agreement with EEC membership. In this way the Community's sugar industry will be subject to the disciplines to which we as members of the Agreement have been subject over the years.

This Seminar is being held at a time when our countries are facing grave economic problems and many of our sugar industries are in serious difficulties. The cane industry in our countries and the refining industry in Europe and above all in Britain, must operate in a market which is dominated by the greatly expanded European beet industry. During the next few days, you will be looking at some of the problems I have outlined and others I have not mentioned. I know you do not expect to arrive at dramatic solutions. But through discussion and exchange of ideas there will be a better understanding of each other's points of view and perhaps new perspectives will emerge which will stand us in good stead and help us to overcome the vicissitudes of the future.

The cane sugar industry in the ACP countries and the cane refining industry here are mutually dependent and therefore in our dealings with the Community, both sectors must gain by adopting a common policy. Such a policy must continually reflect the spirit of partnership and assistance that are embodied in the Lomé Convention. The path we must follow is one of persuasion based on common understanding and dialogue. The process we should continually pursue is one of real negotiation, which is not a contest of eloquence, but a search for areas of agreement that are mutually supportable. Trade offs are part of this process.

There is no doubt that the solution to many of our problems lies in a reasonable interpretation of the Lomé Convention. To the ACP countries it has given us much more than a hope for a better future. Hope has always induced effort, and effort has always produced achievement. We are prepared to play our part because we believe that the survival of the Lomé Convention seems the only sure way in which the economic dialogue between North and South could

5.

remain a meaningful exercise in the search for a better future for us all.

I am confident that the discussions in the next few days will take us a step further in that direction.

I now have great pleasure in formally declaring open this Seminar "Challenge to Cane Sugar in the 1980's."

## CANE SUGAR IN THE ACP COUNTRIES - ECONOMIC PROBLEMS

J.S. Thomson, CMG, OBE,  
Independent Chairman, Fiji Sugar Industry

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?

## CANE SUGAR IN THE ACP COUNTRIES - SOCIAL PROBLEMS

H.B. Davis, CCH,  
Chairman of the Guyana Sugar Corporation, and  
Chairman of the Sugar Association of the Caribbean

First, I would like to deal with the cane sugar industry's need to mechanise and modernise and the associated desperate problems of unemployment and underemployment. Sugar is often the largest employer in many of our countries, but today a large work force means high labour costs and an industry gradually going out of business. Yet a recent report on our agriculture in Guyana by the International Fund for Agricultural Development concluded that because of high unemployment and foreign exchange problems at the very least any further mechanisation should be discouraged at the present time.

Secondly, we are faced with the loss of skills - the migration of expertise and technical experience out of cane sugar. There are many reasons for this - uncompetitive conditions of employment, lack of up-to-date equipment and of research and operational facilities, the tug of the rich developed countries and the feeling that in cane sugar the future is not bright. This feeling of insecurity stems basically from the low world price, to a great extent due to the dumping of EEC sugar and the rise in consumption of High Fructose Cane Syrup.

Third, we are hard pressed to recruit, train and retain the younger generation. Where harvesting is done by hand, they are reluctant to cut cane, even if unemployment is the only alternative. The education system is not geared to farming, much less to field labour. There is a social stigma and those with rising expectations scoff at old fashioned field work.

Fourth, there are hosts of social and other problems associated with 'the burden of the past', the historical association with slavery and indenture, an Old Man of the Sea whom we seem unable to shake off completely. It can mean that those who help to form opinion and even those with ultimate authority are suspicious of the industry. In beet sugar and in the newer cane sugar projects, sugar is just another industry. But with us it is more than this, a dark historical past, the old colonial bully. I believe this puts us at a deep-rooted psychological disadvantage compared with the newer sugar industries. And in passing, I would comment that for beet growers the options open for diversification are far greater than for us.

Fifth, sugar makes a social contribution to our communities by helping in a very big way to stem the tide of people who invade the towns from rural areas, creating horrendous problems, particularly in poor countries. In Guyana, out of a population of  $\frac{3}{4}$  of a million 150,000 people are dependent on the cane sugar industry for their livelihood. Indeed at present the whole of Guyana's economic activity is largely dependent on foreign exchange earned by cane sugar. Any further diminution in the price would therefore be disastrous for us, as I believe it would be for many ACP countries. In spite of economic and social change sugar is still the back-bone and mainstay for maintaining our living standards and for improving the quality of our lives. Over the years the industry has built up the structure and discipline required for effective production and it must survive.

Sixth, sugar provides us with a mini welfare state. Apart from large employment with minimum wages, bonuses, holidays with pay and special allowances, the industry guarantees out-of-crop work, provides medical services to workers and their families, interest free loans for housing and the essential infrastructure for housing estates. All this is in addition to the rates and taxes we pay to local and central government.

We are proud of this, although such social responsibilities can become too heavy for our economic resources to support. Whereas we have to support our countries, for the beet industries in Europe it is the other way round. They receive generous support from their governments.

Finally, may I just say how much I hope that party politics can be prevented from damaging our sugar industries. Of course politics cannot be kept out of sugar, but there can be no doubt that in any sugar industry where rival political parties are able to agree a truce and resolve that the good of sugar is the good of all, the more secure will the future of that industry be.

## CANE SUGAR AND THE BRITISH VOLUNTARY ORGANISATIONS

Jonathan Fryer,  
Former Research and Information Officer, World Development  
Movement

First, I should like to explain what an organisation like WDM does. Since the Second World War there have been a number of voluntary organisations in Europe which are financed principally by contributions from the public, and depend also upon voluntary help from the public, not only in their headquarters, but also in towns and villages throughout the country. We have 12 or 14 major organisations in Britain which are specifically working on development issues. Many were set up for relief purposes and still have an important role in emergency situations. But almost all have developed into organisations geared towards encouraging appropriate development, often rural development, in Africa, Asia, the Caribbean and the Pacific.

The WDM is slightly different because we don't have projects in developing countries. We work in this country to do two things. First, to educate the public about Third World Development, since the average person knows very little about everyday problems of developing countries. Moreover, the relationship of their lives and the historical, political and economic relationships between this country and the developing countries is for many a closed book. We try to get over that problem by publishing material and by lobbying to get the media interested.

Secondly, we try to pick off people in positions of power, sharing our perceptions with them and learning the problems of their everyday work. The Movement was founded in 1969 as a popular protest against the Government which was threatening to cut the amount of British overseas aid. We organised a petition to Downing Street and we hope it helped to get the Government to reverse its decision. But we have gone far beyond talking about the amount of aid, which is only a temporary paliative through which to advance to more healthy economic relationships. Trade, of course, is becoming more important and we are firmly behind the philosophy of the Brandt Report of an interdependent world. We work to stimulate development and two-way trade, because we firmly believe in its mutual benefit to Britain and to the developing countries.

We also have a very real moral concern for, and solidarity with, the developing countries, as do, I believe, many British people. Despite public lack of knowledge, there

is growing awareness through our own problems, that world recovery is needed. We hear hints that it is around the corner but I am afraid we don't share that optimism, unless there are fundamental changes in trading patterns, particularly in commodities, which are so important to your economies.

As regards sugar, when Britain was negotiating to join the EEC, several people realised that this could jeopardise our relationship with many Commonwealth countries. The WDM and others lobbied extensively to ensure that Britain stood up for the rights of sugar producing developing countries through a reasonable sugar protocol attached to the Lomé Convention. But we are well aware of the complicated issues involved. We are not only talking about changes in British policy and EEC policy. We are also talking about diversification in sugar producing countries. We have been trying to present these complex issues to the public and to our elected representatives.

I realise that lobbying elected representatives is not appropriate in all societies. But it works quite well in Britain and the EEC. I am constantly amazed how open are many of the people we have to see. I would particularly stress this as concerns Brussels. Many people in Britain are cynical and ignorant about the EEC. They don't realise how open the EEC, particularly the Commission, has been with non-governmental organisations such as WDM and our European colleagues. We have sister organisations in the different European countries and the world. We are linked through ICDA - the International Coalition for Development Action - of which WDM is the British member. ICDA has been much concerned with UNCTAD and at the Belgrade UNCTAD conference in June NGOs will be constantly lobbying, producing a newspaper containing various views and trying to bridge differences between confronting parties.

The Commonwealth Secretariat recently commissioned an important study on the quality and style of North-South negotiations and I was glad that the second Brandt Report in February echoed some of its sentiments and recommendations. It recognised the severe confrontations which unfortunately exist between Governments and forces in world economics. North/South negotiations are often parallel monologues of two sets of people who have already decided their positions. I would not claim that NGOs can transform the style and quality of negotiations, but I do believe that they provide an important channel of communications between confronting parties. At UNCTAD and other UN conferences where NGOs have been present, negotiators from different countries have found it extremely useful to be able to sound out ideas through them. I would therefore urge the use of NGOs. They do not exist to challenge the authorities, but to complement them, to give new perspectives and to provide channels for new ideas which would not normally be debated.

NGOs including the WDM will be particularly involved over the next 2 years with the re-negotiation of the Lomé Convention. We here will be producing briefings aimed at the public and therefore not in very technical language. We shall also be in contact with the ACP Secretariat in Brussels and the Commission. We will produce memoranda to the British Government and hope it will use the negotiations to ensure that Lomé's successor will be an improvement. We shall be pushing the EEC to join the International Sugar Agreement. But I would like to reiterate my plea to avoid aggression. Having worked in daily contact with the EEC in Brussels for about 7 years I realise how many people there are thinking constructively how to limit surplus beet production without damaging farmers' interests.

Recently I had an interesting encounter with senior officials from the National Farmers Union, the sort of contact which is particularly helpful for NGOs. Knowing they represented an interest in almost direct conflict with interests here I was impressed with their willingness to accept change. I think this is also true in Europe. I hope that over the next 2 years when the Sugar Agreement, Lomé, UNCTAD and all the international arrangements which we hope will launch us on the road to world recovery, are being discussed, NGOs and other consultative bodies will be brought in.

When I suggest to British politicians that on sugar we still have responsibility to ensure access to markets and to assist in appropriate diversification, the usual initial reaction is 'I can see why that's right, but the electorate wouldn't stand for it'. When we asked for more or better aid, we were told, because of unemployment and recession, this is not the main interest of the public.

The challenge for NGOs and for all us here is that for real dialogue and progress in world trade we have to convince not only Britain but people all around the world of the realities of interdependence. I hope governments, press, NGOs and special interest groups in different agricultural fields including sugar will recognise the tremendous potential to work together. It is exciting that a meeting such as this should come together to share experiences, acknowledge real problems and work out solutions which will mean a fair share for the poorest.

When looking at world sugar problems, we tend to be despondent because of their size. But I believe we should be looking for signs of hope, made possible by our working together.

ACP SUGAR AND THE WORLD MARKET

Bernard O. Boullé,  
Member of the Executive Committee of the International Sugar  
Council, and  
General Overseas Representative of the Mauritius Chamber of  
Agriculture

I feel like a football commentator being asked five days before the cup final to discuss the game and comment on the result. To-day is Wednesday and next Monday all producing and consuming nations of the world will assemble in Geneva to try and devise the best possible means of regulating the world sugar market.

The world free market, as it is also called, has been in crisis for the last 2 years. Production has greatly exceeded consumption, according to some estimates by 8/9m. tonnes since 1981. Consumption is not increasing at the former normal rate because, among other reasons, part of the sugar market in a few industrialised countries has been captured by other types of sweeteners - particularly by isoglucose, made from maize and now extensively used by food and drink manufacturers.

The world free market represents a small proportion of total sugar produced, last crop year only about 20m. tonnes out of 98m. The rest is either consumed where produced or traded under 'special arrangements' like the Lomé Sugar Protocol, or put into stock. The world market is therefore residual and highly sensitive to annual crop fluctuations. This is reflected in world price fluctuations. For instance, in 1980 the average world price was £291. The surplus produced since then has caused falls to £202 in 1981, £119 in 1982, and £105 for the first 3 months of 1983. This is well below the cost of production and it has become imperative to restore order, balance supply and demand, and raise prices. Hence the Geneva conference.

Clearly, the ACP countries are very much concerned. Of course a proportion of their exports is sold in EEC markets at a guaranteed price and is therefore protected from world market fluctuations. This price is now about £264 against a world price of £110. But the ACP still have to sell on the world market. The balance varies between about 20% of production in Mauritius and about 54% in Fiji, Malawi and Swaziland, and it is important that this should not continue to be sold at a loss.

Six years ago the situation was more or less the same. After very lengthy negotiations the sugar world signed an

international agreement which started in 1978, is in force to-day and is due to expire at the end of 1984. It was designed to maintain the world price within a range acceptable to exporters and importers by regulating the sugar supply on the world market. This was to be achieved, first, by annual export quotas which could not be exceeded, could be reduced to a minimum, increased in stages or suspended altogether in response to downward or upward price movements serving as indicators of the excess or scarcity of sugar on the market. Second, each exporter was to accumulate in stages a share of 2.5m tonnes of special stocks and keep them uncommitted in country of origin under control of the International Sugar Organisation. These were to be used when a sudden sugar shortage pushed the price towards the upper limit of the range. To stop this trend and prevent the price moving outside the range, the special stocks would be released for prompt sale and shipment.

It was a very carefully constructed arrangement but unfortunately it did not work. The majority of exporting members of the ISA believe this was because the EEC, one of the largest sugar exporters, did not join the agreement. While others were restricting exports and accumulating stocks, the EEC expanded production and exported more sugar, thereby neutralising the effect of the agreement. These exporters maintain that with EEC participation the agreement could, with a few improvements, perform satisfactorily. But the EEC believe that its non-participation does not explain everything, and that a quota agreement cannot work because for political and other reasons, quotas are set too high and are unrealistic. They propose a new approach which they are prepared to negotiate in earnest.

Both sides may be right, but this will not make the Geneva negotiation any easier. Everybody agrees that no future agreement can work without the EEC, who will not accept a quota type arrangement. The others are not convinced that the EEC's alternative can work effectively. The Community considers that not all exporters should be treated alike. The burden of exporters' obligations and sacrifices should be spread so that broader backs carry a heavier load. The ACP should try hard to retain this notion throughout the conference.

The first group comprising the ten major exporters which account for approximately 80% of the trade, would undertake to regulate their exports by accumulating and releasing nationally-held but internationally-controlled stocks of 5/6m. tonnes. Stocking and destocking would follow from price trends within a given range as at present. If this failed to control the price, there would be auxiliary measures in production, consumption and marketing in each country, according to production types and patterns.

They could consist of reducing cultivation, switching production to alcohol, holding supplementary reserve stocks, restricting exports etc.

The second group, of smaller producers, who together export no more than 500,000 tonnes, would be entitled to export freely within certain limits and without stocking obligations. No doubt some ACP countries would be in this group. The third group of about 15 remaining medium exporters would carry on with quotas and a limited stock undertaking as at present, provided (a) their quotas were fixed realistically to aggregate about 20% of the free market, and (b) in times of very low prices their quotas could be reduced by up to 25% if necessary. ACP countries in this group would be on familiar ground. They would chiefly want to avoid heavy quota restrictions and stock obligations.

The traditional and EEC approaches are like two sides of a coin. One side seeks to control exports by quotas, the other by stocks - although the arrangements would be very different under the two systems for the big ten. How is a compromise to be achieved in Geneva?

I must mention one aspect, the Lomé Sugar Protocol, which is of particular relevance to the ACP. For 30 years every international sugar agreement has regarded sugar traded under 'special arrangements' as being outside the world free market. At present the two recognised special arrangements are the Sugar Protocol and Cuba's supplies to socialist countries. One major exporter, a former member of the Commonwealth Sugar Agreement, now proposes that the next ISA should regulate total world sugar including sugar traded under the Lomé Protocol. This would be highly detrimental to the ACP, because the two types of exports - to the EEC under the Protocol, and to all other destinations under the ISA - would be lumped together to give each supplier a much larger quota. Three seriously harmful consequences would result:-

- (a) percentage quota cuts on a higher figure would be far greater,
- (b) as special stocks are also calculated on quota percentages ACP countries would have to hold much larger stocks,
- (c) several ISA provisions are designed to benefit smaller exporters, but if ACP quotas are increased by including Lomé quantities these benefits will disappear.

The abolition of special arrangements will be fiercely opposed by Cuba and the Soviet Union, and the EEC has publicly stated that Lomé supplies should be left out of any future ISA mechanism. With the support of such powerful allies, the ACP must continue to fight to safeguard their interests in Geneva.

Whatever happens it is certain that a perfect international sugar agreement cannot be achieved, and this may lead some cynics to say it is better to leave the world market to sort itself out periodically through cycles of surpluses and shortages, of low and high prices. But high prices are few and far between and during the long years of depression small developing countries like the ACP suffer most, especially those heavily dependent on sugar export earnings. In conclusion, therefore, I do not hesitate to say that, despite half-failures, missed chances and frustrating concessions, we must hope in Geneva for a clean game with the fewest possible losers.

THE SUGAR PROTOCOL OF THE LOME CONVENTION

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It is important for me to begin with the historical origins of the Sugar Protocol. It is the child of Protocol 22 of the United Kingdom's Treaty of Accession to the EEC. As a condition of Britain's entry, the Community agreed to take to heart - the famous 'aura a coeur' statement - the interests of those developing countries which had special links with the EEC and whose economies depended on agriculture, particularly sugar. Words referred to by one Caribbean Minister as 'bankable assurances'. As a consequence, the developing country signatories to the Commonwealth Sugar Agreement which enjoyed guaranteed status as traditional suppliers of sugar to the UK of 1.8m. tonnes, were to have their position safeguarded. Hence the Sugar Protocol signed as Protocol No. 3 of the first Lomé Convention, on 28 February 1975, and retained in Lomé 2 as Protocol No. 7.

It has been widely argued and recently the Commonwealth Secretary-General, Shridath Ramphal, himself a founding father of Lomé, recalled in the first issue of an interesting bulletin, 'the Lomé briefings for preparations for the successor arrangement to Lomé 2', which I see the non-government organisations are putting out, that without the Sugar Protocol there might never have been a Lomé Convention, so important was this basic instrument on sugar.

It comprises 10 Articles and parts of at least 3 are inoperative due to the passage of time - Articles 2, 2.1, 2.2, about re-examining the Protocol before the end of the seventh year, Article 3.3 regarding the supply of quantities between February and June 1975, Article 4 on undertakings to deliver by 1975, and even Article 4.2 on the tolerance level for sugar en route in June 1975. The rest is intact after eight years. Article 1, by far the most important, provides an undertaking by the EEC, for an indefinite period, to purchase and import from the ACP at guaranteed prices, specific quantities of cane sugar, raw or white, which the ACP undertake to supply. There is thus a legally binding undertaking of indefinite duration to purchase and import specific quantities of cane sugar at guaranteed prices and a legally binding undertaking by the ACP to deliver the sugar.

You will recall that in 1973/74 there was a particular conjunction of commodity history, a massive shortfall of sugar in the UK. The timing of the Protocol negotiations, coinciding with this situation, gave the suppliers of sugar an extremely strong hand. But among them were some men of wisdom, and without in any way wishing to embarrass him, there was Sir Guy Sauzier.

was Sir Guy Sauzier. He kept saying 'let us not seek an arrangement which could hold only in a period of extremely rare commodity buoyancy, which will stick out like a sore thumb after the period has passed, and thereafter no matter what the politicians say, the commercial conditions would be unviable and the agreement would collapse'.

Against that background we were able to get a commitment in 37 words which carried all those dimensions I have identified.

I have gone through this historical background to help those who may not have been party to the historical developments of the Protocol, to recognise that it was negotiated when we were 'at the top of the hill'. In any attempt to re-open or re-negotiate this instrument we had better make sure which part of the hill we are on.

Apart from the factors in Article 1, the Protocol provides further protection. The usual safeguard clause, which applies to the rest of the Lomé Convention - notwithstanding all provisions, whenever there is market disruption, the EEC can impose certain restrictions on our exports to them - does not apply to the Protocol.

It specifies the agreed quantities to be supplied and those totalled 1,221,500 tonnes for the initial 13 ACP states. To this must be added 58,200 tonnes for three overseas countries and territories, at that time Belize, Surinam and St. Kitts, giving a grand total of 1,279,700 tonnes, popularly referred to as 1.3m. This does not include India's 25,000 which is outside the ACP arrangement. This figure compares with 1.8m. under the CSA. By way of breakdown, 51% was to be from Africa and the Indian Ocean, Mauritius being the dominant supplier, 35% from the Caribbean with important suppliers being Barbados, Guyana, Jamaica and Trinidad, and from the Pacific 13% from Fiji.

The Protocol also provides for marketing these quantities in the EEC market at prices freely negotiated between buyers and sellers. We must thank the major buyers, Tate & Lyle, who over the years have formed the bridge for our sugar to cross into the consumers' market. But the Protocol goes on to say 'that any quantity within the agreed quantities which cannot be marketed in the Community at a price equivalent to or in excess of the guaranteed price will be purchased by the Community in accordance with the commitment in Article 1'. It is very important to notice that the guaranteed price provides the floor price and it is vital for us to see how this price is reached. The Protocol provides, before May each year the price to be applied for the next year starting on 1 July and running to 30 June of the following year, shall

be negotiated within the range of prices obtaining in the Community. All relevant economic factors are to be taken into account. The range of prices covers the different parts of the Community, some in surplus, some in deficit.

Article 7, the next significant part, deals with what happens if the ACP do not supply, or under-supply, the sugar they are committed to deliver. If there are reasons of force majeure, there is no penalty and the shortfall is distributed to other signatories. Where however force majeure is deemed not to have applied, the state which failed to complete its delivery is to have its agreed quantity reduced by the amount of the shortfall, and that reduced quantity will be its quota for the subsequent delivery period, unless it receives a reallocation from shortfalls of other member states. The Protocol provides for consultation at the request of an ACP state or of the Community, and also for a life independent of the Convention, so that if that no longer exists, the Protocol will continue, which is consistent with indefinite duration. Finally, it provides for denunciation on the basis of juridical security, with two years notice. I hope an eminent lawyer can explain to me what that means.

What has happened? Overall, I think the Protocol has served the ACP reasonably well. Generally, the ACP have supplied, and have received the guaranteed price which was not always satisfactory, but never insignificant. As an example, in 1975/76 the world price was a little above the guaranteed price, a ratio of 107. But in 1976/77 the ratio was 63, in 1977/78 47.9 and in 1978/79 43.9. The lower the figure, the higher the guaranteed price over the world price and the greater our benefit under the Protocol. These facts however are not conclusive since the world price relates to a very small and highly volatile market which is greatly affected by the EEC's excess production and exports. Therefore the Community can influence that ratio not only by the price we negotiate but also by the amount of sugar it puts on the world market, which can depress the price and give a distorted picture of the benefits of the Protocol.

Secondly, after 1977 the EEC restricted its price arrangements so that although the Protocol says that the price is to be negotiated within the Community's range of prices, there is hardly a range any more. I remember my teacher saying to me, lines have length not breadth. I was also taught that ranges have ceilings and floors. This range seems to have a single point. So there haven't been effective negotiations. In February 1977 the Community argued they couldn't give us a higher price than they give their own producers. We said that sounded reasonable. But we also said we would not accept a guaranteed price lower

than the intervention price that they gave their own people. So they give us and their own producers the same price though in one year they tried to give us a little less. Thus because we had arguments as to whether a certain price was within or outside the range, the Community's response was one which ensured that the guaranteed price should henceforth be neither within nor outside, just on the one point in the 'range'. In essence they have destroyed the range!

Thirdly, we have had difficulties about what constitutes relevant economic factors. The Convention states that prices would be CIF European port. Now anyone would know that freight cost is a vital factor in delivering sugar to European ports from distant ACP states. But unfortunately, and rather strangely, freight is not included when arriving at the price. So our price though CIF is the same as that of the EEC suppliers which is farm gate or some such basis, or to make a comparison, at best FOB. This remains a heated matter at present and we hope it can be resolved sometime very soon. We are convinced - and I have it on good legal authority - that our position is in strict conformity with the Protocol's basic provisions. The net result is that the ACP guaranteed price has gone up by about 26% between 1975 and 1982 and cost of production by nearly 150%.

Finally, a very important little mechanism - retroactivity - seems to have dropped out of the price arrangement. Through this, the price applicable from July could be applied before July of a calendar year. This was because in 1975 when we negotiated the Protocol, we settled the price on 1 February. It applied virtually immediately, instead of July. Article 4.2 says similar arrangements can be made for subsequent periods. We obtained a retroactive price twice after this and then it was forgotten.

So much for the price problem. There has also been a problem of insufficient supply. But here I think there is a clear case of misuse of the provision's intent. Article 7, as I understood it, was to provide against diversion of supply to more lucrative markets when the EEC was in need of the sugar. The provision is now being used to reduce the quotas of countries which have been unable to produce the sugar. Some of us consider the ultimate force majeure case is when one cannot produce.

The Community has expanded its own production to an embarrassing degree, over 50% since 1975, and finds itself faced with a massive surplus, and also with increasing demands for entry into the Protocol. To ease the situation, it seems to have distorted the basic intention of the Article to reduce the effective sugar it must import. In an EEC Commission information press document, DE of 19 February 1983, it is stated "There can be no question of the Community

letting any more countries join the Sugar Protocol". This should be read alongside Annex 13 of the Protocol which commits the Community to examine any applications for access to the Protocol from members of the ACP group who are not signatories to it. If this is so, but it is also committed not to accept new members, then it must refuse every case regardless of its merits. Zimbabwe joined the ACP recently, demanded a quota, and received 25,000 tonnes. But this was not said to be additional to the 1.3m. or out of shortfalls of much more than 25,000 tonnes of those who could not supply. We have done the arithmetic and it is quite clear that given the amount of shortfall and including India which has forfeited its entire 25,000 tonnes at present, Zimbabwe's 25,000 tonnes could be added to the supplies of existing ACP countries without exceeding the 1.3m. However, Article 7.4 provides for re-allocation of quotas which have been reduced. If this had been done, Zimbabwe's quota then added, the 1.3m. would have been exceeded. Would the Community, therefore ever re-allocate when quotas are reduced?

There are also certain problems external to the Protocol, threats to access or to its continued existence. They emerge from legal interpretation of Community policy by the Commission. They are threats from competing interests, from beet. When the Protocol was signed, the major destination of ACP sugar for the EEC was understood to be the UK, which then produced 641,000 tonnes and consumed 2,307m. By 1981 production had increased by 80% to 1.125m. tonnes and has since probably gone further. But UK consumption is down to 2.28m. tonnes. So production is up by 80%, consumption more or less constant if not a bit down, and preferential imports down by some 13% from 1.291m. to 1.13m. In 1975/76 UK domestic consumption was supplied 27.8% locally. In 1980/81 it was supplied domestically 49.3%. So there is a real threat to the place of cane sugar.

If this were only in the UK there might be comfort elsewhere in the Community. In 1974/75 EEC consumption as a percentage of production was 111.6% but by 1975/76 this had gone down to 98.3. So consumption was below production. Since then the slide has been very rapid, 1976/77 - 90.3, 1977/78 - 82.2, 1978/79 - 81, 1979/80 - 76 and 1980/81 - 76.4, or put the other way round, the EEC was 89.6% self-sufficient in 1974/75 and by 1980/81, 130.8%. This change has occurred mainly because of the massive increase in production, not because of stagnation in consumption. Production has grown not only through greater efficiency and better yields, but by large acreage increases, from 1.4m. ha. in 1968 to 1.7m. in 1980. Against this background, ACP exports have remained constant, if anything, diminished. The threat of EEC production affects our exports to the Community

and to third markets which it is supplying. For many of us these exports are very important. For Mauritius, Fiji, Barbados, Guyana, Swaziland, and many others, sugar exports are large contributors to their foreign exchange earnings.

It is my view that the Protocol provides a basis for a positive aggressive policy by the ACP states in many areas in the 1980s. I believe the ACP countries must begin to move from a posture of protection under the Protocol to one of aggression, using it for this. First, they should start looking for other ACP markets. For instance, Nigeria imports 429,000 - 500,000 tonnes from the EEC whereas Mauritius sells 487,000 tonnes. It isn't easy, as we all know, but it isn't impossible. This is an example: there are other cases.

Secondly, I think we have to use other instruments in the Lomé Convention to re-inforce the Protocol. It has mechanisms for developing sugar industries. I have the impression we do not always link the Protocol's guarantee with other instruments which are there for the industry's development. I think we should start to study it more comprehensively. We should go a bit beyond just meeting each year to negotiate the price, go back and prepare memoranda, and so on.

Thirdly, we should look more clearly at industrial uses of sugar.

We should do this and protect the Protocol as best we can, making the minor adjustments which are necessary, like fighting to secure quota reallocation between ACP suppliers. For instance, Guyana is expanding in sugar, Trinidad is contracting. Why can't there be a transfer of part of the quota before a shortfall not acceptable as force majeure occurs and results in the amount of sugar being lost to the Caribbean and the ACP as a whole?

Adjusting in this way what is already a very good instrument, and adopting a positive approach in the three areas of the search for other markets, including in other ACP countries, more industrialised uses of sugar and greater use of other instruments in the Lomé Convention for the development of the industry itself. These in my view provide an approach to the 80s which, when complimented with a forward looking International Sugar Agreement, should permit us to come here again in the future to discuss not just sugar, but sugar and sugar based industrial development of the ACP countries dependent on sugar.

THE EUROPEAN COMMISSION AND ACP SUGAR

D.F. Williamson,  
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Commission

I would like to say a few words about the way in which the Commission sees its role in relation to the Sugar Protocol and the annual ACP price negotiations. We consider that we have an obligation to represent all Community interests in these matters and not only the Community's own producers.

First, we try to ensure stable arrangements and to avoid any dispute or doubt likely to affect stability. Secondly, as a Commission we have specific responsibilities concerning the Protocol. We are the Community's negotiators on guaranteed prices and we must reach agreement annually on arrangements satisfactory to us all, which conform with our Council of Ministers' mandate. We also have responsibilities in relation to shortfalls where Commission decisions are necessary in claims for force majeure and certain other circumstances. We try to carry out our obligations openly and as far as possible in cooperation with the ACP countries.

We also welcome a more general relationship through informal discussions with ACP representatives, as for example in relation to the provision for review of the Protocol. I believe that these contacts have been efficient and effective. When we speak on behalf of the Community and require a mandate and consultation with the Member States, we sometimes have problems in maintaining our informal contacts. But I don't believe this has happened in sugar and I have always welcomed ACP representatives' cooperation.

We have a great deal of experience reconciling interests between Community production and our other responsibilities. For example, the Community is a big importer of products which substitute for cereals and of New Zealand butter, in spite of being a very large producer of cereals and the world's biggest butter producer. It is quite possible to have relations with suppliers to the Community of products which may be 'surplus'. The Community is importing many goods directly competitive with its own production under special arrangements, the value of which is considered to be greater than the crude product balance. As the biggest world importer of agricultural products and the world's biggest exporter of animal products, the Community is trading right across the board. As a Commission we work to reconcile all these interests.

There is an old argument about access against price. I think the Protocol's advantage in giving access to a major sugar market when other such markets are declining should be stressed. The development of high fructose corn syrup (HFCS) reduces potential access for cane and beet sugar to the USA, Canada and Japan. The Community considers this a very important development. That is why we have made a point of this in the preparations for a new International Sugar Agreement (ISA). But is it not a question of mathematics? When Community beet production was rising substantially (which is not now the case) there was nevertheless a bigger loss of world markets to cane sugar from HFCS than from beet.

Access under the Protocol is without date limit. Changes can only come about through shortfalls. These are of two kinds - either notification and transfer of quantities to others are made during the year or force majeure is claimed. If inability to supply is notified, the quantity is of course reduced. Where we have not been able to accept a force majeure claim, access has been affected for one or two suppliers, but the Commission has taken decisions in line with understandings ratified by ACP Ministers at the Lusaka Council. Recently we have tried to interpret force majeure more widely and to avoid decisions being divisive among suppliers, though we have had to follow the rules.

Speaking personally, I sometimes wonder whether in the long term there might be advantage on reflecting whether we need the supply obligation. This would be regarded as a Community concession, because the Protocol is a balanced arrangement of access and supply obligations, but in a generally over-supplied market, should it perhaps be left to the supplier's judgement? Does the way the world and Community markets are developing require this obligation?

On pricing, there are two inevitable elements. First, the link with the Community price is unavoidable in political terms and the ACP price cannot be more favourable than the Community's own beet price. Recently we have had difficulty because of the very substantial levy on Community beet sugar, which does not apply to ACP sugar. Secondly, there is the commercial link. If we fix too high a price, the product is unsaleable and this is not in the supplier's interest. Other forms of aid or development aid can be sought, but to try to put this into the price would in my view be risking the whole philosophy of the Protocol, and extremely dangerous for the ACP countries.

Finally, I would like to say something about the Community sugar market generally. The current ISA has not achieved stability since the price has been both too low and too high. When it was very high, we were charging levies on

our exports and there was a major incentive to increase Community beet production. In our new sugar regime we have reacted to this. Community beet acreage and production last year were down 8 - 9%. The Commission has specifically said that the Community needs a smaller acreage of beet sugar. In the medium term we need not only the effective internal policy provided by our revised sugar regime, but also a satisfactory ISA. The Commission is actively engaged in the preparations for a new ISA.

In conclusion, may I say that one of the jobs in the Commission I most enjoyed was dealing with the ACP countries on sugar.

THE ACP SUGAR GROUP IN BRUSSELSH.E. R. ChasleMauritius Ambassador to Belgium and the European Community

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.

THE UK BEET SUGAR INDUSTRY

D.R. Brisbourne, NDA,  
Head of Agriculture Services, British Sugar

I would like to divide my talk into several parts - first, to give some history and background to British Sugar and the industry in general, then to review the present situation as a member of the EEC and, finally, to say something about the crop itself, how we have progressed as an industry and what we are currently doing.

Before World War One, there was no beet industry in Britain and of total imported sugar 81% was beet. During the war, however, continental supplies of beet sugar were restricted and cane imports increased so that by 1925 69% of all sugar imports were cane and this increased to 90% by the late 1920s. Most of this sugar was raw unrefined. In 1928 there was an alteration in customs duties imposing a penalty on imported fully refined sugar which reduced refined imports to a trickle.

Beet sugar in Europe started during the Napoleonic wars when Napoleon encouraged beet factories and French farmers were ordered to grow the new crop. With State assistance to them and the manufacturers France soon had several hundred small beet sugar factories and became the leading European sugar producer. Practically all other European countries quickly followed so that by the end of the 19th century the industry had spread throughout Europe and to the United States.

Attempts were made to start a beet sugar industry here in 1832, 1850 and 1868. These, however, were unsuccessful and it was the Dutch who first established sugar beet here in 1912 at Cantley in the eastern counties when they were looking for raw material for their own national industry.

Due to financial problems the factory closed but it was reopened in 1920 and between then and 1928 a total of 18 factories were opened, mostly in the eastern counties and one in Scotland. These factories were owned by 15 separate companies. Due to world over-production and low sugar prices the UK industry immediately ran into financial trouble which continued for several years and in 1934 the British Government set up a committee with terms of reference to look at the UK beet sugar industry and its sugar imports and to make recommendations for the future.

Following those investigations and despite differences of opinion within the committee it was decided to set up a

unified British industry, eventually called the British Sugar Corporation and this company was registered in June 1936. In 1937, the Government signed an International Sugar Agreement relating to imports and this was presumably the forerunner of various agreements until we joined the EEC in 1973.

In 1936 the UK sugar beet area was approximately 142,000 ha. and the number of farmers 40,300. The average yield of roots was very low, about 24 tonnes per ha. The area gradually increased and now stands at 204,000 ha but with only approximately 12,500 farmers. Yields have also increased and the five year average currently stands at between 36 and 37 tonnes per ha.

When the UK joined the EEC, like all other members of the Community we were given a sugar production quota. At present this is 1.144m. tonnes and during the last few years approximately that amount has been produced annually. National consumption is at present about 2.3m. tonnes so that total production here amounts to approximately 50% of national requirements. One of the conditions under which we joined the EEC was that sugar imports from ACP countries should continue and under the Lomé Convention 1.3m. tonnes of raw sugar were allowed into the EEC. The importation of this quantity continues at present and is likely to continue in the foreseeable future. Certainly we would wish this to go on.

Sugar beet is a biennial crop harvested at the end of its first year of growth. The root is then at its greatest weight and with maximum sugar content. In the second year the plant produces a seed stalk, the root shrivels up and the seeds mature ready to produce the next generation. In our temperate climate we sow the seed in early Spring at the end of March and the beginning of April. Seedlings emerge about 14 days later and by end May are well established plants. They continue to grow and mature during the next few months and harvest begins in late September continuing for about three months. Because of the cold wintry weather in December, January and February we aim to have all roots harvested and stored by mid-December.

Our 13 factories start the campaign usually during the last week of September and continue for between 110 and 120 days seven days a week and 24 hours a day. The crop is grown in rows, usually 50cm apart with spacing between plants of 15-17 cm, giving a plant population of approximately 75,000 per hectare, which experiments have shown to be the optimum for plant development. When British Sugar Corporation was formed in 1936 entire cultivation was by hand using traditional methods of sowing, hand thinning and hand harvesting. Machine harvesting was introduced during the

1940s and by 1950 about 16% was lifted by machine. This rapidly increased and has been 100% since 1969.

Crop sowing was the second activity to be mechanised and precision drills started to be used in 1951. These are planters which place individual seeds at pre-determined intervals along the row, the technical term is planting 'to a stand'. This technique also rapidly developed and reached 100% by 1969. Two other major developments took place in the 1960s. First, the discovery and introduction of monogerm seed which only produces a single plant. Prior to this the seed was 'multi-germ', a cluster of seeds producing a number of plants. By using monogerm seed in conjunction with precision drills, the need for hand thinning gradually disappeared.

However, in order to eliminate hand work altogether, there was need to control weeds and the second major development was the introduction of selective herbicides. These weed killers can be applied at the time of drilling and also after the crop has emerged and give effective season-long weed control. So with monogerm seed, precision drilling, chemical weed control and mechanical harvesting, the modern crop can be grown entirely without hand labour.

Our 13 factories have a total daily slicing capacity of just over 80,000 tonnes. They range in size from 3,000 tonnes per day to almost 12,000 tonnes. The crop we have just finished processing was an all time record amounting to about 10m tonnes of beet, from which we produced 1.42m tonnes of white sugar. Because of the very large quantity of beet, our processing period extended to over 130 days. With one or two differences, once the raw sugar is obtained, the beet process is very similar to that for cane. The beet is delivered to the plants entirely by road, arranged on a daily basis by means of delivery permits issued to the farmer before the campaign and based on an estimate of his crop tonnage and the capacity of his transport.

At the beginning of my talk I mentioned 18 factories, and more recently only 13. Since 1936 the Company has been continually improving and modernising its processing. In 1968 the only Scottish factory was closed because of its location involving long distances for transporting the beet, and low root yields in the colder northern climate. In the mid 1970s an intensive expansion programme was started involving modernisation and increased capacity of a number of factories the cost of which amounted to £150m over 5 years. After its completion four of the smaller, less efficient, plants were closed but due to the expansion total processing capacity was somewhat greater than when 17 factories were operating.

Finally I should perhaps mention the recent take-over of British Sugar. After 2<sup>1</sup>/<sub>2</sub> years resisting take-over bids, in August 1982 British Sugar became part of the S & W Berisford Group. However, it continues to operate very much as before and is one of the most efficient beet sugar industries in the world. Considerable amounts of capital and many man hours have been spent improving efficiency. Two major improvements have been saving energy in various parts of the process and the introduction of micro-processors and automation. We have our own research laboratories carrying out fundamental and applied research. Others carry out routine work on operating efficiency and sugar loss and examine process liquors and white sugar quality. We undertake extensive agricultural research and development. This includes wide ranging field experiments throughout beet growing areas. Every year about 20,000 samples are delivered to our laboratories for yield, sugar content and juice purity determination. Also considerable experimental work is carried out with the major sugar beet research organisations.

To end, I would like to quote one or two figures which I hope will put the industry into perspective. In 1982 there were 13,000 farmers growing sugar beet on approximately 204,000 ha. The total root tonnage was 10m tonnes from which British Sugar produced 1.42m tonnes of white sugar. Financial figures for this crop are still being finalised, but for the financial year ending September 1982 the turnover of the Company was £524m and the C.C.A. profit after tax approximately £45m. The average number of employees during the year was 5,250 so the industry is very capital intensive. For the farmer, the value of the beet crop was £1,000 per ha in 1982 and with the exception of horticulture it was one of the most profitable crops grown.

I hope I have given you the impression that the grower and we, the processor, are efficient in our operations. We work together as a team which has resulted in a viable healthy and responsible sugar beet industry.

ACP CANE SUGAR REFINING

Dr. J.C. Abram,  
Divisional Technical Director, Tate & Lyle Refineries

Introduction

Some idea of the complexity of the process of converting raw sugar into marketable refined products can be gained by studying the process and chemical control system employed at Thames Refinery which is illustrated in Appendix I. The operation at Westburn Refinery in Scotland is similar but on a smaller scale. This is by no means the complete picture, for linked to the two refineries are two speciality liquid blending stations where some eighty different liquid blends, syrups, treacles and speciality products are made for the retail and industrial sectors. If judged in terms of input and output balance the process should be relatively straightforward.

<u>Input</u>	<u>Output</u>
Raw Sugar	Refined Sugar Products
	Molasses
Water	Effluent
Lime	Chalk
Bone Char	Bone Char

The complexity arises from the need to satisfy the market with so many products, although this happens to be one of the major strengths of a cane refiner, to extract the maximum amount of saleable sucrose from the raw sugar, minimising both the sucrose content of the molasses and the quantity sold, and to restrict process losses to an absolute minimum.

The fundamental aims of the refinery are listed in Appendix II with various factors, such as raw sugar quality, plant capacity and operational efficiency, which could limit the achievement of the objectives.

The main product groups sold on the retail and industrial markets are shown in Appendices III and IV. There are so many products because obviously there is a need in the market, which Tate & Lyle Refineries have developed by capitalizing on the acceptable and often desirable properties of the cane flavour impurities entering the refinery with the basic raw sugar. To secure that market and to meet the objectives, the refineries need a steady supply of uniform quality raw sugar throughout the year.

The Refining Process

The refining process, if limited strictly to the conversion of raw cane sugar to a high quality white product, as defined in Table 1, is undertaken in four main stages.

Table 1.

AVERAGE ANALYSIS OF RAW AND REFINED SUGAR  
THAMES REFINERY

<u>PERCENTAGE</u>	<u>RAW SUGAR</u>	<u>REFINED SUGAR</u>
SUCROSE	97.73	99.950
INVERT	0.56	0.006
ASH	0.45	0.007
ORGANIC	0.62	0.014
MOISTURE	0.64	0.023

1. Affination: is designed to separate the outer layer of impure syrup from the purer crystal.
2. Defecation: the affined crystal is dissolved or melted and subjected to clarification or filtration designed to remove any solid material imported with the raw cane sugar together with bulk inorganic and organic impurities.
3. Decolourization: the clarified liquor requires to be decolourized further if the desired yield of high purity white sugar is to be achieved. This is accomplished by passing the liquor over beds of active adsorbent.
4. Crystallization: where pure white sucrose is extracted from the decolourized liquor.

The sequence for the removal of impurities is shown in Table 2.

TABLE 2.

Analysis	<u>REMOVAL PATTERN</u>			
	<u>AFFINATION</u>	<u>DEFECATION</u>	<u>DECOLOURISATION</u>	<u>CRYSTALLISATION</u>
INVERT	66	18	7	93
ASH	67	20	9	91
ORGANIC	73	13	14	87
COLOUR	66	50	85	85

1. AFFINATION

Raw sugar is composed of a layer of impure syrup surrounding a fairly pure crystal. Not all impurities are contained within the syrup layer. Some are occluded within the basic crystal and some are trapped between agglomerated crystals. Affination is designed to separate the syrup from the crystal as effectively as possible with minimum dissolution of the underlying crystal. The objective can be defined as impurity removal and is illustrated in Table 3 which shows typical analyses of raw and affined sugar.

TABLE 3.

IMPURITY BALANCE ACROSS THE AFFINATION PROCESS

<u>ANALYSIS</u>	<u>RAW</u> <u>SUGAR</u>	<u>AFFINED</u> <u>SUGAR</u>	<u>PURIFICATION</u> <u>%</u>	<u>AFFINATION</u> <u>SYRUP</u>
% SUCROSE	98.45	99.52		87.5
% INVERT	0.50	0.17	66	5.0
% ASH	0.45	0.15	67	3.5
% ORGANIC	0.60	0.16	73	4.0
COLOUR, ICU'S	2000-	700-	66	24000
	6000	1500		

The process is shown in Appendix V. Raw sugar is mixed with raw syrup at a controlled temperature and brix, in the ratio of two parts sugar to one part syrup, to produce a fluid magma. The magma is mixed for 15 to 20 minutes to loosen the syrup layer before being fed into automatic batch centrifuge machines with perforated baskets which retain the

sugar when spun, but allow the syrup to pass through. At the appropriate stage in the spinning cycle wash water is applied as a fine spray to the wall of sugar in the basket. The amount of water used depends on the quality of the raw sugar being processed. Raw sugars containing a high proportion of small crystals are difficult to affine because:-

- (a) they blind the machine cloths
- (b) more crystal is dissolved during the washing procedure
- (c) the machine charge is about 25% less than for large grain sugar.

The quality of input raw sugars is very variable as can be seen in Table 4.

TABLE 4

VARIABILITY OF RAW SUGARS

<u>ANALYSIS</u>	<u>RAW SUGAR</u>			
	1	2	3	4
% SUCROSE	95.63	98.55	96.13	97.53
% INVERT	1.19	0.33	1.43	0.89
% ASH	0.79	0.35	0.51	0.46
% ORGANIC	1.63	0.45	1.08	0.60
% MOISTURE	0.76	0.32	0.95	0.52
COLOUR, ICU's	7272	2588	5450	4831

Some idea of the size of the Thames operation can be gained from the fact that the two magma mixers are each 16m long and 1 <sup>3</sup>/<sub>4</sub>m deep and have a working capacity of about 25 tonnes. The centrifuge battery consists of 20 machines each capable of producing about 400kg of affined sugar at a minimum cycle time of 160 seconds.

2. DEFECATION

The affined sugar still contains a high proportion of soluble impurities and the affination stage is ineffective in removing insoluble or solid material contained in, or imported with the raw material. Defecation or clarification is designed to remove in particular the solid impurities. Original defecation processes involved simple filtration but this proved costly and inefficient.

Modern refineries now employ either phosphatation, flotation clarification or carbonatation. In phosphatation, calcium phosphate formed in the dissolved or melted affined sugar liquor by the addition of lime and phosphoric acid, can, in the presence of suitable additives and with aeration, be floated to the top of the liquor. The scum formed traps all insoluble materials and when scraped off leaves a clear clarified liquor.

In carbonatation, lime is added to the melter liquor. It is then neutralised with carbon dioxide available in boiler flue gas. The resulting chalk formed is then filtered off to yield a bright clear liquid. Carbonatation is more efficient than phosphatation as illustrated in Table 5, and is employed at both Thames and Westburn.

TABLE 5.

% COMPOSITION	MELTER LIQUOR		% REMOVAL	PHOSPHATED LIQUOR	
	ANALYSIS	CARBONATATION ANALYSIS		ANALYSIS	% REMOVAL
SUCROSE	99.52	99.60		99.57	
INVERT	0.17	0.14	18	0.15	12
ASH	0.15	0.12	20	0.14	7
ORGANIC	0.16	0.14	12	0.14	12
COLOUR ICU's	1200	700	42	800	33

A typical carbonatation system is shown in Appendix VI. Raw melter liquor at 75°C and 69°Bx is dosed with milk of lime to a level of 0.4 to 0.8% CaO on liquor solids, depending on the quality of the raw sugar. The limed liquor is then passed through a series of tanks through which the washed flue gas containing carbon dioxide is passed. Using the chalk as a filter aid, the carbonated liquor is filtered through a battery of twenty Sweetland presses. Each press contains 72 x 0.9m diameter leaves giving a total press area of 95m<sup>2</sup> and a station area approaching 2000m<sup>2</sup>. At the end of each press cycle the press mud is desweetened to minimise sugar loss before disposal.

### 3. DECOLOURIZATION

The liquor now free from insoluble impurities is suitable for decolourization. The objective of decolourization is simply to decrease the colour of the pressed liquor to a level whereby maximum white sugar can be crystallised from it. The performance of the existing station at Thames is shown in Table 6.

TABLE 6

DECOLOURIZATION

<u>COMPOSITION</u>	<u>BEFORE</u>	<u>AFTER</u>	<u>REMOVAL</u>
SUCROSE	99.60	99.64	
INVERT	0.14	0.13	7
ASH	0.12	0.11	17
ORGANIC	0.14	0.12	14
COLOUR	400-700	80-100	90

Refineries have a choice of three basic processes.

Bone charcoal and granular activated carbons are solid adsorbents which can be regenerated at high temperatures. Ion-exchange resins are gaining more widespread use and are regenerated by chemical treatment. As such, this process can be adapted to automatic operation and control. Thames still employs bone char as its decolourizing adsorbent and the process is illustrated in Appendix VII. The char is contained in 32 x 3m diameter pressure vessels each holding about 25 tonnes of material. The pressed liquor is passed through the char under pressure until the activity or capacity of the char for further colour removal is unacceptably low. At this stage the cistern is desweetened and the char transferred to a multihearth rotatory kiln where it is heated to about 550°C to pyrolise the adsorbed organic impurities. After this regeneration process it is returned to the cistern for decolourizing duty.

#### 4. CRYSTALLIZATION

The decolourized and purified liquor is now of sufficient quality to enable three strikes of white sugar to be boiled from it. The process is illustrated in Appendix VIII and the degree of purification achieved is shown in Table 7.

TABLE 7

CRYSTALLIZATION

<u>COMPOSITION</u>	<u>BEFORE</u>	<u>AFTER</u>	<u>REMOVAL</u>
SUCROSE	99.64	99.967	
INVERT	0.13	0.009	93
ASH	0.11	0.009	91
ORGANIC	0.12	0.015	87
COLOUR	40 - 100	12	85

The process of crystallization is common to both cane sugar factories and refineries. At Thames a three boiling white sugar system is operated with each of the boilings from fine liquor, Jet 1 and Jet 2 respectively geared to produce the same uniform sugar quality. Thames have four main pans each capable of producing about 85m<sup>3</sup> of masse. The pans are charged with a volume of 35m<sup>3</sup> of evaporated fine liquor or jet. This charge is boiled or evaporated under vacuum to a 1.1 degree of supersaturation. This determines the driving force for crystallization.

The pan is then seeded with milled icing sugar, the theory being that each milled sugar particle acts as a nucleus or centre for subsequent growth to the appropriate sugar crystal size. Conditions within the pan are controlled to generate sucrose deposition whilst the pan is being fed with additional liquor, the rate being governed by the rate of water evaporation. At the end of the cycle the feed is shut off and the masse is boiled down to give a high yield sucrose. The masse is then discharged to mixers where it is lubricated with syrup to give it the necessary fluidity for centrifuging.

During centrifuging, undertaken on 16 automatic machines, the sugar is washed with hot condensate to achieve the correct crystal colour specification. The liquor spun off the first boiling is called Jet 1 and this forms the feedstock for the second boiling. The syrup from the second boiling, Jet 2, forms the input feed for a final third boiling. The jet produced from this boiling is too impure to yield a further strike of white sugar but it can be used to produce a lower grade manufacturing sugar and as an input for liquid sugar blends and syrups.

The final parts of the operation in producing white sugar involve the drying, cooling and conditioning of the sugar prior to its packing or bulk delivery to industrial customers.



APPENDIX II

REFINING AIMS

TO MAXIMISE THE YIELD OF HIGH VALUE  
REFINED PRODUCTS AT MINIMUM COST

1. HIGH YIELD OF CRYSTALLINE WHITE SUGAR  
RAW SUGAR QUALITY - EFFICIENCY  
PLANT CAPACITY
  
2. HIGH YIELD OF "CANE IMPURITIES"  
INDUSTRIAL SUGARS  
LIQUID SUGARS  
BROWN SUGARS  
SYRUPS  
TREACLES  
  
PLANT CAPACITY/ABILITY - MARKETING SKILLS
  
3. LOW OUT-TURN OF MOLASSES  
RAW SUGAR QUALITY - EFFICIENCY -  
SALES OF LOW END PRODUCTS
  
4. MINIMUM SUGAR CONTENT IN MOLASSES  
RAW SUGAR QUALITY - EFFICIENCY  
  
CHEMICAL DEGRADATION  
MICROBIAL SPOILAGE
  
5. MINIMUM SOLIDS LOSS IN PROCESSING  
  
EFFICIENCY  
  
PHYSICAL LOSSES - SEWERS, PRESS MUD ETC.,  
PHYSICAL DESTRUCTION - KILNS.

APPENDIX III

T.L.R. MAIN PRODUCT GROUPS

RETAIL

WHITE

GRAN  
CASTER  
ICING  
CUBES

BROWN

DEMERARA  
LIGHT  
DARK

SYRUPS

GOLDEN  
DARK  
TREACLE

## APPENDIX IV

T.L.R. MAIN PRODUCT GROUPSINDUSTRIAL - DRY

WHITE	GRAN PRESERVING TWO'S FINE SUPERFINE EXTRA FINE CASTER ICING
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SEMI-WHITE	SMX
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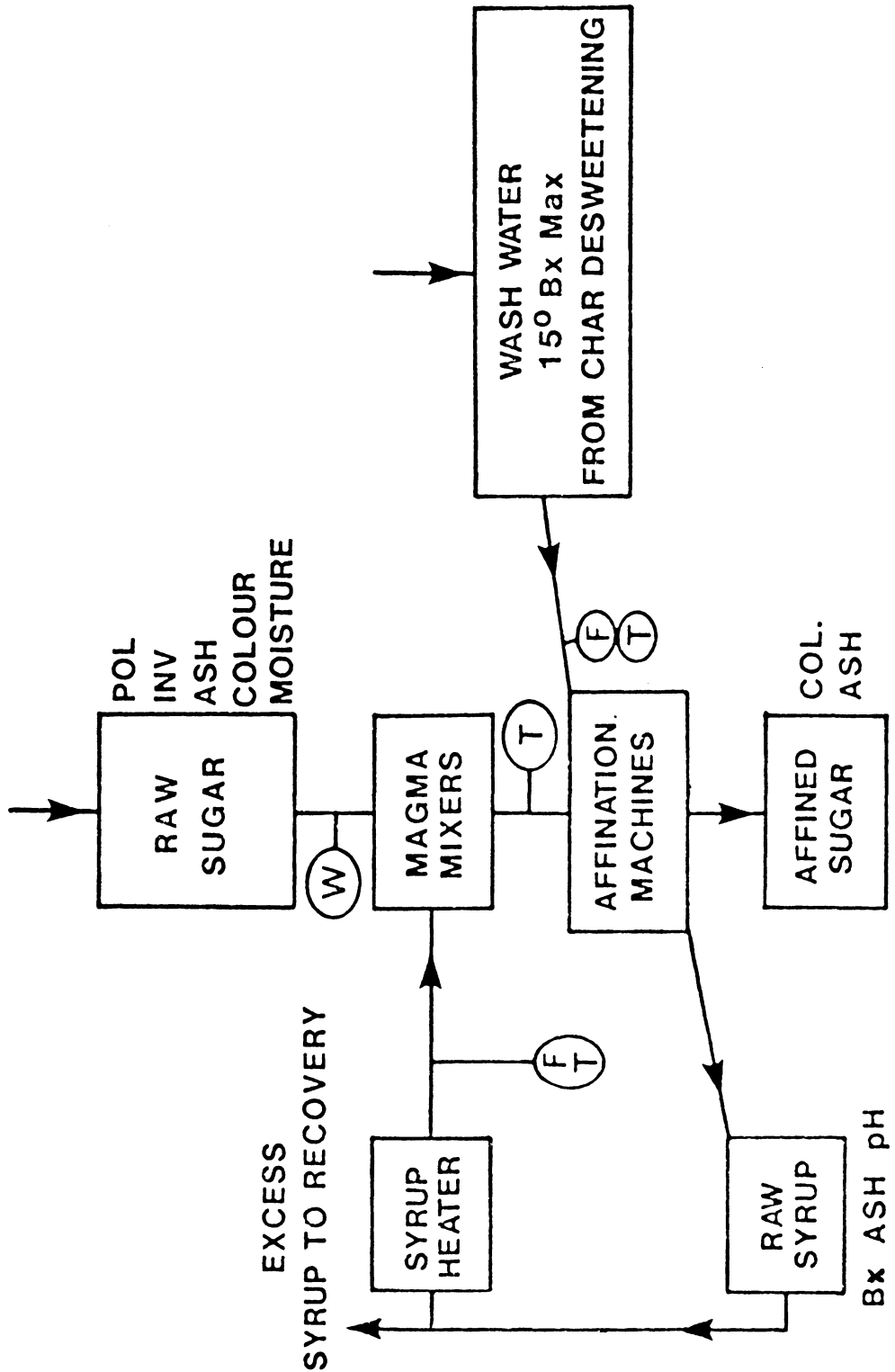
BROWNS	FOURTHS DEMERARA PRIMROSE DARK PIECES
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INDUSTRIAL - LIQUID

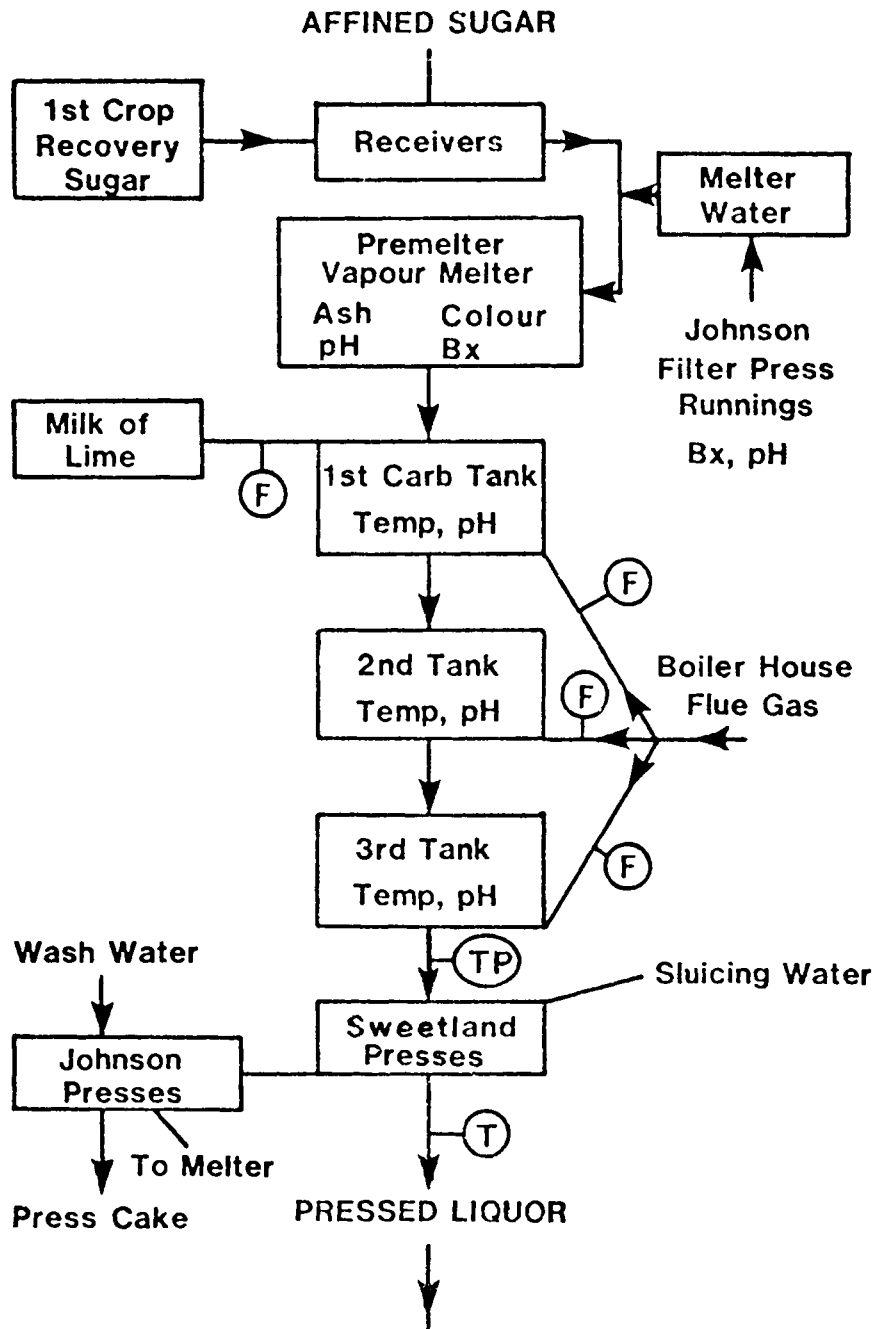
LIQUIDS	T.1000 MWS 1001 GRAN 2000 FINE 2800 JET BLENDS 3000 3302 7000
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BLENDS	80 DIFFERENT
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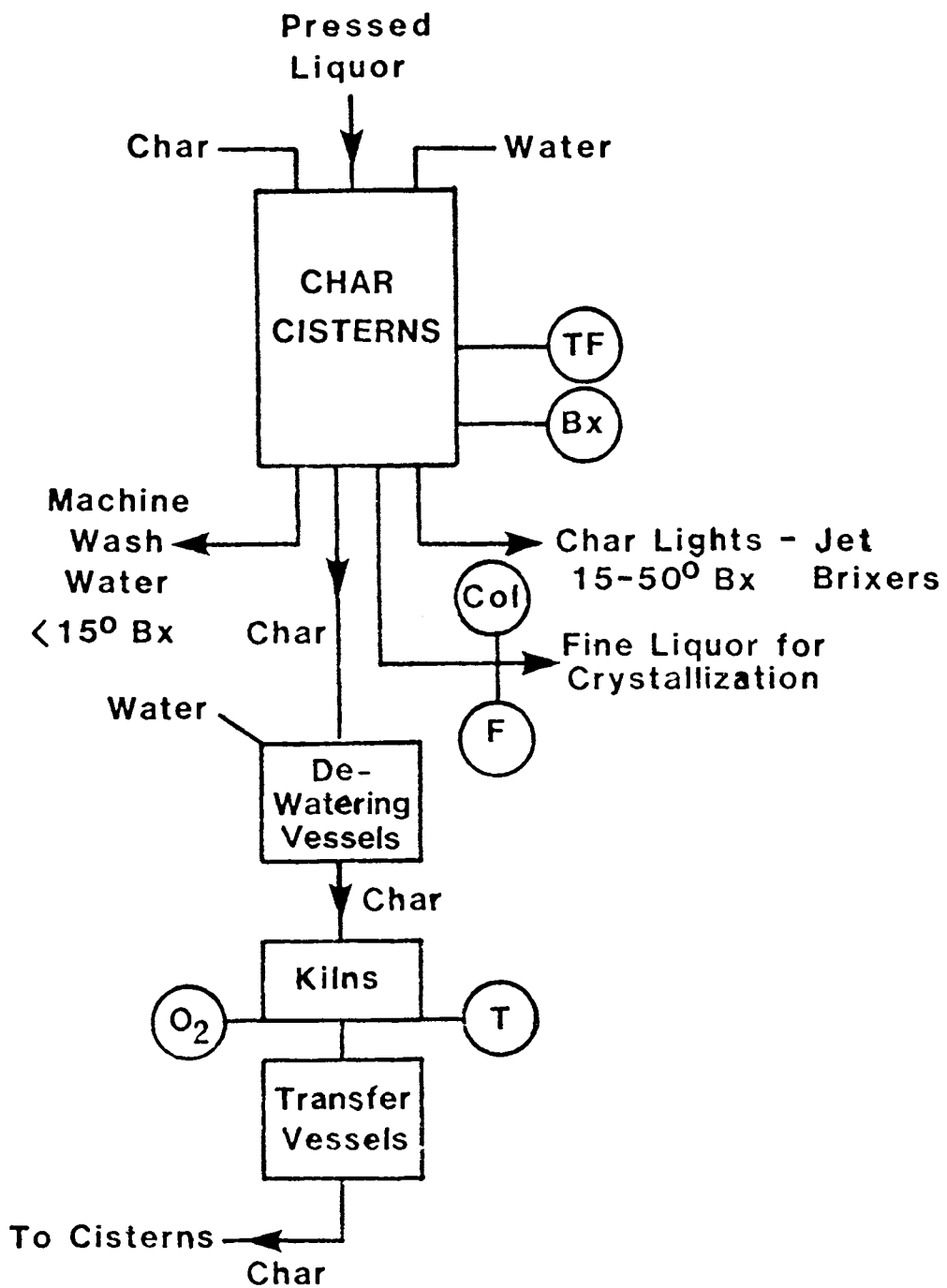
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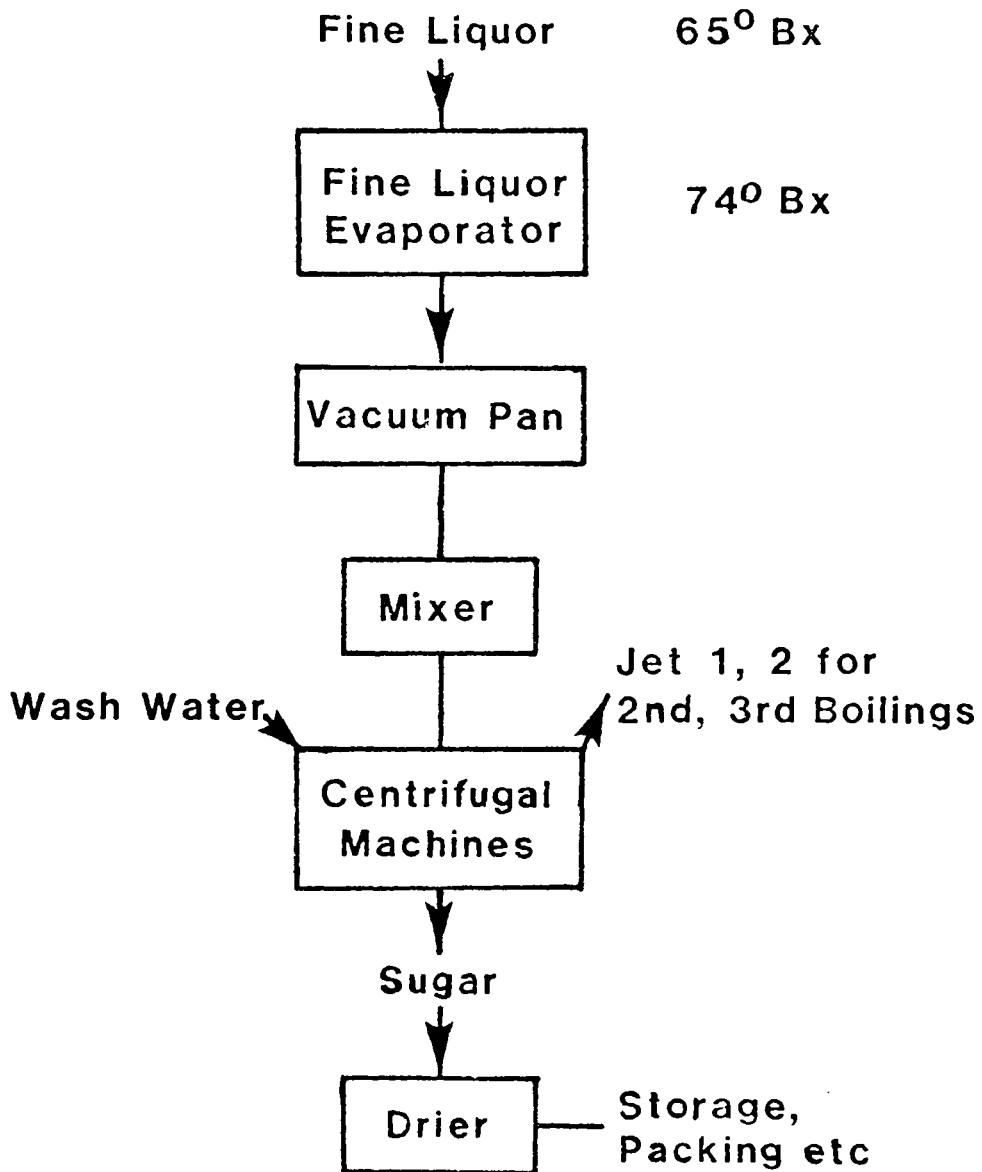
# CARBONATATION



# DECOLORISATION



# CRYSTALLIZATION



ACP SUGAR - THE LONDON END

H.E. A.W. Symmonds, GCM,  
High Commissioner for Barbados

When Bernard Boullé gave his illuminating address, he said he felt like a football commentator asked to speak about a game which had not yet taken place. I am in rather a different position because on this last day of the seminar so much has been said. I am asked to comment on a game of which the audience knows the result.

On behalf of my fellow High Commissioners may I first express appreciation of the efforts of the trade unionists which have helped to bring about this seminar. All of us who have been involved are delighted to see it take place.

Secondly, I hope I may be forgiven for admitting that before our High Commissioners' group was established towards the end of 1980, my knowledge of sugar and that of some of my colleagues was limited. We knew we should advise our wives to buy cane not beet sugar and my friend Antony Murray indicated where we could purchase it. The High Commissioner for Guyana, Dr. Cedric Grant, became our first Chairman and quickly mastered the issues. With some trepidation I accepted my colleagues' invitation to take over from him.

In London we did not begin with the drama of the Brussels group. We started with the background of a little too much sugar and not enough refining capacity. At the time, the threatened closure of a British refinery affected not only the trade unions who approached us, but our Governments who were worried about physical access for our sugar to EEC markets. It was our Ministers meeting in ACP Council who decided that the London end was important. Before I came here I was Permanent Secretary in the Barbados Ministry of Foreign Affairs and I participated in the decisions to set up our mission in Brussels. We had the Sugar Protocol of the Lomé Convention and it seemed to me that our early difficulties had been resolved. So the problems could be left to Brussels. How wrong I was.

When we started I met those outstanding experts to whose work I would like to pay tribute. We High Commissioners have been the spokesmen but we have depended on them as advisers, working not only for us, but also for our colleagues in Brussels. Most of them have been engaged on sugar problems for many years, some from the days of the Commonwealth Sugar Agreement.

Action is at the London end. As President Harry Truman used to say 'The buck stops here'. The sugar comes to Britain, we depend on access to UK, and the price is paid here. So our role is very important and my colleagues and I accept this.

Our principal task is to sensitize the British Government and public on ACP sugar issues, and to keep in touch with them, with Tate & Lyle and with the trade unions. Our interests are closely intertwined and there is much common ground. We appreciate Tate & Lyle's assistance in bringing their objectives and ours to the authorities' attention. We, in turn, depend on assistance from our own Governments and from producers and trade unions in the industry who supply us with information we need to do our job. The reduction in refining capacity has been mentioned frequently during this week and I need not repeat our concern expressed so often. But we are particularly interested to ensure that the refining policies of Tate & Lyle our sole refiners, - as well as decisions relating to investment, developments in production, and marketing, both in cane and beet - are monitored and reported on. Without adequate planning at home efficient operation is impossible and without this feed-back, planning for the future is not feasible.

We recognise that Brussels has the important job in the price negotiations, but we believe important decisions are also made in London. In the 1981/82 price negotiations the issue of a differential price for beet and cane arose. Although the negotiations were in Brussels, the final decision had to be made by the British Government to bring about the price equality we were seeking. So after expressing our strong concern about refining capacity at the time of the Liverpool closure, our principal task was to ensure the British Government fully understood, not just through reports from Brussels, but directly through ACP representatives here, the importance of that decision to us, and our concern that the principle being enunciated would be to our detriment. Knowing the fair play for which the British are justly famed, we have endeavoured at all times to remind them of the 'bankable assurances' given when Geoffrey Rippon was negotiating Britain's entry into the EEC. If beet quotas were increased in such a way that ACP imports were threatened, it would be a breach of the Community's undertakings. We have consistently followed this up with the British Government to show clearly we consider these assurances should continue in perpetuity.

Let me return to the role of the experts. They are working for our sugar industries daily, but over the years they have also been advising our Governments long before the High Commissioners' group was formed. They advise our colleagues in Brussels, they prepare the ground for price

decisions, they make valuable contributions to our Governments' positions at international sugar meetings in London. They are the hub of activity here and we articulate the advice they give us collectively. We could not operate effectively without them and speaking particularly to our friends from the African, Caribbean and Pacific countries, I assure you it is extremely valuable work. We get the publicity and glamour but they perform the fundamental tasks and I would like to thank them for their long and loyal support.

There are two particular points we try consistently to put across to successive British Governments: first, that the Sugar Protocol would be a meaningless piece of paper unless there is room for ACP sugar in the British market. What we heard yesterday about the efficiency of the beet industry impressive and frightening as to some extent it was, is nevertheless consistent with that position. It was very refreshing to hear British Sugar's position clearly articulated from this rostrum, that in so far as they are concerned there is room for ACP sugar. Secondly, we have continued to argue that ACP sugar is in no way responsible for EEC surpluses, since it has been imported into Britain from long before the UK joined the Community. On the strength of the assurances then given we have gone on developing our sugar industries aiming for efficiency within the limits of our resources. Any suggested expansion of beet is of great concern to us. I believe trade unionists are wont to say - I don't think Frank Walcott would contradict me - the price of freedom is eternal vigilance. So eternal vigilance is required to ensure nothing is done here or in the Community to put at risk the livelihood of our people.

From time to time, we have met Peter Walker, Secretary of State for Agriculture, and Minister of State, Alec Buchanan-Smith. We believe they recognise the special significance for us of the UK's cane sugar imports and we feel reasonably assured that we will always get a sympathetic hearing. We believe the British Government will honour their commitments for ACP sugar, but as diplomats we recognise we have constantly to renew our approaches to the Government, to industry and to the politicians. So in the course of our regular diplomatic work we try to meet politicians of all parties, particular those who represent cane sugar constituencies or are sympathetic to cane and we talk to both sides of the industry, ensuring that views are put forward to support our case. We do this orally and in writing and no opportunity is neglected.

On one or two evenings recently I disappeared from this seminar in order to write personally to a number of Euro MPs, some of whom support cane and some beet. Our group is

trying to sensitize them to cane sugar issues in support of the work of our colleagues in Brussels. We must ensure that the case for cane is understood at every level. Access to Britain for cane sugar is not of marginal importance: it is vital.

While price is within the Brussels framework, it is of equal concern to us here. We do not believe we will succeed by concentrating all our efforts in Brussels. It is the British Government, the British cane sugar industry, the manufacturers who use cane sugar here and the British public who will guarantee the survival of our ACP market in UK.

Although our group grew out of the specific problems at the time Liverpool was closed, we have come to realise there is an important future ahead of us. When we were invited to talk to Alec Buchanan-Smith last year before the price negotiations, we realised it was important to ensure the British Government felt their views and ours were in harmony. Such partnership is essential. We have been in touch with them on many other issues, briefed by our experts, Colin Campbell, Antony Murray and others. We have thus been able to counteract the possible adverse effects for cane sugar, from elsewhere.

When our Ministers visit this country and talk to their opposite numbers here, we ensure that the sugar issue is raised, not only access, but economic matters as well. In the past two years, I have attended at least six of such ministerial meetings when such exchanges have been made and assurances sought. When the ISA question arose and the British Foreign Secretary was holding one of his regular consultations with Commonwealth High Commissioners, I received a message from our experts that they hoped I would intervene to make sure the British Government made clear to the EEC that its negotiating position must preserve the special arrangements for ACP sugar within the Protocol. The Foreign Secretary gave me a favourable response, assuring me this was the EEC negotiating position and nothing would be done to affect the Protocol. Once again it was accepted as being of indefinite duration. As members of the Commonwealth, we are ideally placed to lobby the British Government and through it, Britain's friends in the EEC. I believe we have been doing this quite successfully.

This seminar has taught me a lot about sugar. It has also provided an opportunity for me to meet so many of you and for you to appreciate the interest the High Commissioners take in sugar. When you go home, you will appreciate that sugar issues are fully and carefully represented here. The important issues are always before us whether we meet quarterly or monthly. Sugar may not have produced the same

publicity as increased student fees or the British Nationality Act, which were emotive issues, but I can assure you that our sugar work has been every bit as careful, determined and thorough as it was in those areas.

I hope I have been able to give you a rough outline of the High Commissioners' work on sugar. Before I sit down may I just say how much I personally share your regrets that for reasons of which we are all aware, we have not had the wisdom and the calming and assuring influence of Jock Campbell here with us during these past few days.

CANE SUGAR AND THE TRADE UNION IN BRITAIN

J. T. Hardy,  
Convener, Joint Craft Unions, Tate & Lyle Refineries,

The best place to start is at the beginning. Back in 1971 we picked up in the local press that there were suggestions of excluding ACP sugar from Britain and as a result, 3,000 jobs would be in jeopardy. The trade union within the refinery approached the management which was uncertain, so we made it clear that within our industry we were not going to sit on our backsides and let things happen. We lobbied Parliament, the Ministry of Agriculture and organisations like the World Development Movement. We made a point of learning about the sugar situation, not only within UK, but also in Europe and the international markets.

In 1971 when Britain was negotiating to enter the EEC Mr. Geoffrey Rippon finally came back with his solemn bankable assurances regarding the supply of ACP sugar. When our sugar industry looked at them, we found, in reality, they meant nothing. By 1974 the new Minister of Agriculture under a Labour Government was, as far as the trade unions were concerned, still waffling concerning cane imports. Eventually, it was not until we stopped sugar leaving the refinery that the Minister was pressurised into taking action on our behalf. Out of this came the figure of 1.4m. tonnes.

When lobbying in Brussels we were described as a rugby team that had just come off the field after losing a match. But we are proud of this because we care about our industry, and in the process we found one good friend - Mr. Taselaar - the author of the first ACP regime. He had the grace to admit that had our points of view been taken into account he would have written a very different paper.

With all this experience behind us, by 1977 the trade union was urging Governments and industrialists to meet to talk about sugar. We felt this was necessary in order to bring people concerned together. Over the next three years we spoke to various people - like John Edmonds and trade unionists like yourselves - and it became clear that no one in the sugar world can live in isolation. That if the three groups - Governments, industrialists and trade unions - could put aside their differences and work together in a common cause, then those differences would become less important.

On the other side we could see the result of beet expansion. Six cane refineries in UK were reduced to two.

The last to go was Liverpool - which in our opinion was closed much too soon. We heard yesterday that 800 more jobs in Thames Refinery are in jeopardy from the modernisation process. We have not accepted this, but we understand the pressure we are up against through the expansion of beet. We do not like these situations nor do we like the price we trade unionists have to pay, but we must face up to them. In spite of unemployment in Europe and America we intend to stay in the cane refining business - and more important, we intend to stay in business with you, but we are not blind to the problems.

Over the years we have heard remarks from various places that we must mechanise and reduce labour in order to become more efficient. We have also heard that the problems are caused by incompetent management. Talk to someone else and he will tell you that he can get his sugar to the mill but he cannot get it unloaded. These are real problems that have to be faced. We have no doubt they can be overcome, but I am not here to tell you what to do nor to brainwash you. Only you can solve your problems and it is important to be masters of your own destinies.

Ian McDonald rightly emphasised the problems of the Caribbean and I would point out that we here do not enjoy losing four refineries and still being under pressure to contract. But I do want to underline that we have failed to unite to oppose the massive beet expansion of the last ten years and now we are all paying the price - us with the lost refineries.

Earlier this week the Prime Minister of Fiji stated that the industry was being pressurised to diversify. Are you going to stay with sugar or not? It is, of course, your choice but we would be grateful to know if you intend to stay with us. If so, then you must realise that the problems facing sugar will not just go away. We must sit down together to discuss them and come up with an answer.

I feel the best way to achieve this is by a marriage of management and trade unions within the industry, even if it is only a marriage of convenience so that we can sit down together and decide how to ensure our industry is viable. I use the word 'marriage' deliberately. My wife and I have our differences and our arguments, but we do have a common denominator. We want and need each other. I liken that to our industry. A marriage of management and trade unions working in a common cause, but it has to be worked by both sides, with affection, respect and trust. I'm not asking you to have a love-in with your management. I work for Tate & Lyle - I do not have to love them, but I do have an attachment to them. I believe this is the way we have to

work. I'm sure when I talk to management on my favourite subject of wages they do not really love me, but when we have joint problems we must sit down together and face them equally.

We, the joint trade unions in the cane industry, would like to float certain ideas. They are not only our ideas but those put forward by fellow trade unionists in the Caribbean and other areas. We would like to see an international trade union cane sugar organisation where there can be cross fertilization and a sharing of ideas and problems. Perhaps this international organisation could form a joint trade union association covering Africa, the Caribbean and the Pacific. Three groups with a co-ordinator for each group. His role would be to exchange information with the other groups, to convene meetings with trade unions and to liaise with Governments and industrialists so that we work together with the common objective of the survival of our industry.

I would compare such an organisation with the symbol on the Barbados flag - the trident. A common shaft with three spikes - Government, industry and trade unions. I want this to be such an organisation that if the shaft (the industry in general) is attacked (and it is constantly under attack) then all three spikes will defend it jointly. Here we are not talking only of 2,000 people employed in UK, but of millions employed in it all over the ACP countries. We have to move in this direction in agreement with each other. If we achieve this, then we must face Europe together, for it was the Europeans who brought your ancestors to your lands and for one reason only - to grow sugar for the Europeans. Don't let them forget it.

Britain joined the EEC on the understanding that 1.4m tonnes of cane sugar can continue to come into Europe to its traditional markets. Don't let them forget it.

Let us examine who is creating our problem. In the last ten years Europe has moved from being a net importer of cane to being a huge exporter of beet. This year it has produced a surplus of approximately 5.6m. tonnes. Look at America which has expanded its high fructose syrup production so much that it has had to reduce beet acreage and close factories in addition to reducing and restricting cane imports. As a result of these two factors - Europe dumping its surplus on the world market and America reducing its imports - the world surplus goes up and this means low prices. We are also aware that whereas Tate & Lyle make £2 a tonne profit refining sugar British Sugar can make £30 a tonne.

I was very glad to hear Edwin Carrington say 'attack'. I loved that word, it was music to my ears. I believe we should attack and attack the real culprits - those who created the suppluses through the expansion of beet. It was reassuring to hear Ambassador Jackman say that 1.3m. tonnes are sacrosanct. Fine, but let's be realistic. It's no use saying a commodity is sacrosanct unless there is someone to buy and sell it. We could find that if cane can't be sold because of cheap surplus beet, we may be told our cane isn't wanted.

It was encouraging to hear David Williamson say there must be a cut back in beet. GOOD, but he was not saying that when we first went to Brussels. This year I agree with him; I believe there should be a cut-back of about 3.5m. tonnes of beet sugar. This is the line Europe should be following and I believe the best way to achieve it is by membership of the International Sugar Agreement (ISA), which represents not only European views but your views also. We must see a cut-back in production of food mountains - particularly beet sugar.

To us it is important that the EEC joins the ISA and I think we should be very firm about this. We have had determined people among us such as Lord Campbell and Sir Guy Sauzier. Why, then, are we not getting together to agree to say 'in the best interest of all the cane growers and refiners, this is what we want'? We need to fight for it jointly and positively.

Other speakers - Ambassador Chasle and Jonathan Fryer - have implied that to make progress we must be 'nice' to people in Brussels and not upset them. That's fine. I don't want to be aggressive, but it's rather like mother saying 'be nice to your big brother', when big brother is knocking hell out of you. I want to be nice to everybody, but I insist that they are also nice to me.

When we look back we find that Europe with its beet expansion is constantly pressurising our cane industry. I would add that if you think the big white boss in Europe is going to look after you, you are wrong. He is too busy looking after himself. It is therefore important we get together and talk collectively in one voice in our industry - Governments, industrialists and trade unions - to do what is best for it.

We feel if we can develop an organisation such as I have described - and it is possible - even shortfalls should be dealt with collectively and administered by yourselves. Arrangements could perhaps be made by hemispheres - northern and southern - so that if anyone has shortfalls, the

particular hemisphere makes them up, possibly on a proportional basis. But this is something to be thought and talked about.

The trade unions within our refineries want to build up an international sugar movement with not only Governments and industrialists but also trade unions in our industry. This would enable us to have the knowledge to discuss all aspects affecting the industry. I feel the trade unions have the right to insist on certain information. Consider the Labour Party - it is saying it wants to take Britain out of the EEC. Whether or not this happens, trade unions should be saying to the Labour Party 'hang on, if you take us out of the EEC, what food policy are you going to have?' The Sugar Protocol is part of the EEC and not the UK, but I say, don't wait until it happens, let's think about it, prepare for it, then do what is best for all of us.

To conclude, I want to say this. This seminar is supported by Ministers and High Commissioners and many other people and we are grateful for their help. We wanted to set the stage and we wanted you to come. But what is more important, we have tried to give you the honest facts, and with these facts, we hope you - the actors - will perform your own show.

COMPETITION AND MARKETING

F. Thomlinson,  
Director, Tate & Lyle PLC

Introduction - The Sugar Protocol

The Sugar Protocol is designed to facilitate commercial trade between sugar producers in the ACP countries and sugar users in the EEC. It recognises the need for cane sugar in the developed countries and provides a framework to satisfy this need to the mutual advantage of both producers and users. It is not a form of aid, but the recognition of a commercial demand for cane sugar in the EEC to be met by longstanding trading partners. It therefore requires an ongoing life, but will only survive if it takes proper account of the EEC market places which are the end of the chain from cane field to consumer.

1. MARKET AVAILABILITY

First, market availability. The EEC is a market of over 9.5m tonnes. Consumption by countries is as follows :-

	m. tonnes white value
Denmark	.230
Germany	2.125
France - mainland	1.965
- overseas depts.	.030
Greece	.290
Ireland	.145
Italy	1.650
Holland	.710
Belgium/Luxembourg	.290
United Kingdom	2.250
	<hr/>
Total	9.685
	<hr/>

Apart from UK, all EEC countries are self-sufficient in sugar and most have significant surpluses, as shown in this comparison of consumption with average beet production for the four years ended 1982/83 :-

	<u>Consumption</u>	<u>Beet Production</u>	<u>Surplus/ (Deficit)</u>
			m. tonnes white value
Denmark	.230	.474	.244
Germany	2.125	3.061	.936
France - mainland	1.965	4.358	2.393
- overseas	.030	.319	.289
Greece	.290	.271	(.019)
Ireland	.145	.177	.032
Italy	1.650	1.643	(.007)
Holland	.710	.976	.266
Belgium/Luxembourg	.290	.960	.670
United Kingdom	2.250	1.193	(1.057)
	-----	-----	-----
Total	9.685	13.432	3.747
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It will be seen that apart from small deficits in Greece and Italy, the only market with a real opportunity for ACP sugar is the UK. The deficit between UK consumption and beet sugar production does not exactly represent the market available to ACP sugar because some beet sugar is exported by British Sugar and the deficit is partly filled by imports of beet sugar from Eire into Ulster, and from mainland Europe into England.

#### DOM Sugars

The surplus of 0.289m. tonnes shown as France - overseas is cane sugar produced in Réunion in the Indian Ocean and Guadeloupe in the French Antilles. A surplus used also to be produced in Martinique. Traditionally, sugar from France overseas has been sold to cane refineries in France at Marseille, Bordeaux and Nantes, where it has been mainly used for making cubes. Because of the distance of the refineries from the beet growing areas of northern France and the premiums obtainable in France on cubes, the refineries have so far managed to survive against very strong competition from beet. Their profitability has come under increasing pressure from beet and so they have looked for a cheaper source of raw sugar. To some extent they have found this by switching part of their purchases to ACP supplies.

When sugar entered the Common Agricultural Policy, France negotiated a quota for DOM (Départements d'Outre Mer) sugars. It also negotiated a special price, partly subsidised by the French Government, at present about £12 per tonne higher than the ACP price. To-day, the French market

will not stand prices necessary for the refiners to recover the DOM price on all their production, and some 150,000 tonnes of raw sugar have been switched to ACP suppliers. The current position is approximately:-

<u>Refinery</u>	<u>Capacity</u>	<u>Production</u>
Marseille	210	190,000 tonnes white
Nantes	80	75 value
Bordeaux	80	60
	—	—
Total	370	325
	—	—

The raw sugar supply to the French refiners is:-

DOM	165,000 tonnes white value
ACP	160
	—
Total	325
	—

Disposal of DOM sugar is :-

Domestic consumption	30,000 tonnes white
French refiners	165 value
World market	124
	—
Total	319
	—

### Greece and Italy

It is also worth examining the small deficits shown previously for Greece and Italy. These were calculated by comparing consumption with the four years' production average. In each year they were:-

	<u>1979/80</u>	<u>1980/81</u>	<u>1981/82</u>	<u>1982/83</u>	
					000's tonnes white value
Greece	3	(116)	33	5	
Italy	(88)	129	398	(467)	

1980/81 was the last year before Greece joined the EEC. Farmers were finding it more profitable to grow maize and it seemed it might be possible to persuade the Greeks to make good the deficit by buying ACP raw sugar and refining it

outside the beet campaign. But Greece obtained an EEC beet sugar quota in excess of domestic consumption and the protected price for this has ensured that farmers have grown enough beet to meet sugar consumption. Any opportunity for ACP sugar in Greece now seems very unlikely.

Production in Italy is very variable, largely because of climate. In the past Italy has bought DOM sugars for refining in beet factories. This has not been very satisfactory and generally deficits have been made good by importing other EEC whites. From time to time it may be possible to make opportunistic sales of ACP sugar to Italy, but it is important not to disrupt regular markets for this.

#### United Kingdom

We need to examine the figures given above to reach a view about future opportunities for ACP sugar in UK. To-day, total demand is probably slightly in excess of 2.25m. tonnes. Precise figures are difficult to obtain because there are delays in getting import figures and one has to estimate changes in industrial users' stock levels, and those of shops and housewives. Generally, the market is in slight decline because of a constant barrage of anti-sugar propaganda by health fanatics. This decline is perhaps 10 - 20,000 tonnes per annum.

Excluding the last campaign which was exceptionally successful, beet sugar production in UK averaged 1.093m. tonnes during the 4 years ended 1981/82, which were better than average climatically. The ten year average yield of sugar from beet has never been higher than 5 tonnes per ha. On an area of 210,000 ha. annual average production would thus be 1.05m. tonnes sugar.

There are two reasons why beet sugar is imported into the UK. The first is Ulster, where sugar refined in England or Scotland has to pay freight across the Irish Sea, and is therefore less competitive than beet sugar produced in Eire. Some 25,000 tonnes of white sugar therefore come over the border into Ulster annually. The second is that industrial users in the UK generally require three sources in order to safeguard their supplies under all circumstances, and to ensure price competition. Imports have been greatly helped recently by distortions in currency and export restitutions. They have been running at about 120,000 tonnes annually. Given the recent decline in the value of sterling much of this fortuitous aid to EEC imports has gone, and we hope that in the longer term UK imports (including Ulster) will not exceed 100,000 tonnes.

Given the figures just described, the opportunity for ACP sugar in the UK market becomes :-

UK market		2.25m. tonnes white
<u>Less</u> Home Grown Beet	1.05m.	value
Imported Beet	.10	
	—————	1.15
		—————
UK opportunity for		1.10m.
ACP sugar		—————

All these figures are approximate and will vary from year to year. An adequate market for ACP sugar has been ensured in the past by exporting surplus white sugar. This year, with a record UK beet crop of 1.42m. tonnes, British Sugar are believed to be exporting or carrying forward some 400,000 tonnes of white sugar, thereby leaving an adequate ACP market.

#### Direct Consumption Sugars

Some 30 - 35,000 tonnes of ACP sugar are entering the EEC as direct consumption sugars. These are mainly of three types - raw sugar sold to a limited but zealous band of fanatics through the health shops, demerara type special brown sugars and semi-refined sugars, marketed cleverly as 'golden granulated'.

These sugars have successfully attracted substantial premiums over bulk raw sugar, and several ACP producers have asked whether their revenues would be increased if more of their supplies were sold for direct consumption, rather than as raw sugar for refining. There are two very important considerations. First, the market for these sugars is very small and any increase would almost certainly erode current premiums. Second, any increase would undoubtedly be at the expense of the UK and French refiners. Refineries are only profitable when operated near to capacity. There is a danger if sales of these sugars increased very much, not only would the premiums be eroded, but some refineries would shut down and the major markets in the EEC for raw sugar for refining would be seriously reduced.

Summary

Between France, the UK and existing direct consumption sugar, there is a market for all agreed Lomé quantities:-

	m. tonnes white value
France	.160
UK	1.100
Direct Consumption	.033
	-----
Total	1.293
	-----

If there were any further modest contraction of the opportunity for ACP sugar caused by a reduction in the total UK market, or possibly by failure to reduce imports, this could probably be taken up by further replacement of DOM sugars to French refiners. Longer term, there may be some opportunity in Portugal, when she joins the EEC.

Portugal

Consumption in Portugal is about 300,000 tonnes, all produced from world market cane sugar, bought at the lowest price. There are four refineries:-

	000 tonnes white value
Porto - 2 refineries owned by RAR	135
Lisbon - Sidul refinery	80
- Sores refinery	85
	-----
	300
	-----

The situation after Portugal's entry into the EEC is unclear, but part of the demand might possibly be met by establishing a beet industry and by importing beet from France or Spain. This might be the picture:-

	000 tonnes white value
Portugese grown beet	65
Imported beet	115
Refined sugar	120
	—
	300
	—

Portugal will probably seek raw sugar supplies by asking for an increase in total agreed quantities under the Sugar Protocol. This has so far met firm resistance from officials in the EEC agricultural directorate (DGVI) but it could change as negotiations for Portugese entry proceed.

### Conclusion

Unless there are dramatic changes, the UK and French markets appear to offer a safe home for ACP sugar, and the EEC side of the contracts under the Sugar Protocol will be honoured. If anything goes wrong, Portugal's entry should provide a further home for any developing surplus.

## 2. PRICING - QUOTAS

The EEC market gives producers price protection, guaranteeing a floor price for defined quantities agreed as country quotas. These are in two parts - 'A' quota which was originally designed to meet 105% of consumption in each country, and 'B' quota to ensure a sufficient beet area so that consumption was met, even in poor crop years. Country by country, 'A' quotas have become somewhat out of line with consumption, and while together they equal consumption approximately, they are considerably higher if agreed quantities under the Protocol are taken into account. This is the position :-

<u>Country</u>	<u>Consumption</u>	<u>Quota A</u>
		m. tonnes white value
Denmark	.230	.328
Germany	2.125	1.990
France - Mainland	1.965	2.530
- DOM	.030	.466
Greece	.290	.290
Ireland	.145	.182
Italy	1.650	1.320
Holland	.710	.690
Belgium/Luxembourg	.290	.680
United Kingdom	2.250	1.040
	<hr/>	<hr/>
	9.685	9.516
Sugar Protocol		
- Agreed Quantities		1.305
	<hr/>	<hr/>
Totals	9.685	10.821
	<hr/>	<hr/>

'B' quotas are a percentage of 'A', and in allocating quotas to different countries the Commission has taken account of their ability to produce. This has caused percentages to vary from 10% for DOMs, Greece, Ireland and UK to 30% for Denmark, Germany and France.

If EEC countries produce more than their total quota, the excess ('C' sugar) cannot be sold in the EEC during the crop year of its production. It must either be exported to the world market at whatever price is achievable, or carried forward to the following crop year for sale in the EEC as quota sugar, but within the total quotas of that year. Quota restrictions have not been seriously detrimental to production as shown by the following production and quota

comparisons for the four years to 1983:-

<u>Country</u>	<u>Average Production</u>	<u>Total of A &amp; B Quotas</u>	<u>Production Surplus/ (Deficiency)</u>
			m. tonnes white value
Denmark	.474	.425	.049
Germany	3.061	2.602	.459
France - Mainland	4.358	3.289	1.069
- DOM	.319	.513	(.194)
Greece	.271	.319	(.048)
Ireland	.177	.200	(.023)
Italy	1.643	1.568	.075
Holland	.976	.872	.104
Belgium/ Luxembourg	.960	.826	.134
United Kingdom	1.193	1.144	.049
	-----	-----	-----
	13.432	11.758	1.674
Sugar Protocol - Agreed Quantities	1.305		1.305
	-----	-----	-----
	14.737	11.758	2.979
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#### Intervention and Threshold Prices

Protection given to EEC quota production is by an intervention price. This is fixed for each crop year (1 July to 30 June). If producers cannot sell any part of their quota sugar commercially at or above the intervention price, they may require the intervention authorities to buy it at the intervention price. Alternatively the Commission may let producers export it to the world market, and reconstitute the difference between intervention and world market prices. In practice, sugar is almost never sold to intervention and nearly all the surplus is exported with restitution.

The cost of restituting exported quota sugar is recovered by a levy on sugar production. This is fixed at 2% on all quota production with any balance required levied on quota 'B', but with a maximum quota 'B' levy in any one year of 37<sup>1</sup>/<sub>2</sub>%. Costs of restitution not fully recovered by levy one year are carried forward to future years. This system was designed to ensure that the costs of surplus sugar production were borne by producers and consumers, rather than

by tax payers. Because of the very high cost of export restitutions the maximum levy has been very much below the cost, and producers have not been fully exposed to the effects of over-production.

To protect EEC quota sugar from competition a threshold price is fixed for each quota year at a level higher than any price likely to be met in the Community in a normal year. A levy of the difference between threshold price and world price is charged on all imported sugar. This effectively excludes all world sugar from the EEC, except DOM sugar which comes under the EEC internal regime, and ACP sugar, which is exempt from levy up to the quantities specified in the Protocol.

### European Currency Units

Agricultural prices in the EEC apply to all members and cannot easily be fixed in any particular national currency (francs, marks, pounds etc). Instead they are fixed in an international currency, European Currency Units (ECUs). The ECU's value is determined by a basket of actual currencies in fixed proportions. Each (francs, pounds, marks etc) has a 'green rate' which is related to the ECU by a fixed conversion factor. The factors currently in use are :-

<u>Green Currency</u>	<u>Green Currency :</u> <u>ECU's Conversion</u> <u>Factor</u>	<u>ECU's : Green</u> <u>Currency Conversion</u> <u>Factor</u>
Danish Kroner	0.12145	8.23400
German Mark	0.38831	2.57524
French Franc	0.16140	6.19564
Greek Drachma	0.01397	71.56190
Irish Punt	1.44715	0.69101
Italian Lire	0.00077	1,289.00000
Dutch Guilder	0.36289	2.75563
Belgian Franc	0.02327	42.97720
UK Pound	1.61641	0.61865

Here is an example :-

Assume for convenience sugar price fixed at 1,000 ECUs/Tonne (Actual support price per tonne is 556.6 ECUs).

Price converted to French francs at green rate:

$$1,000 \times 6.19564 = \underline{6196} \text{ French francs}$$

Price converted to UK pounds at green rate:

$$1,000 \times 0.61865 = \underline{\pounds 618.65}$$

Fixed rate between pound and franc assumed by green rates

$$\frac{6.19564}{0.61865} \text{ gives } \underline{10.015} \text{ French francs} = \pounds 1$$

$$0.61865$$

If the system worked perfectly, a French producer who wished to sell 1 tonne in the UK would get 1,000 ECUs. The UK customer would pay £618.65 and the French supplier convert pounds to francs at the fixed rate of 10.015 francs - £1, receiving the French equivalent of the ECU price, 6196 French francs.

In practice currencies do not maintain a fixed exchange rate: the real rates vary continuously following the relative economic strength of the currencies concerned. The value of transactions calculated in 'green' currencies by applying the conversion factors will not therefore agree with the actual value of transactions converted at real rates of exchange. To remove the differences between real and 'green' values an adjustment is required, the Monetary Compensatory Amount (MCA). Each week the actual value of each European currency is calculated in relation to the average rate of the basket of European currencies on which the ECU is based. If the rate required to convert the actual value of a currency differs from the green rate, an MCA may be introduced.

It is possible to imagine MCAs compensating exactly for differences between 'green' and actual exchange rates, as follows:-

#### The Ideal

#### Recapitulation:

Sugar Price	Assume	1,000 ECU's/tonne
Price in French francs	(x 6.19579)	6,196 French francs
Price in Pounds	(x 0.61865)	£618.65
Fixed rate of exchange		£1=10.015 French francs

#### Assume

Actual rate of exchange £1=11 French francs  
 Caused by:

	<u>Green Rate</u> <u>to 1ECU</u>	<u>Actual Rate</u> <u>to 1ECU</u>	<u>Appreciation (+)</u> <u>or Depreciation (-)</u>
French Franc A	0.16140	0.15	- 7.6%
Pound B	1.61641	1.65	+ 2.0358%
Rate B/A	10.015	11.000	

Result

French seller of 1 tonne of sugar receives:	
Price in pounds at green rate = £618.65	
Converted to francs at £1 = 11.000 francs	= FF 6,805
Seller at green rate should receive	6,196
	<hr/>
Excess receipts due to currency movement	609
	<hr/>

Correct by

Paying MCA on Depreciation in French Franc:	
6,196 FF @ 7.6%	= 471
Paying MCA on Appreciation in UK £:	
£618.65 @ 2.0358% = £12.5945 @ £1 = 11FF	= 138
	<hr/>
Total MCA Compensation	609
	<hr/>

Because frequent changes in MCAs would be difficult to administer, the system does not work exactly. If a currency depreciates, the first 1½% is ignored, and no MCA is introduced until it exceeds 1½%. If it appreciates, the first 1% is ignored, and an MCA is only introduced when appreciation exceeds 1%. We can now see how the exact MCA would be calculated in practice:

	<u>The Actual</u>				
<u>Recapitulation:</u>	<u>Green Rate to LECU</u>	<u>Actual Rate to LECU</u>	<u>% Appreciation (+) or Depreciation (-)</u>	<u>Franchise</u>	<u>% MCA</u>
French Franc	0.16140	0.15	- 7.6%	1.5%	- 6.1%
					<hr/>
Pound	1.61641	1.65	+ 2.0358%	1.0%	+ 1.0358%
					<hr/>

Compensation

Pay MCA on Depreciation in French Franc	
6.196 FF @ 6.1%	= 378
Pay MCA on Appreciation in UK £	
£618.65 @ 1.0358% = £6.408 @ £1 = 11FF	= 70
	<hr/>
Total MCA Compensation	448

Distortion

Received by French seller:	FF
1 tonne of sugar at UK green rate £618.65	
Converted to French francs @ £1 = 11FF	6,805
<u>Less</u> MCA paid, as above	448
	<hr/>
	6,357
Receipt due at French green rate	6,196
	<hr/>
	161
	<hr/>
Distortion	161
	<hr/>

During periods when sterling has been strong and other currencies such as the Danish kroner and Dutch guilder weak, this distortion has given producers in Denmark and Holland an unfair advantage in the UK.

There is a further imperfection in the system. The MCA for any week is calculated on the average actual exchange rates of 5 working days ended on Tuesday of the previous week. This can cause further distortion if the exchange rates move significantly between the period of calculation, and the week in which applied, as follows:

Assume

	<u>Green</u> <u>Rate</u> <u>to LECU</u>	<u>MCA</u> <u>Rate</u> <u>to LECU</u>	<u>Transaction</u> <u>Rate</u> <u>To LECU</u>	<u>Transaction</u> <u>Appreciation (+)</u> <u>Depreciation (-)</u>	<u>Fran-</u> <u>chise</u>	<u>%</u> <u>MCA</u>
F Franc	0.16140	0.15	0.145	- 11.3103	1.5%	-9.8103
Pound	1.61641	1.65	1.6675	+ 3.0639	1.0%	+2.0639
£ = FF	10.015	11.000	11.500			

MCA if Calculated at Transaction Exchange Rate:	FF
Pay MCA on Depreciation in French Franc	
6.196 FF @ 9.8103%	608
Pay MCA on Appreciation in UK £	
£618.65 @ £2.0639% = £12.7683 @ £1 = FF 11.5	147
	<hr/>
MCA Required	755
Actual MCA	448
	<hr/>
Distortion Caused by Changes After MCA Established	307
	<hr/>

Taking the overall benefit of MCA distortions to continental sellers in the UK, at 10 April 1983 the Dutch would have benefited by £11.1 per tonne and the French by £11.9 per tonne. These figures vary from week to week, and can become disincentives to sell to UK. However, in periods when sterling is relatively strong and other European currencies relatively weak, the balance of advantage lies with mainland exporters to UK.

The extent to which MCAs properly compensate for differences between actual exchange rates and green rates can be seen as follows:

<u>Currency</u>	<u>Green Value in ECU's</u>	<u>MCA %</u>	<u>Implied Actual Value in ECU's</u>	<u>Exchange Rate Value in ECU's</u>
Danish Kroner	0.121	+ 1.3	0.123	0.124
German Mark	0.388	+13.0	0.446	0.442
French Franc	0.161	- 8.1	0.149	0.147
Greek Drachma	0.014	- 6.1	0.013	0.013
Irish Punt	1.447	- 2.3	1.414	1.396
Italian Lire(100)	0.077	- 2.5	0.075	0.074
Dutch Guilder	0.363	+ 8.4	0.396	0.393
Belgian Franc	0.023	- 1.7	0.023	0.022
UK Pound	1.616	+ 3.1	1.668	1.690

#### Intervention Price

The intervention price is fixed in ECUs. It is the price of bulk sugar loaded into a tanker at the factory and excludes the costs of both packing and distribution. To recover these costs, actual EEC prices are higher than this. EEC beet sugar is produced during 3-4 months but sold and consumed throughout the year. This creates high storage and finance costs. To encourage retention of sufficient sugar to the end of the year, and to give equity between early and late sellers a storage charge is levied on all beet sugar production. It is rebated each month on the sugar in storage, so that producers who keep sugar until the end of the year receive more rebate than those selling early. The levy is recovered in the price, and the total of intervention price plus storage levy can be regarded as a market support price.

These are the elements of this price:

Basic Beet Price (Basis 16% sugar)	<u>3.93</u>	ECUs/100 Kgs
Equivalent as Sugar (1000:130)	30.24	
+ Beet transport allowance	3.01	
+ Beet reception allowance	0.53	
+ Processing margin allowance	19.40	
Less Molasses Credit	<u>(1.77)</u>	
= Intervention Price for White Sugar	51.41	
+ Storage Levy	<u>4.25</u>	
 = Market Support Price	 55.66	

The price to manufacturers may be up to 10 ECUs and to retailers 20 ECUs higher than the market support price, to cover delivery, packing and sales expenses. The actual amount depends on sugar grade, type of pack and delivery distance.

The beet price (30.24 ECUs) and processing margin allowance (19.40 ECUs) are very nearly on the ratio of 60:40. This is the basis of price division between farmers and factories. It has already been mentioned that the net sugar price depends on what proportion is 'A' quota paying a levy of 2%, 'B' quota with total levy of up to 39<sup>1</sup>/<sub>2</sub>%, and 'C' sugar which only attracts the world price. To give farmers security many beet factories negotiate an average beet price, regardless of whether beets are 'A', 'B', or 'C' quota. British Sugar have negotiated the mixed price system for the first time for the 1983/84 campaign.

Because the UK is considered a deficit market, a regional premium is added to the intervention price to encourage production up to quota level, as follows:

Intervention price in mainland EEC	51.41	ECUs/100 kgs
Add UK regional premium	1.21	
	<hr/>	
UK Intervention price	52.62	
	<hr/>	

The UK sugar price on a comparable basis is normally higher than the UK intervention price because of freight protection accorded by the cost to mainland producers of shipping sugar across the North Sea or Channel. The actual premium is generally higher than the sterling value (£7.50 per tonne) of the regional premium. No arrangements exist for intervening ACP sugar, so the regional premium does not help ACP producers or refiners. It could be valuable to

British Sugar, who could in theory sell sugar surpluses into intervention and receive the higher intervention price, but they prefer to dispose of surpluses by export with restitution.

The separate intervention price for beet raw sugar is as follows:

Intervention price for white sugar	51.41 ECUs/100 kgs	
<u>Less Beet refining margin allowance</u>	4.31	
Less Raw transport allowance <u>0.76</u>	<u>5.07</u>	
Beet raw intervention price	46.34	white value
	<hr/>	
Equivalent raw value (basis 96°)	42.63 =	ACP guaranteed price

The advantage of the EEC price regime to ACP sugar producers can be seen from this comparison between world and EEC prices:

<u>EEC Year</u>	<u>London Daily Price</u>	<u>Average ACP Realised Price</u>
1976/77	182.0 ECUs per tonne	296.1 ECUs per tonne
1977/78	144.6	312.0
1978/79	143.1	327.6
1979/80	305.0	339.6
1980/81	500.6	357.5
1981/82	280.2	391.8
1982/83	175.1	410.8

Prices have been calculated on the basis of CIF UK and ACP prices have been adjusted for market premiums and MCAs.

The margin for refining cane sugar can be calculated as follows:

Deductions from white sugar intervention price in calculating beet raw intervention price:

	Beet refining margin allowance	4.31 ECUs/100 kgs
	Raw transport allowance	0.76
<u>Add</u>	Storage levy recovered in price, but not paid on cane	4.25
		<hr/>
		9.32
		<hr/>

equals £57.66 per tonne at the green rate.

The margin for refining cane sugar at 9.32 ECUs per 100 kgs is low compared with the beet processing margin allowance of 19.40 ECUs per 100 kgs after making allowance for additional work in beet factories of extracting sugar from beets. During the period when Tate & Lyle had excess capacity the inadequacy of the margin made the company uncompetitive with British Sugar. Through savings from rationalisation and very tight cost control (sugar yields and energy consumption compare with anyone else in the world) the competitive position is improving. This will improve further as the refineries' capital programmes are implemented.

### Restitution

Surplus EEC sugar is exported to the world market, and on quota sugar the difference between the EEC internal and world prices is paid to the exporter as restitution. In calculating this the internal price is adjusted for the costs from bulk sugar ex factory silo to FOB port of shipment. These include bagging, delivery calculated from a northern French factory to port and costs of loading and stevedoring. The internal price is also adjusted for any MCA applicable to the currency in which the shipment is made. The world price is the Paris terminal market price for white sugar FOB port.

It is interesting to compare the price for exporting sugar from France under restitution at 6 April 1983 with what might have been obtained by selling into intervention:

### Restitution

World price FOB port	1,557	ff/tonne white
Restitution subsidy	2,500	value
	<hr/>	
	4,057	
<u>Less</u> Costs of exporting:		
Bulk ex factory to bagged		
FOB port	304	
MCA payment	<u>279</u>	583
	<hr/>	
Net value of export under restitution	3,474	
	<hr/>	

### Intervention

Return from intervention price	3,448
<u>Less</u> cost of selling to intervention	120
	(say) <hr/>
Net value of intervention	3,328
	<hr/>

This shows it is generally more profitable to sell with restitution than to intervention. However, this is not always so. In recent months the Commission has been awarding restitutions which brought total receipts from export considerably below the intervention price. This appears to have reflected a policy to reduce the quantity of sugar going onto the world market during the International Sugar Agreement negotiations. As producers wish to avoid selling to intervention for political reasons - it would prove the production was unnecessary! - shortfalls in restitution have offset the freight protection in the UK market, and encouraged some low price offers.

Regional intervention premiums do not apply if sugar is exported under restitution. If British Sugar export from UK the restitution only brings their receipts to the level of the mainland intervention price, not to the UK regional intervention price. This has put pressure on UK prices, when British Sugar has produced surpluses. With Berisfords' trading background, the position seems to have eased in the face of the exceptionally large 1982/83 beet surplus.

#### Price Movements

Increases in EEC sugar prices have generally been below, and in some cases substantially below general inflation levels experienced, as follows:-

	<u>Institutional Price</u> <u>Increase</u> %	<u>EEC Inflation</u> <u>Previous Calendar Year</u> %
1976/77	13.9	10.8
1977/78	4.6	10.7
1978/79	2.0	7.5
1979/80	1.5	10.0
1980/81	5.3	13.9
1981/82	8.5	12.3
1982/83	9.5	10.4

These represent a squeeze on both farmers' and beet factories' margins. In some countries margin squeeze has been partly offset by increasing production and green currency devaluations, but while world prices for 'C' sugar continue at a low level, it seems reasonable to think that some farmers may now be considering alternative crops to beet, and that the period of very high EEC beet sugar production may be coming to an end.

If price increases have been lower than EEC inflation, they have been very much lower than ACP inflation, which has been fuelled until recently by increasing oil prices.

Unfortunately, ACP sugar has to compete in the EEC with very efficiently produced beet sugar, which can survive even when price increases may not be as much as producers would wish. There is no way in which EEC markets can stand a higher price for ACP sugar. Many industrial users of refined ACP sugar consider its price too high already. The brutal truth is that if ACP sugar can't live at the guaranteed price it is unlikely to find any other means of survival.

### 3. COMPETITION

#### Sources of Competition

In the UK which has been shown as much the most important market for ACP sugar, competition comes mainly from UK beet sugar, other EEC beet sugar, starch sweeteners, artificial sweeteners, and other carbohydrate foods. The effect of competition may be to reduce the UK market for ACP sugar, or the price, or both. The only answers to competition lie in availability and quality of products made from ACP sugar, reliability of supply and effective control of costs.

#### UK Beet Sugar

After entering the EEC Britain decided to increase beet sugar production from its then level of about 850,000 tonnes. In 'Food from Our Own Resources' production was to be expanded to 1.3m. tonnes. The quota was then 1.04m. tonnes 'A' plus 27<sup>1</sup>/<sub>2</sub>% 'B', a total of 1.326m. tonnes. The document coincided with the authorisation of the first part of a £300m. capital expenditure programme for British Sugar, to prepare beet factories to process the expanded crop. In the event a series of indifferent harvests followed, and until 1979/80 the industry failed to produce up to the 'A' quota. When quotas were reviewed in 1981 the UK 'B' quota was reduced to 10% giving a total of 1.144m. tonnes. This has only been produced in the exceptionally good years of 1979/80 and 1982/83. British Sugar are asking for an increase in 1985 to 1.25m. tonnes, but it seems extremely unlikely that this will be granted.

Despite strenuous campaigns by British Sugar to persuade farmers to grow more beet, they have never succeeded in increasing the area beyond 210,000 ha., and this has involved moving onto more marginal land. Although Berisford, the new owners of British Sugar, have negotiated a better beet contract which gives farmers an average price for all their production, it seems unlikely the area will expand.

Given the sizeable variations in beet production it is vital for a regular and reliable supply of sugar to British

users that the cane sugar supply does not reduce any further. There will undoubtedly be some years when UK beet sugar production will be well below 1.0m. tonnes. If it fell to 900,000 tonnes (a high figure for the years before 1979/80), cane production of 1.1m. tonnes would bring total supply to 2.0m. tonnes, leaving a shortfall of 250,000 tonnes. If UK has poor crops it is probable mainland Europe will also have smaller crops, and this quantity may not be readily available after taking account of export commitments. Even if it were it would be very difficult to meet the deficit. Many British food manufacturers rely on regular, timed deliveries of liquid sugar, and few have facilities to import even dry bulk sugar in large quantities. Nothing costs the sugar user more than to have his factory stopped for lack of raw materials. A better solution to the variable beet crops problem is for the beet quota and cane refining to stay at their present levels, and for British Sugar and Tate & Lyle to arrange exports in surplus years.

UK beet's years of expansion have seen severe price competition, as British Sugar have sought to wrest a larger market share from cane. Because of their superior institutional margin, they have succeeded in buying the market share they needed, but at considerable cost to profitability. Relative to institutional prices, net realisable prices achieved on industrial sales in UK have reduced by something like £15 per tonne during the expansion period. Greater stability has now been reached and a price war is no longer necessary to re-adjust market share. Prices must not, however, be higher than those at which continental producers are willing to sell in UK. Equally, to maintain sales volume British Sugar and Tate & Lyle must sell to food manufacturers at prices which enable the latter to compete with imports (whether sugar confectionery, or other sugar-containing products), and also to stay competitive with their products in export markets.

There are a number of uses where only cane sugar is suitable. Brewers in UK use no beet sugar, because they fear it would alter the taste of the beer. Manufacturers who require brown sugars, used to produce some biscuits and sugar confectionery, can only obtain them from cane sources. When we closed Liverpool refinery, which used to make brown sugar known as Fourths, we had to provide this at Millwall to satisfy our customers. Liquid sugar can only be made expensively from beet by dissolving granulated sugar, whereas it can be made from cane without further crystallisation.

#### Other EEC Beet Sugar

Competition from other EEC beet sugar comes from Ireland into Ulster, and continental Europe.

Ulster

Before EEC entry most of Ulster's sugar came from cane refineries in Greenock and Merseyside. After entry Ulster became very vulnerable to exports from Ireland, as delivery costs from Irish Sugar Company factories were much lower than the sea journey from either Greenock or Liverpool. Since EEC entry the supply to Ulster from cane refineries has reduced substantially, and from Ireland increased considerably. At great expense British Sugar has entered the Ulster market. Ulster's sources of supply in 1982 were:

From Ireland	24,000 tonnes
Scotland - cane	10
England - beet	6
	—
Total Ulster	40
	—

The Irish Sugar Company's advantage is geographical and it seems very unlikely that either British Sugar or Tate & Lyle will be able to increase their sales there.

Imports from Continental Europe

Except when currency movements are distorted by MCAs (described above), or when export restitutions fail to achieve continental intervention prices, it is generally more profitable for continental producers to sell sugar for export than to sell in UK. They have to pay North Sea or Channel freight and this cost is generally higher than the premium at which sugar can be sold here. At 20 December 1982, with the combined effects of freight, MCAs and restitution, a Danish producer selling to UK would have lost £6.1 per tonne and a Dutch producer £17.7 per tonne compared with selling for export. Sugar is imported into UK from continental Europe because a number of industrial users want a third source of supply and Denmark and Holland - traditional suppliers of food to UK - want an ongoing share of our market. They have been willing to continue this supply even when their net receipts have been less than receipts from export with restitution.

Sales from continental Europe to UK during the 1981/82 quota year were:

Denmark	62,000 tonnes
Holland	41
Germany	3
France	16
	—
Total	122
	—

Denmark and Holland are likely to seek to maintain some share of the UK market but it should be possible by sensible price competition to reduce opportunistic sales from other sources, generally brought here by brokers and dealers.

#### Starch Sweeteners

Starch sweeteners (glucose or isoglucose) manufactured from maize provide the main competition with sugar in the EEC. Consumption of these for food is thought to be:

	<u>Glucose</u>	<u>Isoglucose</u>	<u>Total</u>
			000 tonnes solids
Belgium/Luxembourg	35	15	50
Denmark	30	10	40
France	125	20	145
Germany	275	45	320
Greece	20	10	30
Ireland	10	-	10
Italy	95	20	115
Netherlands	80	55	135
United Kingdom	360	35	395
	—	—	—
Totals	1,030	210	1,240
	—	—	—

Glucose' share of the sweetener market expanded in the early 1970s, mainly because it was priced favourably to sugar. This has since changed, and glucose has lost some ground. In UK, in all food processes where there are technical advantages in using glucose the switch from sugar is believed to have been made already. Otherwise the choice depends on price. Political pressure from the beet lobby is likely to be enough to ensure in future the Common Agricultural Policy will price sugar competitively with glucose.

Without restrictions isoglucose would almost certainly have taken a large share of the market, particularly in the soft drinks industry. The beet lobby's representations to the Commission succeeded in restricting isoglucose production by quota to its present level of 210,000 tonnes pa. As it is largely made from an imported commodity - maize - it is understandable that production has been limited to favour indigenous beet. To meet this problem, some starch sweetener manufacturers are building plants to make starch from soft wheat grown in the EEC. No doubt when quotas are reviewed in 1985 it will be argued, to the extent that isoglucose is manufactured from crops grown in the EEC, quotas should be increased. It is not thought these arguments would find much favour, and starch sweeteners are not seen as a serious threat to sugar, at least middle term.

### Artificial Sweeteners

Consumption of saccharin in the EEC has increased steadily with greater demands for low calorie foods and drinks to avoid obesity. The main growth areas have been tea and coffee and soft drinks. It has recently been developed as a table-top sweetener for sprinkling. Reliable information on saccharin consumption is very difficult to obtain, but in the UK about 150,000 tonnes sugar equivalent are thought to be sold to consumers and a similar amount used by processors, mainly soft drink manufacturers.

Saccharin's share of the market seems unlikely to increase, partly because there are doubts about its safety to health if consumed over long periods, partly because it is generally considered to have an unpleasant bitter taste, and partly because new artificial sweeteners are now coming onto the market.

The UK Food Additives and Contaminants Committee which advises the Government on food safety has recently recommended that two new artificial sweeteners, Aspartame and Acesulphame K, should be given category A clearance for sale, while saccharin should only continue to be sold with category B clearance. An attempt by the soft drinks industry to get cyclamate re-introduced was not accepted. The Committee's recommendations will be submitted to Parliament to be implemented in Autumn 1983.

Aspartame is considered to have a very good taste profile. It has two problems: it is more expensive than the equivalent sweetening power of sugar, and it is unstable in acid conditions. The price will probably restrict penetration in uses such as cheap squashes where saccharin has been a cheap ingredient. In quality diet soft drinks

price will probably not be a problem as manufacturers are looking hard for a sweetener with a better taste profile than saccharin. There, penetration will probably depend on overcoming the problem of instability in acid conditions. It is probable that Aspartame will take part of the beverage sweetener market from saccharin.

Acesulphame K is cheaper than Aspartame, although dearer than saccharin. There are doubts whether its taste profile is much better than saccharin, and it is unstable in heat conditions. Possibly it will be combined with other sweeteners to mask the bitter taste, and be sold for lower calorie and table-top, and for industrial, uses.

In general, Aspartame and Acesulphame K are seen as likely to take a substantial share of the saccharin market because they are considered safer for health, and Aspartame has a very much better taste profile. If the problem of instability in acid conditions is solved, Aspartame is likely to replace saccharin in quality soft drinks, and a pleasanter low calorie drink could take market share from part of the soft drinks market sweetened by sugar. At present this is not seen as a serious threat to the size of the UK market.

#### Other Carbohydrate Foods

A long term threat to sugar consumption comes from other carbohydrate foods whose increased consumption instead of sugar is now being advocated from certain medical quarters. It is argued that consumption of sugar is an important factor in causing dental caries, and that it adds calories to diet without providing essential nutrients, so that it can be dropped from diet with no adverse effect on nutrition. Doctors no longer claim sugar causes heart disease, nor that it is a cause of obesity. They simply argue that as obesity is associated with heart disease people should not consume too many calories, and other carbohydrate foods providing both calories and nutrients should be preferred to sugar.

It is very difficult to measure medical attacks' effects on sugar, but they seem to have had some influence on consumption of sugar in beverages, which in the past has reduced by about 2% p.a. Medical attacks are now being switched to processed foods containing sugar, and there must be some concern that these attacks will have an effect. However, there are some hopeful signs to counter medical propaganda thus enabling people to continue to enjoy the pleasure of sugar.

There has been a dramatic reduction in dental caries in UK. This is thought to be partly due in some areas to treatment of water with fluoride, and generally to the widespread use of toothpaste containing fluoride. A vaccine against dental caries is understood to have been produced, although the possible risk of side effects from a vaccine may be considered greater than the problems of a rapidly declining minor disease.

Regular physical exercise among younger members of UK society has greatly increased, improving the human body's metabolism and enabling more calories to be consumed. Although some members of the Government Health Education Council continue to be anti-sugar, the main thrust is towards healthy living, which should go far towards countering the preaching of the cranks.

### Conclusion

ACP sugar is being sold in UK and the EEC in highly competitive markets with strong competition from other sugars, starch sweeteners, artificial sweeteners and other carbohydrate foods. To be successful ACP sugar must be sold at competitive prices, be of good quality and be produced in grades and packs which customers want, be always readily available and be backed up by first-class service in technology, administration and distribution. These are our goals in Tate & Lyle, to ensure that ACP sugar continues to meet the market need for which the Lomé Protocol exists.

### Implications for ACP Producers

I have tried to give an idea of the markets available for ACP sugar, the factors which affect pricing, and the competitive forces at work. I should like to close by indicating what I see to be the implications for ACP sugar producers. When Lomé I was negotiated I was a sugar producer in Jamaica and witnessed that Government's decision to seek a lower quota under Lomé than under the Commonwealth Sugar Agreement. I have therefore seen both sides of the fence.

### ACP Sugar - Highest Price

Since the introduction of the Protocol, ACP sugar has given vastly better cumulative returns to producers than world price sugar. This is particularly true to-day, and seems likely to continue to be generally true into the future, even with a new International Sugar Agreement. For this reason the Protocol justifies constant vigilance to preserve it from the unrelenting attacks of competitive interests.

### ACP Guaranteed Price

Because ACP sugar is meeting a market demand within the EEC it must continue to be priced in line with changes in the EEC sugar regime. If it were to be increased by more than the institutional increases under the regime, it would cease to be competitive with beet, and the markets would disappear. When economies are strained it is tempting to look to increasing prices by means of subsidies, and a freight subsidy from ACP destinations has been suggested. First, this is very unlikely to be accepted, and second, it would be seen in the EEC as aid, and evidence that the Protocol was not viable. The harsh fact of commercial life is that producers must be able to live within the ACP price. Many can, and I know of one ACP sugar estate where if all production could be sold at 18 US cents per lb, they would make a profit of about US\$15m.

### Reliability

Throughout, I have stressed the importance of reliable supply to maintain access to the EEC market. I well understand the use of strikes in resolving industrial disputes, but I would ask my trade union friends from ACP countries to recognise that any prolonged strike making the reliability of their sugar supply doubtful could well cause the market to be lost, with serious consequences for their industries. Equally I would remind producers that if when world prices are higher than EEC prices - alas, not frequently in recent years - they divert Lomé sugar to the world market, their EEC market will almost certainly have disappeared, they will lose their quota, and will pay high long term cost for short term benefit.

### Direct Consumption Sugars

The attraction of selling sugar into EEC markets for direct consumption at premiums rather than selling it raw for refining is obvious. Two factors should however be borne in mind: First, in a non-expanding market any sugar sold for direct consumption is at the expense of refining. Although the direct consumption sugar market is limited, sales could increase sufficiently to force closure of another refinery. This would be at a sales volume much less than the capacity of the closed refinery as refineries must work near to capacity to be profitable. Increased direct consumption sales could thus cause loss of access to the EEC market much greater than the benefit from the increased sales. Second, if ACP suppliers seek to increase white sugar sales to EEC markets, they will be competing with continental producers who have large volumes of white sugar generally superior in quality to ACP whites available for immediate delivery. ACP producers could not possibly win this battle.

### Shortfalls

Quantities of sugar produced by ACP countries will change from time to time, and occasionally there will be shortfalls not covered by 'force majeure', leading to quota reduction for those countries responsible for the shortfall. The Commission have a discretionary right to re-allocate shortfalls to other ACP states, and it is vital ACP countries ensure this is done. Otherwise the total quantity of 1.305m. tonnes under the Protocol will be slowly reduced, until the substance of the Protocol substantially disappears.

### Vigilance

I believe the Protocol and commercial agreements between ACP suppliers and refiners made to implement it will continue for many years. I cannot agree there is an imminent threat to the jobs of our Thames employees. I do however agree the price of keeping the Protocol is constant vigilance by all interests concerned. Competing EEC interests - beet, starch sweetener, and artificial sweetener producers and manufacturers of other carbohydrate foods - will work constantly to attack the Protocol directly, or EEC markets which give it its raison d'être. I believe these attacks can be repulsed and the Protocol will continue but it will require close partnership at industry, trade union and Government levels between ACP supporters in Europe and ACP countries themselves. There is still much goodwill for the developing countries in Europe, and Euro MPs have shown considerable willingness to espouse the ACP cause. I know some of my ACP friends have had doubts about the British Government's support, but I believe strongly it fully supports Lomé and the Protocol, and would defend them against attack.

The Commonwealth Sugar Agreement was based on partnership between Britain and the Commonwealth sugar producing countries. Since those countries became independent that partnership has become more equal and thereby stronger. I believe to-day's sugar partnership is based on the strength of competent sellers and buyers contracting in a spirit of give and take to serve their interests best, and that this partnership will prosper and endure.

SUMMING UP OF THE SEMINAR

Dr. J.V. Cable,  
Deputy Director, Overseas Development Institute  
and shortly Director in the Economic Affairs Division of the  
Commonwealth Secretariat

Introduction

I am not here in any sense as an expert. I am here very much as an interested but sympathetic layman and I hope my concluding remarks will reflect this.

Although I am an outsider to the industry, there are a couple of points in my own personal background which possibly lend me greater sympathy than might otherwise be the case. As a child I was made aware of the importance of the sugar industry in Britain. I was born in one of those towns in England which earned its livelihood from the manufacture of confectionery products. My parents and their parents before them worked in chocolate factories. We lived within a few hundred yards - indeed within smelling distance - of a beet refinery. Some of my earliest childhood memories are contributing to the reduction of the British sugar beet crop by removing beets from the back of lorries and converting them into Hallowe'en lanterns, a popular practice in those days.

The other element in my personal background which I think is of some relevance is that I have been involved as an official and as an outside observer in international trade negotiations. Not in sugar, but in other commodities; most frequently in the field of textiles. Cotton or wool based products and sugar based products are two groups of commodities with much in common. They are inextricably bound up with the history of this country and of the Commonwealth. They have become increasingly eroded over a period of time by synthetic products. They have moved from a pattern of what one might call 'free trade' (though that is a simplification) to trade management and as a consequence have become intensely political.

I was tempted to extrapolate from my textile experience my own personal prejudice which is a growing resistance to the phenomenon of protectionism as opposed to free trade, the dominant issue in the textile industry. I was attracted by a passage in the booklet produced by the workers at Silvertown Refinery which refers to the European sugar policy as being 'a blatant form of regional protectionism and a violation of the principles of free trade'. It has become increasingly obvious to me during the week that this is not a fair

representation of the position of most of you here today. Your essential interest is in a form of trade management; in a special relationship which is not a free trade solution to the sugar problem. And this is the brief which I have to speak to.

I want to group my thoughts around three headings. First I shall try and extract what I think is a broad consensus from the discussions. Then I will touch on some of the specific anxieties which many of you brought here - some of which have been partly resolved. Then, thirdly, I will look to the future in terms of negotiations with the Community and more general action for the sugar producers.

### A Consensus amongst Interested Parties

Under the first heading, in terms of consensus, I have been pleasantly surprised. In contrast to many other trade negotiations which I have observed, there is, in sugar, a large measure of agreement on the fundamentals. On the specific issue of the ACP Sugar Protocol, there has been a substantial measure of agreement that the Protocol in its present form is absolutely necessary. There is, and should be, a guarantee of indefinite duration for the 1.3m tonnes of sugar produced in the ACP countries for the EEC market at guaranteed prices.

I have listed throughout the week the people who have come to the rostrum supporting that fundamental position from different standpoints. It began first with the ACP countries themselves, articulately represented by the Prime Minister of Fiji. It was eloquently reinforced by the statistics, that seven of the countries represented here are very largely dependent for their economic livelihood not only on sugar, but on the EEC market. Two others, Jamaica and Trinidad, are entirely dependent on this market. Thus firstly, and obviously, there is the interest of the ACP countries themselves.

Secondly, we have the interests of the workers at the two remaining refineries. In general, British Trade Unions get a bad press. However, this particular group of workers (admittedly small because they have been decimated by the trends of the industry) has launched an extremely effective and articulately presented case on behalf, not only of themselves, but of their industry. Their point is that the political commitment to market access is meaningless without physical access, currently - just - maintained through the Silvertown refinery and the smaller, Scottish, plant. Further contraction would threaten both their jobs and ACP sugar exports to the UK.

Third, there is the interest of their employer, Tate & Lyle. The Tate & Lyle commitment has been re-emphasised. It was also made clear in questioning that Tate & Lyle is a profit-making company, and that, to some extent, limits their position. But they have committed themselves through investments and public undertakings to handling the ACP sugar and they are clearly a major ally in the ACP cause.

Fourth, surprisingly perhaps, but none the less quite unequivocally, we had a strong statement of support from the consumer interest represented by spokesman from the processing industry (confectionery) arguing that there was a strong consumer interest in the ACP sugar arrangements as an alternative source of supply to the EEC beet sugar.

Fifth, and more surprisingly still, I took careful note of the remarks made by Mr. Williamson who was responsible for sugar within the European Commission. He acknowledged very frankly the excesses of the European Agricultural Policy in general; the responsibility of the European Community in producing world surpluses; the necessity of restraint; and the obligations of the European Community in respect of sugar. We often tend to forget that in Brussels there are people at an official level within Berlaymont who are enlightened and reformist in their approach to agriculture, and are very conscious of the commitments which the European Community has made. I think that this was a valuable statement to have on the record. A point which was underlined this morning by Mr. Colin Campbell was that not only the EEC as such but Britain specifically has a clear set of obligations and interests in the ACP Sugar Protocol. The commitment is not simply the personal property of the Ministers who undertook them in the negotiations under the Heath Government. There has been a continuing commitment by British Ministers and officials of succeeding governments which is clearly on the record.

Sixth, and probably most important of all, I noted the comments of the spokesman from British Sugar, Mr. Don Brisbane, who made what seemed to me a very constructive and supportive statement in respect of sugar. I quote what he said: "We in the beet sugar industry wish this arrangement to continue. We wish to maintain the balance, we do not intend to expand." This was a statement for the record and much to be welcomed.

Last, but not least, there are the Voluntary Organisations. The World Development Movement in the first session reminded us that whereas this is essentially a hard business question there is also a moral obligation which helps to reinforce the practical commitments. If the British

Government or the Community start to slide from that commitment there are people of goodwill who are ready to support the cane growers. Thus, through these different sources, people of different interests and different perspectives have indicated their basic support for the ACP Sugar Protocol and the principles lying behind it. There is a powerful consensus on the central issue.

### Problems Facing Cane Sugar

That leads me onto the second issue. If there is so much consensus why would we have the seminar at all, and what is there to worry about? What is the problem?

I shall try to summarise what were the main anxieties that kept creeping through from the delegates, particularly those from the ACP countries. I think that what they are worried about in essence is not a frontal assault on the principle of the ACP Sugar Protocol. It was rather what we might call the principle of the salami chop - the process by which slices of salami are taken off one at a time - with sugar interests slowly, steadily and almost invisibly eroded. The perceived threats were several:

#### (1) European Beet

A major problem, clearly, is the expansion of sugar beet within the EEC - from about 90% self sufficiency at the time of British entry to 135% self-sufficiency now. This is a problem for the ACP countries in several specific respects. First of all it has helped to create a political feeling in the EEC that sugar imports from the ACP should be traded off against the surplus. The Sablé report was referred to in this respect. Second, there are the effects of the EEC sugar surplus on the world market. Although this is clearly a separate issue from the ACP Sugar Protocol it is linked in several respects. It is linked because some ACP countries export substantially to the world market and also because the EEC is able to influence the world price as well as the internal price within the community. Third, it is important specifically in the context of the United Kingdom. I noted in several contributions concern about the growth of sugar beet acreage since British entry into the Community - to a substantial degree originating in the 1974 White Paper. Particular anxiety was expressed in relation to the increased output of the last few years. I think this was partially set to rest by assurances that were given that this was not a permanent commitment, and that the industry [in the UK] was not ambitious to expand its output. Nonetheless, doubt must remain that there will be constant pressure to expand beet acreage. There will be constant pressure to expand because

it is a profitable crop and because farmers - being rational people - are concerned to maximise their profit and expand the acreage and output of what they find to be profitable.

This led to the question about why it is that the European beet is expanding at the expense of cane. I would summarise the answer as follows: there are two related explanations; one technical, one economic. The technical explanation - and you had this very graphically illustrated through pictures by Mr. Brisbane yesterday - is that the beet industry is making substantial strides in terms of technical progress. It is a very capital intensive industry, both on the farm and in the processing establishments. There is potential technical progress which is not yet tapped, and there is a potential for 5-10% increases in yields from new types of seed. We are at a stage where the cost of production of beet in some parts of Europe is lower than that of the less efficient parts of the ACP such as has been the progress in technical processes within beet production.

This leads on to an economic point that beet within the European Community is a protected commodity. I think here there was a lot of misunderstanding about what we actually mean by 'protection'. Much of the discussion centred on the issue of subsidy and it was finally resolved at the last session that we are not actually talking in sugar beet terms about subsidy in the conventional sense. What we are talking about is the protected price, a guaranteed price, a price higher than would be paid in a free market situation. Thus there is protection but very little subsidisation.

A key statistic which emerged in the course of the discussion was that the A quota which is the amount that commands the full protected price within the Community, is about as large as the total amount of consumption within the Community. The total amount which is subject to guaranteed prices (the A & B Quotas) amount together to almost 12 million tonnes. To anyone in Europe concerned with a rational system of agriculture that is clearly absurd and these acreages must be reduced. This is not simply a preoccupation of the ACP; it is a preoccupation of anyone wanting to restore a more rational system of agriculture. I think it was fully acknowledged by the Commission spokesman who admitted the necessity for this reduction, and it is tentatively implied in the structure of the quotas which the Community has adopted, and are now being implemented.

## (2) Competition from Substitutes

The other main threat came from the shift of demand. Several specific points came out. First of all there is the

influence of the maize based and other substitutes for sugar stemming partly from the influence of dieticians and dentists. We were urged at various points to take more exercise. I must confess that this was a point at which I groaned inwardly. I recall to mind Oscar Wilde's aphorism that most people would rather be dead than think - and felt that it probably applied with even greater force to keeping fit. There are stronger arguments in defence of sugar than an appeal to everybody to take up jogging. Nonetheless a more serious point was made in some detail that researchers had begun to undermine at least the dental case and, to some extent, the dieticians' case. Second, there was the influence of price. There was a recognition that past excesses in sugar prices had been one of the factors that had triggered the substitution of sugar by other products and not merely the pressure of taste and propoganda. From this flowed a recognition of the need for price stabilisation. A third influence was some distortion of national markets - particularly in the United States in terms of pricing of grain, and Japan for other reasons.

Consequently, sugar is not in fact being treated on an equal basis with manufactures of substitutes. In the EEC, on the other hand, there are restraints on the development of sugar substitutes. So there are various reasons why the market for sugar is being eroded. We had a particularly graphic illustration of this during the week by the decision of Pepsi Cola in the United States to switch from sugar to artificial sweeteners.

These questions represent a global issue, however, and we are here primarily concerned with the United Kingdom. There was some discussion about the size of the UK market and how this had declined from 2.7 million to 2.2 million tonnes over the course of the existing Protocol. The market was under threat in Britain, not simply because of substitutes but also because of import competition in the confectionery side of the industry and direct import competition from beet from the continent.

### (3) Refinery Viability

All these factors raised doubts about the size of the UK market, and led onto the third source of anxiety: that if all these factors came together - the increased pressure for beet production and the reduction in the size of the UK market - it would reduce the profits of Tate & Lyle and increase doubts about the viability of the refineries.

We had several sessions at which was explained to us the process by which UK refining capacity had been reduced from two million tonnes to its present capacity - barely adequate

to handle Lomé tonnage. Doubts were raised at various points about how secure the position really was particularly from the smaller Scottish plant. But we have been given - at least in the last session - a strong commitment within the parameters of profitability of the Tate & Lyle company.

#### (4) Supply Problems

The fourth problem was that of supply and the ability of the ACP countries themselves to produce agreed quantities of the commodity. One of the things which emerged from the seminar was a better understanding of the relationship between the difficulties which these countries themselves have in supplying and the market conditions in which they have to operate. Many developing country commodity exporters are now finding themselves in a very severe squeeze aggravated by world recession. For every ton of sugar they export - or for that matter every ton of bananas - they can buy less and less oil, less and less fertilisers, less and less tractors. The damage to the cane sugar industry is cumulative. As Mr. Thomson explained on the first day, they get into a downward spiral. With problems of indebtedness at the mills there is inadequate investment. There are problems at the farm level, as farms become indebted and unable to expand and modernise. Thus the sugar cane exporters get into a vicious circle; because of reduced export earnings they cannot meet subsequent production obligations. This is a problem that cannot be reversed without a much stronger economic environment and market for these countries to sell into.

The above, I should stress, is a very condensed version of what you said and some of you may be writhing with embarrassment at having your thoughts so grossly over-simplified.

#### The Future: Where we go from Here

I now want to look forward, to pick out from what has been said some of the more positive ideas in terms of where we go from here.

#### Negotiations

The first set of comments relates to negotiations with the Community: what are the ACP countries going to do next, and what are they aiming for?

It emerged in the first day of discussion that there was a somewhat different approach to this question; from those who were satisfied and regarded the present Protocol as a

maximum that could realistically be obtained, and those who regarded it as a minimum. There is inevitably a difference between people who are detached from the problem and people who are negotiators. Negotiators cannot go into a negotiation saying they are satisfied with the status quo, because they will inevitably then be asked to compromise - and you will always be asked to compromise by being beaten down. So I did not think this was a difference of judgement. It was a difference of standpoint. What came out particularly strongly from the active negotiators such as Ambassador Jackman was that the ACPs must approach the Community in an offensive, but not unrealistic, posture. We had from several of the contributions a list of the kind of points which the ACP negotiators must be looking for, and I shall just briefly itemise these.

The first was in respect of pricing. The point repeatedly came to the fore that there was dissatisfaction in respect of the freight factor and the difference between FOB and CIF. It was explained that in practical terms this would be very difficult to handle because if the ACPs were offered a higher price this would either make them uncompetitive in the British market or undermine the refining margin of Tate & Lyle. I suppose, technically, this could be handled through a freight subsidy. Whether the Community would contemplate one I do not know - but doubt. Nonetheless this is a negotiating demand which will be pressed strongly by the ACP.

A second negotiating issue related to the distribution of quotas, the flexibility of the quota system and the anxiety expressed by Mr. McDonald and others that quotas were being re-allocated (or newly allocated as in the case of Zimbabwe) in ways that undermined the total ceiling allowed. A third point was the need for a request to the Community not simply for market access but for assistance in ways that strengthened the industry. Particular ways identified were, for example, by using the facilities of the EIB. The conclusion that I would extract from the discussion is that the ACPs will want to approach the EEC, essentially arguing on two levels: on one, attacking and making demands; on the other seeking out areas of common ground.

It did emerge in the discussion that there were substantial areas of common ground between the cane growers and the beet lobby within Europe: on the issue of artificial sweeteners; on guaranteed prices; and in stabilising the world market. On the last point, the case was made very forcibly by Sir Guy Sauzier that in order to have stability in the world sugar economy it is necessary to have a sugar agreement under an ISA framework. If a sugar agreement is to be realised it must incorporate the EEC. Moreover he saw the

EEC's specific suggestions about the ISA as being sensible and probably helpful on balance to the smaller countries within the ACP. Consequently there are important elements of common ground between the ACP and the EEC in addition to any points of difference they may have.

The interests of the ACP countries are not simply in negotiations with the European Community. There are wider points of future action. I will just briefly summarise these under the following headings: market development, domestic supply and political action.

### Market Development

I identified in the discussions four separate ways in which the ACP countries could strengthen their position in the market place regardless of anything that takes place in negotiation with the EEC. First of all there was the need to counter the less reputable arguments of the health lobby. Second there was need for a case to be documented against the artificial support that is given to substitutes in some countries. Third there were possibilities in respect of new markets. The paradox was quoted of Mauritius exporting to Europe when the Nigerians were buying from Europe. There were acknowledged to be problems of a practical kind in reorientating commercial flows but there were clearly opportunities within intra-developing country trade that could be realised in the 1980s. Finally there was scope for the development of new products through the research of the big cane companies backed by governments where appropriate.

Now, how can these things be done? Can I just take the liberty of injecting a thought of my own again as a non-sugar man? In the textile world there is a body called the International Wool Organisation. It has done a good deal to turn back the tide of man-made fibre competition with woollens. It gets a lot of money from the Australians in particular and puts a lot of money into research, propaganda and promotion. I have not sensed that in the sugar world there is anything quite comparable. There is the British Sugar Bureau which is supported by Tate & Lyle and British Sugar, and which is clearly doing useful work. Perhaps a point which you should consider is whether something on a more ambitious, international, scale is required to protect the interests of sugar as a commodity.

### Supply

Mr. Thomson's contribution highlighted areas in which there are supply inadequacies: labour shortage; defective irrigation and infrastructure; antiquated mills. The contributors felt that they were caught up in a vicious

circle; that the exporters could not do anything about these problems because they were not getting adequate revenue from their exports. Because they could not get adequate revenue from exports, they were not investing enough in their industries. One way out of this dilemma is not to look at it - as I think it was presented initially - as simply a trade or aid question, but to put it to the European Community, the World Bank, the Commonwealth Development Corporation, and to the British Government, that the sugar industry is a case for trade and aid. You need access, but you also need assistance with restructuring and investment in your sugar industry - and it is necessary to approach the two things simultaneously.

### Unity

Many people emphasised the importance of unity: between the ACP countries; unity between employers and workers in the industry; seeking out common ground with the EEC and the beet lobby where possible. Unity is clearly important. You are also very ably represented in Brussels by His Excellency M. Chasle and his colleagues and in London by His Excellency Mr. Symmonds and his colleagues. I leave you with the thought that there is perhaps in addition to this a case for a somewhat more vocal, abrasive, propaganda statement of the ACP sugar position. How you do this I am not certain. But I will make just one positive contribution. I hope that as a result of this conference it will be possible to produce a statement through the Commonwealth Secretariat in time for the Commonwealth Heads of Government meeting [in November] which will place on the record what we have said at this conference and which will help generate publicity for the arguments. It will also be necessary to create a forum which will enable you constantly to argue your case politically within Europe.

## EDITORIAL NOTE

A widely varied and stimulating discussion took place during the 4 days of the seminar. This is too long to publish in this report. The following were among major points made:-

- (1) The results of cane sugar research should be more widely disseminated among ACP countries and industries.
- (2) Further study should be made of the optimum size of cane farms and estates.
- (3) The importance of cane sugar production as an agro-economic industry, for the development of a large range of skills, should not be forgotten.
- (4) The problem of getting young people onto the land to take part in the sugar industry, including the provision of substantial amenities, requires intensive work and study. One of the difficulties stems from the seasonal nature of much of the work.
- (5) Government levies impose considerable disadvantages on the cane industry in contrast with the beet industry.
- (6) ACP sugar industries need to give further careful study to the reduction of production costs.
- (7) ACP countries are at a serious disadvantage in the terms on which they have to import expensive fertilisers and machinery from the developed countries.
- (8) The Lomé Convention should be further studied to see if additional assistance for the ACP sugar industries could be obtained from it, outside the Sugar Protocol.
- (9) The importance of physical access to the British and EEC markets in addition to access guaranteed under the Protocol needs to be stressed.
- (10) It has to be remembered that beet producers live closer to their governments in the EEC than do ACP cane producers.
- (11) The role and influence of EEC institutions such as the European Parliament, the Economic and Social Committee, and other Community Committees, are of considerable importance to ACP sugar.

- (12) In addition to the EEC, the importance of the USA, Canada and Japan in the negotiation and operation of a new ISA should not be forgotten.
- (13) In British beet production, further expansion of acreages could lead to difficulties such as higher transport costs, but there is still considerable room for improvement in yields on existing acreages.
- (14) The sugar trade, and ACP sugar in particular, needs to be made more comprehensible to 'the man in the street'.
- (15) In encouraging trade union interest in, and activity on behalf of, ACP sugar attention should be paid to the Commonwealth Trade Union Council and the International Federation of Plantation and Allied Workers.
- (16) Diversification in the ACP cane sugar countries is far more difficult to achieve than in European countries.
- (17) 'A sugar desk' might be established at ACP Embassies and High Commissions.
- (18) There are links of self-interest between North and South, particularly in relation to employment in both developed and developing countries. These need to be stressed and exploited.

THE IMPORTANCE OF SUGAR IN THE ECONOMIES OF ACP COUNTRIES

(Source I.S.O.)

(Nearest '000 metric tonne, raw value)

BARBADOS (1981 figures)

Production	97,000
Consumption	16,000
Exports	64,000

Dependence on EEC market 70% approx

Cane sugar is the most important commodity grown in Barbados and the second largest foreign exchange earner and contributor to Gross Domestic Product (GDP) after tourism.

BELIZE (1981 figures)

Production	104,000
Consumption	8,000
Exports	95,000

Dependence on EEC market 46% approx

Cane sugar accounts for about 50% of the total cultivated area of the country. The sugar industry employs approximately 25% of the working population and accounts for 50-60% of GDP.

FIJI (1982 figures)

Production	495,000
Consumption	40,000
Exports	415,000

Dependence on EEC market 40.75%

The sugar industry of Fiji contributes about one-sixth to the Gross Domestic Product of the islands and accounts for more than one-quarter of total employment. Nine-tenths of the sugar produced is exported and the commodity accounts for more than two-thirds by value of all exports.

GUYANA (1981 figures)

Production	320,000
Consumption	37,000
Exports	282,000

Dependence on EEC market 91% approx

Cane sugar accounts for 30% of GDP and employs about 30,000 people or 14% of the total labour force.

JAMAICA (1981 figures)

Production	204,000
Consumption	100,000
Exports	125,000
Imports	29,000

Dependence on EEC market 100%

Cane sugar is the third most important export, after bauxite and alumina. It accounts for some 6% of total export value.

MAURITIUS (1982 figures)

Production	728,000
Consumption	37,500
Exports	632,500

Dependence on EEC market 90.5% approx

The cane sugar industry occupies over 90% of the island's cultivated area, employs about one-third of the working population and generally accounts for over 80% of the total value of Mauritian export earnings.

ST. KITTS (1982 figures)

Production	37,000
Consumption	2,100
Exports	34,000

Dependence on EEC market 64.6%

SWAZILAND (1982 figures)

Production	402,500
Consumption	21,500
Exports	344,000

Dependence on EEC market            37.4%

16% of the population are wholly or partly dependent on the sugar industry which provides about 50% of total export earnings with 95% of sugar production being exported.

TRINIDAD (1981 figures)  
AND TOBAGO

Production	93,000
Consumption	39,000
Exports	67,000
Imports	20,000

Dependence on EEC market            100%

Cane sugar is the second largest industry, after oil. It occupies about one-third of the cultivated land and employs some 15,000 people.

ZIMBABWE (1982 figures)

Production	391,000
Consumption	174,000
Exports	228,500

Dependence on EEC market            9%

Zimbabwe was only granted a sugar quota in 1982, hence the very low dependence on the EEC market.

SEMINAR ORGANISING COMMITTEE

Chairman - The Rt. Hon. Lord Campbell of Eskan,  
Chairman, Commonwealth Sugar Exporters' Association

H.E. Mr. A.W. Symmonds, GCM	High Commissioner for Barbados
H.E. Ratu J.B. Tonganivalu, CBE	High Commissioner for Fiji
Miss L. Applethwaite	Counsellor, Barbados High Commission
Mr. Sung Kangwai	Counsellor, Fiji High Commission
Mr. L.D.A. Baron, CBE, DFC	
Mr. J.W. Edmonds	National Industrial Officer, General, Municipal, Boilermakers and Allied Trades Union
Mr. J.T Hardy	Convener, Joint Craft Unions, Tate & Lyle Refineries
Mr. J.A.J. Murray, CBE	Hon. Adviser to the Government of Barbados in the U.K.
Miss M.K. Potter	Tate & Lyle PLC
Mr. I. Smith	Senior Lecturer in Economics University of Newcastle-upon-Tyne
Mr. J. Wheatley	Convener, General, Municipal Boilermakers and Allied Trades Union, Tate & Lyle Refineries

SEMINAR PARTICIPANTS

## JOINT CHAIRMEN

H.E. Mr. A.W. Symmonds, GCM	High Commissioner for Barbados
Mr. J.W. Edmonds	National Industrial Officer, General, Municipal, Boilermakers and Allied Trades Union

## OPENING SPEAKER

The Rt. Hon. Ratu Sir Kamisese Mara, GCMG, KBE, Prime Minister of Fiji.

## SPEAKERS

Dr. J.C. Abram	Technical Director, Tate & Lyle Refineries
Mr. B.O. Boullé	Member of the Executive Committee, International Sugar Council and General Overseas Representative, Mauritius Chamber of Agriculture
Mr. D.R. Brisbane, NDA	Head of Agricultural Services, British Sugar PLC
Mr. E.W. Carrington	Deputy Secretary-General, ACP Secretariat, Brussels
Dr. J.V. Cable	Deputy Director, Overseas Development Institute and shortly Director in the Economic Affairs Division, Commonwealth Secretariat
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Mr. H.B. Davis, CCH	Chairman, Sugar Association of the Caribbean and Chairman, Guyana Sugar Corporation
Mr. J. Fryer	Former Research and Information Officer, World Development Movement
Mr. J.T. Hardy	Convener, Joint Craft Unions, Tate & Lyle Refineries

H.E. Mr. A.W. Symmonds, GCM	High Commissioner for Barbados
Mr. F. Thomlinson	Director, Tate & Lyle PLC
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Miss A. Coles

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Miss M. Vatu

PROGRAMME

The Challenge to Cane Sugar in the 1980's

TUESDAY 26th APRIL

10.00 Welcome and Formal Opening of the Seminar

The Rt. Hon. Ratu Sir Kamisese Mara, GCMG, KBE,  
Prime Minister of Fiji.

10.30 Introduction by the Joint Chairmen

H.E. Mr. A.W. Symmonds, GCM, High Commissioner for  
Barbados  
Mr. J.W. Edmonds, National Industrial Officer,  
General, Municipal, Boilermakers and Allied Trades  
Union

Administrative Arrangements

Mr. L.D.A. Baron, CBE, DFC

11.30 Cane Sugar in the ACP Countries - Economic Problems

Mr. J.S. Thomson, CMG, OBE, Independent Chairman,  
Fiji Sugar Industry

- Discussion

Chairman: H.E. Ratu J.B. Toganivalu, CBE, High  
Commissioner for Fiji

12.30 Lunch

14.00 Cane Sugar in the ACP Countries - Social Problems

Mr. H.B. Davis, CCH, Chairman, Sugar Association of  
the Caribbean and Chairman, Guyana Sugar Corporation

- Discussion

Chairman: Mr. D. Johnson, General Manager, Swaziland  
Sugar Association

15.00 Extended Discussion on Matters Arising from Previous  
Sessions

Chairman: Mr. I. Smith, Senior Lecturer in  
Economics, University of Newcastle-upon-Tyne

16.30 Cane Sugar and the British Voluntary Organisations

Mr. J. Fryer, Research and Information Officer,  
World Development Movement

- Discussion

Chairman: H.E. Mr. H.S. Walker, CD, High  
Commissioner for Jamaica

18.30 Reception given by H.E. Mr. Shridath Ramphal, AC,  
Kt., CMG, QC, Commonwealth Secretary-General, at  
Marlborough House

WEDNESDAY, 27th APRIL

10.00 ACP Sugar and the World Market

Mr. B.O. Boullé, Member of the Executive Committee,  
International Sugar Organisation and General  
Overseas Representative, Mauritius Chamber of  
Agriculture

- Discussion

Chairman: Sir E. Jones Parry, CMG, Former Executive  
Director, International Sugar Organisation

11.30 Sugar Protocol of the Lomé Convention

Mr. E.W. Carrington, Deputy Secretary-General, ACP  
Secretariat, Brussels

- Discussion

Chairman: Mr. N. Girwar, CMT, External Relations  
Officer, Caribbean Cane Farmers' Association

12.30 Lunch

14.00 The European Commission and ACP Sugar

Mr. D.F. Williamson, Former Deputy Director-General,  
DG VI (Agriculture) European Commission

- Discussion

Chairman: Mr. I Smith, Senior Lecturer In Economics,  
Univeristy of Newcastle-upon-Tyne

15.30 The ACP Sugar Group in Brussels

H.E. Monsieur R. Chasle, Mauritius Ambassador to Belgium and to the European Community

- Discussion

Chairman: The Rt. Hon. Earl Jellicoe, DSO. MC, Chairman, British Overseas Trade Board

16.30 Extended Discussion on Matters Arising from Previous Sessions

19.00 Reception given by the High Commissioners of ACP Sugar Exporting Countries in London, at the Commonwealth Institute

THURSDAY, 28th APRIL

09.30 The British Beet Sugar Industry

Mr. D.R. Brisbourne, NDA, Head of Agricultural Services, British Sugar PLC

- Discussion

Chairman: Mr. G. Moody-Stuart, Managing Director, Sugar Division, Booker Agriculture International Ltd.

11.00 ACP Sugar Refining

Dr. J.C. Abram, Technical Director, Tate & Lyle Refineries

- Discussion

Chairman: Mr. F. Walcott, OBE, General Secretary, Barbados Workers' Union

12.00 Lunch

13.00 Visit to Tate & Lyle Thames Refinery at Silvertown

19.30 Reception given by Tate & Lyle PLC, at No. 52 Cadogan Square

FRIDAY 29th APRIL

09.30 ACP Sugar - The London End

H.E. Mr. A.W. Symmonds, GCM, High Commissioner for Barbados

- Discussion

Chairman: Mr. R. Haslam, Chairman, Tate & Lyle PLC

11.00 Cane Sugar and the Trade Unions in Britain

Mr. J.T. Hardy, Convener, Joint Craft Unions, Tate & Lyle Refineries

- Discussion

Chairman: Senator C. Stone, Island Supervisor, Bustamente Trade Union, Jamaica

12.30 Lunch

14.00 Competition and Marketing

Mr. F. Thomlinson, Director, Tate & Lyle PLC

- Discussion

Chairman: Sir Guy Sauzier, CBE, Former Overseas Representative, Mauritius Chamber of Agriculture

16.30 Summing Up

Dr. J.V. Cable, Deputy Director, Overseas Development Institute and shortly Director in the Economic Affairs Division of the Commonwealth Secretariat.

- Close of Seminar -

PRESS COMMUNIQUE

Proposed by trade unionists working in the British cane sugar industry, the four day Seminar on "The Challenge to Cane Sugar in the 1980's", which was opened by the Prime Minister of Fiji at the Commonwealth Institute on 26th April, brought together representatives from Britain and from the four corners of the cane sugar industry - governments, industrial management, trade unions, and cane farmers - from 10 African, Caribbean and Pacific (ACP) countries which supply cane sugar to the EEC - the bulk of which comes to the United Kingdom. The participating countries were Barbados, Belize, Fiji, Guyana, Jamaica, Mauritius, St. Kitts, Swaziland, Trinidad and Tobago and Zimbabwe.

This Seminar has been a unique occasion in that for the first time it allowed for discussion on a wide range of problems affecting the whole industry.

Major consideration was given to the formidable economic, social and technical problems affecting each of the ACP cane sugar producing countries where sugar plays a vital part in employment and foreign exchange earnings. Another major consideration was the important number of jobs it provides in British sugar refineries in London and at Greenock.

The Seminar examined important issues affecting the relationship of this group of countries with the European Community in implementing the various articles of the Sugar Protocol of the Lomé Convention.

The Seminar discussed the world sugar scene on the eve of the International Sugar Conference which opens in Geneva on Monday 2nd May.

The Seminar received separate briefings on the role of the British voluntary organisations on behalf of the developing countries, the British beet sugar industry, cane sugar refining in Britain, and the role of the ACP representatives in Brussels. It ended with discussion of the work of the Group of ACP sugar High Commissioners in London, the role of the trade unions in cane sugar in Britain, and of competition and marketing of cane sugar.

The Seminar was also fortunate to hear the comments of representatives of some of the major industrial users of cane sugar in Britain which are anxious to maintain traditional ACP sugar sales to the United Kingdom as one of their principal sources of supply.

Designed as an opportunity for a full and frank exchange of views on these topics, the Seminar particularly stressed the importance of :-

1. maintaining physical access to the European Community, above all to Britain, for the 1.3 million tonnes of cane sugar annually, under the Sugar Protocol of the Lomé Convention, and ensuring its sale and consumption;
2. ensuring that full and continuing effect is given to the guarantees in the Sugar Protocol of the Lomé Convention and to the undertakings given by successive British Governments;
3. maintaining and enhancing cooperation between all sections of the ACP cane sugar producing countries and the refining industry in Britain in the face of the severe problems which beset the industry as a whole;
4. ensuring meaningful negotiation of equitable prices for ACP sugar in the European Community;
5. securing a workable International Sugar Agreement with the fullest participation of the EEC, which will guarantee fair arrangements for the sale of ACP cane sugar in the world market.

The seminar was pleased to hear that the beet sugar producers accept the traditional place in the British market for ACP sugar and wish to see this maintained. The Seminar recognised the need for cooperation by the two industries in facing the problems created by the expansion of the production and sale of artificial and other sweeteners, and the decline in sugar consumption. The Seminar considered that much of the current criticisms of sugar in nutritional and dietary fields is based on insufficient research.

Finally, the Seminar expressed the hope that ongoing consultation of the kind which has proved so fruitful during these four days will be arranged, and that the Organising Committee of the Seminar should examine the best way of doing this.

ACKNOWLEDGEMENTS

The Organising Committee wish to express their thanks to  
The Rt. Hon. Ratu Sir Kamisese Mara, GCMG, KBE,  
Prime Minister of Fiji,  
for kindly agreeing to open the Seminar

The Organising Committee also wish to extend their appreciation to the following organisations and individuals whose support has made it possible to hold this seminar, and to the two distinguished bodies who have agreed to sponsor the event.

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