

Why has the EU proposed to end the EU-ACP Sugar Protocol?

**Comment by Commissioners Peter Mandelson,
Louis Michel and Mariann Fischer Boel**

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Why has the EU proposed to end the EU-ACP Sugar Protocol? It's a good question that deserves a clear answer. The Sugar Protocol is the agreement that sets the guaranteed import prices and import levels for sugar between the countries that signed up to it and the European Union. It has been for many years a central part of trade landscape between sugar growers in ACP countries and Europe. When the new Economic Partnership Agreements between the EU and ACP regions are signed in 2008 that landscape will change.

The Economic Partnership Agreement is necessary because we are about to lose the legal waiver that protects our trade agreements from challenge by other WTO members. For seven years we have been working on a new trade agreement that builds a regional market, widens access to the EU market for Caribbean exports and helps Caribbean economies adapt to competing in a global market.

It is true that for sugar producers in some ACP countries it has provided a guaranteed income. But as part of the Economic Partnership Agreement currently being negotiated between the EU and the Caribbean region the EU has offered to provide tariff and quota free access not just for sugar but for all exports from the Caribbean region. Such an arrangement is not compatible with an agreement that provides special price and volume guarantees to some Caribbean countries on sugar but not to all. Indeed, for the new agreement to come into legal effect, our current arrangements for sugar must change.

Given that the Economic Partnership Agreement is designed to make trading within the Caribbean and between the Caribbean and Europe easier, it makes no sense to maintain a system that will see some Caribbean countries trade on one set of terms and others on different terms. In order to make this regional market and the market access opportunities in Europe that the Economic Partnership Agreement offers to Caribbean business a reality, the Sugar Protocol has to end.

The current arrangements are also not compatible with the reform of the EU's sugar regime, which is bringing an end to guaranteed prices for the EU's own producers. We cannot justify paying guaranteed prices for Caribbean producers when we no longer guarantee prices for our own producers. What we can do is remove all the remaining obstacles to our sugar markets for Caribbean growers. Replace a tariff quota for import with unlimited imports. Give Caribbean growers preferential duty free access to the EU market with its attractive prices. Smooth the transition by applying a floor price for a number of years. Provide financial assistance to help sugar growers in the Caribbean invest in new technology and in staying competitive globally. Europe is going to do all those things.

It's not, as a writer in this paper has suggested, a policy of divide and rule: the current policy gives privileged treatment to some in the Caribbean while denying it to others. The goal is to extend the same open market and terms of assistance to all. Nor is it colonialism, as the same

writer charged. In fact the Sugar Protocol is of course itself a legacy of the relationship of economic dependency that the Economic Partnership Agreements are seeking to end.

The decision to end the Sugar Protocol can not be presented as renegeing on the development goals set out in the Cotonou Agreement that ties this region to Europe. Our commitment to development is stronger than ever. The Economic Partnership Agreement will not only finally open our markets fully and without exception to all imports from the Caribbean. They will support ACP countries in building regional markets and, improving the competitiveness of their business development. And, because we recognise that this process is not always easy, the EU will also provide substantial financial development assistance to help reach those goals.

We said two years ago that in our Economic Partnership Agreement negotiations with the Caribbean we were committed to safeguarding the benefits the Sugar Protocol offers to the extent possible. But preserving those benefits does not necessarily mean preserving the Protocol itself.

The Economic Partnership Agreement will preserve the most important part of the protocol - which is to ensure that Caribbean sugar has preferential treatment in the EU market - through eliminating all tariffs on Caribbean sugar between now and 2015. But it will also replace a system of tariff quotas with a new system that has no restrictions on sugar imports. And it will offer those benefits to all Caribbean countries not just some.

The EU and the Caribbean region are designing together the terms of the Economic Partnership Agreement, including for sugar. We must create a system that is viable in the world of today. The decision to end the Sugar Protocol is not an easy one, but it is necessary to allow an enhanced trading relationship between the Caribbean and Europe to take shape. One that seeks to extend the benefits of trade to all, and replaces an economic relationship based on dependency with one built on new economic diversification and growth.