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OPEN LETTER TO THE COUNCIL AND THE PARLIAMENT

In 2005, the EU Council and the European Parliament adopted a major reform of the common market organization for sugar. They set a goal to reduce EU quotas production by 6 million tonnes, in order to drastically decrease E.U. exports and make room on its domestic market for increased sugar imports from the Least Developed Countries. This reduction, within four marketing years, represents almost a third of the common production of sugar subject to quotas. In this context, the EU Council and the European Parliament gave clear guidance to sugar industries from E.U. Member States and provided accompanying measures to Sugar Protocol ACP countries so that they could reorganize themselves in such a way as to be more competitive at the end of the first four marketing years of this new system; and to adapt to the progressive price reduction in the range of 36%.

In October 2007, the EU Council and the European Parliament reinforced the financial measures as an incentive to EU stakeholders to renounce production quotas while maintaining the objectives of volume and price reduction. The sugar arrangements under Economic Partnership Agreements agreed in December with the ACP countries confirmed the objectives in terms of volume (with reference to the 3.5 million tonnes ceiling) and price reduction for them too.

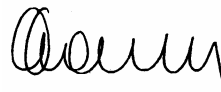
Due to these constraining perspectives, the sugar industries from ACP and E.U. countries have become engaged in restructuring programs with promises of financial assistance from the E.U. This thus entails programs of investment or disinvestment with heavy socio-economic consequences for the countries concerned. The investments in the ACP countries are being carried out within the context of Multi-Annual Adaptation Strategies approved by the European Commission. To date, the European industry has made the irrevocable commitment to implement at least 80% of the objective of quota renunciation as of the third year of the reform, and 73 factories out of 183 will close at that point and the industry from the Least Developed Countries is negotiating with public and private sponsors.

The EU and the ACP sugar industries stakeholders have therefore embarked restructuring programmes consistent with the political orientations given to them by the EU Council and the European Parliament. Yet, this entire restructuring scheme is now being called into question by the Chairman of the Committee on Agriculture, Ambassador Falconer's draft "modalities" for Agriculture in the context of the WTO Doha Round negotiations.

Therefore, the EU and ACP sugar industries' stakeholders wish to alert the European Commission, the European Parliament and the EU Council on the inconsistency that transpires between the reform criteria of the CMO for sugar reform and the proposed terms of a multilateral WTO agreement in Geneva. Given the political involvement of the EU and ACP sugar industries' stakeholders at the time of the reform, and given the severe economic and social cost associated with the current implementation of this reform, EU and ACP sugar industries' stakeholders solemnly ask the European Parliament and the EU Council to oppose the adoption in Geneva of an agreement that would not be consistent with the terms of the CMO for sugar reform, and to give clear instructions to the European WTO negotiator to ensure strict adherence to the undertaking under the reform commitments. Doing otherwise would call into question the credibility of the entire European Commission and then it will be up to the political officials to explain to the electorate, on the eve of the next European elections, that considerable sums of EU and private money were invested at a loss in the restructuring of the EU and ACP countries' sugar industries, and that the lost jobs in the European sugar sector, which already amount to more than one employee out of two, are insufficient.



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