

Nothing sweet about sugar reforms for Caribbean countries as EU compensation falls short

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By Deborah Gabriel

Members of the African Diaspora should be paying close attention to the current developments regarding sugar reforms; because the result of ongoing trade negotiations between the EU and ACP countries (77 African, Caribbean and Pacific states) is likely to have far reaching consequences for our families back home.

The current stalemate between two corners of the world – essentially the rich and the poor – and between former colonisers and their old colonies; centres around the main substance that the West became rich on – sugar. That the vast millions of cash that flowed out of the sugar plantations during the period of chattel enslavement funded the industrial revolution and built the powerful European Union that we see to day is not in dispute.

That the owners of slaves in the UK alone were compensated to the tune of £20 million when slavery ended, yet the former colonies received not one penny to rebuild their lives or start new economic ventures is also an accepted fact. It is for these reasons that the Sugar Protocol, signed on February 28 1975, which committed the European Community to import specific quantities of sugar at guaranteed prices from ACP countries has been a source of their economic dependency for decades.

Data submitted to the World Trade Organisation (WTO) panel in March 2004 shows that in Jamaica, for example, as at 1999 sugar production accounted for 48.7 per cent of agricultural exports providing 16.4 per cent of jobs in the agriculture industry.

Whilst in Mauritius, which has a greater level of dependency, sugar accounts for almost 90 per cent of agricultural exports and provides over 80 per cent of employment in the industry. It is therefore not rocket science to deduce that the economic consequences of losing revenue from fixed prices is likely to be severe.

As Edwin Laurent, Commonwealth Secretariat Adviser on Trade, told Black Britain; once the mandate set out in paragraph 13 of the WTO Doha Ministerial Declaration was introduced last November: "The writing was on the wall for sugar-producing ACP countries." Laurent is a former Ambassador to the European Communities for the Eastern Caribbean States and also the author of a report entitled: *Beyond EU Sugar Reform: Financing Diversification in ACP Sugar Exporting Countries*.

The Sugar Protocol came out of the former Lome Convention, which since 1975 provided a framework for trade relations between Europe and ACP countries. However, this was replaced in 2000 by the Cotonou Agreement, which EU countries claim is designed to integrate ACP countries into the global economy, yet many feel is a simply a mechanism for allowing the WTO to push for new trade arrangements that favour rich countries.

Sir Ronald Sanders is a former senior Caribbean diplomat, writer on Caribbean affairs and business executive. He told Black Britain that aside from sugar being linked to slavery it is also linked to indentured labour, but stressed that the real bone of contention between ACP countries and the EU is the latter's scant regard for the original Lome Convention. He said:

"The EU has unilaterally abrogated that agreement. On that basis, some form of compensation should be paid for the breaking of the contract." According to Sir Sanders, the Sugar Protocol was a legal contract, but: "The EU has treated it as if it is an informal arrangement and their actions have been unilateral."

The speed at which the sugar reforms are being introduced is also an issue of concern. Laurent told Black Britain: "Europe is amending the sugar regime for its own purposes," though the question remains as to whether the reforms had to be made so quickly – within three years.

Agricultural export subsidies that favour western countries, like cotton for example, are not being scrapped until 2013 - a factor which has led to accusations of double standards. Sir Sanders told Black Britain: "There are obvious double standards in the way the EU has dealt with its own member states who are sugar producers and the manner in which they have treated ACP countries."

Compensation not enough - and money should be paid up front

Despite resentment over the EU railroading ACP countries into speedy sugar reforms, as Laurent told Black Britain, the question now is whether the compensation offered to ACP countries is enough. He said: "On both sides – ACP and the EU, there is recognition that there has to be reform, but given the long dependence by ACP countries on revenue from sugar production – they cannot diversify overnight. It will take a long time...and the view of ACP countries is that the proposed compensation is not enough."

The EU proposes to pay €190 million per annum between 2007 and 2013 to ACP sugar producers. But this is less than Tony Blair promised at a meeting with CARICOM heads of state last year. A study by the Commonwealth Secretariat last year calculated losses based on the likely price differentials once the new reforms are introduced and came up with a projected loss of earnings for the ACP countries.

According to the study, Guyana would lose over €31m per annum, Jamaica would lose over €23m annually, Mauritius -over €95m each year, whilst in Africa- Swaziland stands to lose nearly €23m every year and Belize €7.8 m. Sir Sanders told Black Britain the lack of consultation by the EU in respect of price cuts was "unforgivable," adding that the amount offered to the 18 countries within ACP is "inadequate, particularly if these countries are to restructure their economies and diversify away from sugar production or reduce it. "

Sir Sanders said that ACP countries have a huge task on their hands in retraining workers, making major modifications to the sugar industry and in finding new uses for sugar cane. Governments will also have to protect workers against the effects of unemployment who cannot easily be absorbed into new industries. This view is shared by Laurent who warned: "In order to diversify you have to prepare and spend money before the crisis occurs – if you wait for the crisis or the possibility of economic collapse, then it is too late."

CARICOM members are nervous about compensation from the EU, fearing their reluctance to make funding available at an early stage. Sir Sanders told Black Britain: "It is more likely that the EU wants to end-load rather than front-load the level of compensation because they won't have to pay the money now."

Sir Sanders feels that the delays will be caused by internal wrangling between EU members in agreeing the level of compensation, a fact acknowledged by Laurent: "The problem is that the EU is not very fast in dispensing funds - it does take a long time and that is the unfortunate situation."

Last week whilst attending an EU conference in Luxembourg to discuss the sugar reforms, Development Minister Gareth Thomas, MP tried to reassure ACP countries that the UK is still fighting for their interests. He said: "The UK will continue to negotiate hard with our European partners and support the ACP to reach a fair deal for sugar producers that gives them a decent chance to turn change into an economic opportunity."

But when Black Britain put the concerns of CARICOM members to the Minister following the stand-off in Barbados, a spokesperson denied that the whole affair was just a PR exercise. The spokesperson also told Black Britain that UK is not against providing compensation up-front to the 18 ACP countries: "The UK supports front-loading support to the ACP and Gareth Thomas will be raising this when he visits the Caribbean later this month."

Gareth Thomas will be meeting the new Jamaican Prime Minister, Portia Simpson-Miller at the end of April at a conference to continue talks on sugar reform. But despite these reassurances, Sir Sanders feels that the outlook is: "pretty grim for most." According to Sir Sanders only Belize and Guyana are likely to be able to continue to export cane sugar due to their low per-capita income, but: "even they will face unemployment and revenue losses."

Sir Sanders warned that: "sugar will never enjoy the dominance of the past," in the Caribbean, but said that Caribbean countries should have begun the process of reform a long time ago.

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