

# **Making Trade Work for Women**

The Likely Impact of the  
Economic Partnership Agreements on  
Women's Rights and Gender Equality

## **Sugar Sector in Mozambique**

Maria da Graca Samo  
July 2006

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# One World Action

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## Abbreviations/Acronyms

ACP	African, Caribbean and Pacific countries
AMUDEIA	Association of Women Dismissed from the Sugar Industry
CNAM	National Council for Women's Advancement
CSO	Civil society organisations
DNA	Sugar National Distributor
EAC	East African Community
EBA	'Everything But Arms'
EPA	Economic Partnership Agreement
ESA	Eastern and Southern Africa
EU	European Union
FTA	Free Trade Area
LDCs	Least developed countries
M&E	Monitoring & evaluation
NSAs	Non-state actors
PARPA	Plan of Action for the Reduction of Absolute Poverty
PES	Economic and Social Plan
PNAM	National Plan for Women's Advancement
PO	Poverty Observatory (OP in Portuguese)
PRSP	Poverty Reduction Strategy Paper
RISDP	Regional Indicative Strategic Development Plan
SACU	Southern African Customs Union
SADC	Southern African Development Community
TDCA	Trade and Development Cooperation Agreement
TG	Thematic Group
TRIPS	Trade Related Intellectual Property Rights
UNAC	União Nacional dos Camponeses (National Union of Farmers)
WTO	World Trade Organisation

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# Executive Summary

Mozambique, as a member of the African, Caribbean and Pacific (ACP) grouping of countries, is negotiating a reciprocal preferential trade agreement with the European Union. Under the Cotonou Agreement, ACP countries will have to offer the EU tariff-free access on substantially all trade to their own markets under the Economic Partnership Agreements (EPAs). But there are concerns that these agreements will lead to unfair trade between the ACP and EU, hindering development and poverty reduction efforts and damaging the delicate economies of the ACP nations. This paper explores the likely impact of EPAs on women's livelihoods in Mozambique based on a case study of the sugar industry, the second biggest private sector employer in Mozambique and one of the sectors likely to be affected by the EPAs.

## Women in Mozambique

Women in Mozambique are discriminated against in access to basic services such as education and health; in access to economic and productive assets/resources such as land and credit; in employment and decision-making. For these reasons, poverty in Mozambique has a female face.

Although there is notable high level commitment for the integration of gender into the institutional framework of government and as a crosscutting issue, there is still no major or visible progress being made to mainstream gender in public policy and particularly trade. The major constraint is the lack of capacity among policy-makers and planners at different levels. Gender inequalities, as well as the division of labour, severely limit women's capacity to engage in and benefit from trade. Mozambique's trade policy does not see development as a major goal, nor does it address women's specific needs. Most women are in the informal sector and their contribution to the economy is not recognised. Little effort is made to stimulate or support women's initiatives. Given the extent of informal trade by Mozambican women with the neighbouring countries of South Africa, Swaziland, Zimbabwe, Zambia, Malawi and Tanzania, it is important that ongoing negotiations take into account that women involved in this kind of activity depend on it for their survival.

## The sugar sector

The sugar sector has shown a considerable increase in production since its rehabilitation in the 1990s. However, women represent a small proportion of the labour force and those who are employed work in very poor conditions and mostly on short-term and seasonal contracts. Salaries are very low and unable to fulfil even basic needs like education, health and household commodities. Women with household responsibilities, home-based care and reproductive work have even more limited access to employment in the sector.

Some commentators argue that increased trade and investment liberalisation in the sugar sector will improve economic growth which in turn will increase women's participation in the labour market and reduce poverty. However, even though the sugar sector has shown considerable improvement in recent years, local communities are not benefiting from this. With the push to privatisation and a market economy, working conditions are becoming worse and employment and labour standards are being downgraded.

## Impact of EPAs on sugar sector

Our analysis indicates that the Mozambique sugar industry is not likely to be influenced directly by the EPAs, given that Mozambique benefits from the EBA initiative. However, if the sector needs to meet the market requirements in terms of volume of exports and price competition, it is likely that there will be a need to increase production and this will have a direct impact on the sector. The 'best case' outcome of such expansion might be to give incentives to small cane producers (local farmers) to increase their cane production thereby creating local employment, improving working conditions and income, and consequently reducing poverty levels. However, there is much evidence that women are working under precarious and unsafe conditions. They are exposed to very low labour standards and wages and most of them are in seasonal contracts which do not give them any job security. In view of this fact, we fear that:

- Working conditions will get worse, given that employers will be aiming to increase production without increasing costs.
- Women will continue to have limited access to employment given their low literacy levels, low capacity to negotiate and also given the various

factors mentioned above that limit women's participation in productive work.

- An increase in the area under cane production may be at the expense of women's ability to grow other crops to meet household nutritional needs which could result in a decline in food security.
- Small cane producers may not be prepared to deal with disaster mitigation and in case of emergency may suffer serious losses.<sup>1</sup>
- If the factory expands the area cultivated with the assistance of new big investors, this could lead to land conflicts with local small farmers and families.

While analysing the future of the sugar industry in the context of the EPA and its impact on women, it is important to look at other relevant (direct or indirect) factors that have major influences in local and global contexts. As we looked at issues like employment, market access, access to land and access to quality public services, it is important to also consider the rapid HIV/AIDS spread and its implications for the sugar industry.

## How can EPAs be designed to help women in the sugar industry?

If development is one of the goals of the Economic Partnership Agreements, as stated by the EU, and considering the opportunities foreseen for the sugar industry in Mozambique, it is likely that this sector can contribute to poverty reduction. However, to make this happen it is important that the period of preferential access to EU markets by LDC countries after 2008 is extended and that policies and procedures are put in place to improve conditions for women as follows:

- Policies are needed to prevent women from losing their land to sugar cane production.
- The sugar companies should promote continuing education by introducing literacy programmes for their employees and for the community.
- Women should be given an opportunity to access credit in order to invest in cane cultivation to supply the factories. Investment should be extended to the creation of other business opportunities and therefore build the capacity of

the local community to engage in other type of activities such as rural tourism. This would attract new investment and provide job alternatives. This requires advanced functional literacy and training in appropriate skills.

- Sugar factories should improve working conditions for permanent and seasonal staff, and seasonal staff should get the same social security conditions as permanent employees.
- Sugar factories should provide social services and facilities for women employees e.g. kindergarten near the work place in order to allow mothers to feed their babies and a different work schedule for pregnant women.
- SINTIA, the sugar sector trade union, should strengthen its role and commitment to protect employees and negotiate on their behalf. Women should be involved in decision-making and negotiations.
- Sugar factories should establish a training policy and career development to train women to work both on the farms as well as in the factories and allow them access to better jobs.
- Farmers' associations, particularly for women, should enhance their capacity to negotiate fair prices with the sugar factories. Strengthening associations and networking may consolidate efforts.

## How to minimise the negative impacts of EPAs on women?

If EPAs are to contribute to development, we need the following efforts at national and regional level:

- Create more linkages between trade policy and Mozambique's Plan of Action for Eradicating Absolute Poverty (PARPA), as well as with other sector policy instruments;
- Ensure women's participation (via gender experts from women's organisation) in the EPA negotiation processes;
- Lobby the government to put in place labour laws which meet International Labour Organisation standards;

<sup>1</sup> When the Maragra cane farms flooded in 2000 the bank that gave the loan to rehabilitate the factory considered a rescheduling of the repayments. Small producers do not even have access to bank credits, how would they restart after a disaster?

- 
- Establish monitoring procedures to ensure access, control and management of land by poor families;
  - Implement gradual EU price reform to give LDCs a chance to create and develop capacity to become competitive. This means supporting regional integration prior to global integration;
  - Analyse women's contribution to the economy (including care activities and reproductive work) and incorporate these into the System of National Accounts using satellite accounts;
  - Build capacity of civil society organisations particularly with regard to monitoring implementation of trade policies and agreements and their impact on the lives of the poor.



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# 1. Introduction

The pursuit of global trade liberalisation and free market access seems to be unstoppable. African, Caribbean and Pacific (ACP) countries, including Mozambique, are engaged in trade negotiations to change the current regime of non-reciprocal trade preferences to a system of reciprocal trade preferences within the context of World Trade Organisation principles. In this report we evaluate the likely impact of these agreements on women's livelihoods in the sugar industry in Mozambique.

## 1.1 Background

The establishment of a grouping of African, Caribbean and Pacific countries in 1975 began a new era in trade relations between these countries and the European Union (EU). These relations were governed by the Lomé Convention, which came into force in April 1976, and which was revised four times subsequently. These conventions granted preferential trading arrangements to the ACP states, thus giving them better access to the EU markets than other groups of developing countries.

The Lomé Convention was succeeded by the Cotonou Agreement (signed in Cotonou, Benin, in June 2000). Cotonou differs strikingly from the preferential arrangements of the earlier conventions in that preferences will no longer be one way—the ACP countries will have to offer some reciprocity in the form of tariff-free access to their own markets under the so-called Economic Partnership Agreements (EPAs).<sup>2</sup> But this partnership threatens to be an unequal one between the mainly developing ACP nations and the EU with its high levels of political, economic and social development. This asymmetry suggests that EPAs could undermine progress towards poverty reduction and development because, in their current form, it would lead to new and unfair trade areas between the ACP and EU by demanding reciprocity between unequal trading partners and reducing policy space that the ACP countries need to develop their economies and eradicate poverty.

EPAs are still being negotiated therefore this is an important time to analyse how they are likely to affect developing nations and to pinpoint measures to minimise any negative impacts while reinforcing their potential positive effects. That is the starting point for this study which evaluates the likely impact of EPAs on women's livelihoods in Mozambique. It emerged from civil society organisations engaged in promoting

justice in trade through participation and gender equity. The study focuses on women working in and affected by the sugar sector. We chose this sector because:

- it is the second biggest private sector employer in Mozambique;
- it comprises the agriculture and trade sectors, which together absorb nearly 90% of the labour force;
- it is one of the sectors likely to be affected by the Economic Partnership Agreements between the EU and ACP countries.

## 1.2 The methodology

For our analysis we combined a development framework and other traditional frameworks to analyse the interaction between trade and poverty at the national level. We also looked at the sugar industry and the conditions under which labour relations occur.

Our methodology consisted of the following phases:

- **Phase 1:** a review of EPA-related documents, relevant development policies in Mozambique and documents on the sugar sector.
- **Phase 2:** data collection in the form of interviews with individuals from institutions involved in trade and on trade issues. These included the Ministry of Trade and Industry, sugar companies, CSOs engaged in advocacy work, and gender advocates. We also held focus group discussions with women engaged in sugar cane farming.
- **Phase 3:** analysis and report writing.
- **Phase 4:** report review and inclusion of recommendations from experts as stated in the Terms of Reference. A set of three comments from different specialists was used to clarify and improve the report. Issues not responded to in the current phase will continue to be subject to analysis when data are available and the report will be continuously revisited in order to make it as accurate as possible.

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<sup>2</sup> LDC countries, including Mozambique, will continue to benefit from duty free access to the European Union under the 'Everything But Arms' (EBA) initiative).

## 2. Mozambique: a synopsis from a gender perspective

In this chapter we provide some context on Mozambique reflecting on the situation of women. In the next chapter we discuss the concepts of gender equality and mainstreaming, and how gender, trade and development issues intersect.

### 2.1 Women and poverty in Mozambique

Mozambique has a population of 18 million people; 53% of whom are female. Poverty in Mozambique has a female face. As in many other parts of the world, women continue to have roles and relationships that make them subordinate to men. This is more visible in the patriarchal south of the country but it is also true of the north where, despite the matriarchal structure, women do not have the power to make decisions or take control of resources. Responsibility and power is vested in the uncle (the mother's brother) and women continue to be dominated. Women in Mozambique are discriminated against in all spheres and contexts - in access to basic services such as education and health; in access to economic and productive assets/resources such as land and credit; and in decision-making arenas, employment, and so on.

For these reasons, women tend to be poorer on average. This can be explained by women's lower education levels,<sup>3</sup> their limited access to and control over productive resources and the custom whereby women lose their house, land and sometimes their children to their husband's family when their husband dies. Households in rural areas also tend to be poorer than those in urban areas.

Low education levels have many consequences for women. They mean that girls often marry early; they rarely acquire good technical skills and are less able to educate their own children. They also know little about their rights and are thus less able to defend themselves.

Ninety percent of women earn a living from subsistence agriculture. This means that women's participation in other sectors is much lower than men's. According to preliminary findings of a labour force study by the National Institute of Statistics (2005) the total number of people employed in the labour force is approximately seven million (more than one-third of the Mozambique population), four million of whom are women. These figures include formal and

informal sector and public and private sectors. Many studies highlight the lack of accurate and disaggregated data on labour force participation and therefore we tried to bring these figures together to aid our analysis.

Women make up the majority of the agricultural labour force (62%) and represent 41% of those employed in trade (Table 1). The degree of female employment in these two sectors could potentially contribute to poverty eradication. However, women make up only 18% of labour in the sugar sector and these women work in precarious conditions for very low wages (see Chapter 5).

Women, especially in rural areas, have to balance the demands of their productive, reproductive and community management roles. When women are overburdened at the household level there is lower productivity and increased production costs affecting both the household and market economies thus perpetuating poverty (Box 1).

#### Box 1. Workloads and poverty

Compared to men, women operate under severe time constraints which limit their options and flexibility to respond to changing market opportunities. Women involved in cane and sugar production have huge time constraints given their multiple roles and responsibilities which combine subsistence agriculture and home-based care activities with their commitments as employees.

Low substitutability of male and female time in domestic activities reduces women's ability to respond to changing market and non-market opportunities. Women's outputs and money income are lower than they would be if time constraints were reduced.

The time burden on women is considered to be a contributing factor to maternal mortality. This situation is worse nowadays with the effects of the HIV/AIDS pandemic.

Source: ECA, 2004

Women's participation in productive activities tends to be limited because they are involved in care and reproductive work. Although this kind of work is important for the economy, its invisibility means it is

<sup>3</sup> Women's average level of education is lower than men's, although there has been a considerable increase in girls' access to primary schools. Consequently, literacy rates for women are much lower than men's.

<sup>4</sup> Only employed people.

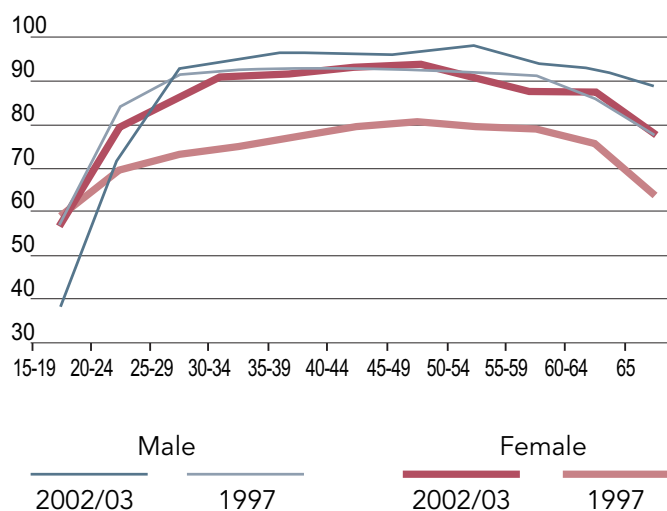
<sup>5</sup> Population in active age (15-60 years old)

**Table 1. Labour force sex disaggregated**

SECTOR	Percentage by line (%)			Percentage by column (%)		
	All	Women	Men	All	Women	Men
Agriculture	100	62.1	37.9	79.6	89.3	67.5
Mining	100	16.3	83.7	0.4	0.1	0.7
Manufacturing	100	9.7	90.3	0.8	0.1	1.6
Construction	100	3.1	96.9	2.2	0.1	4.7
Transport	100	4.0	96.0	1.1	0.1	2.3
Trade	100	40.7	59.3	7.5	5.5	10.0
Services	100	34.9	65.1	5.2	3.3	7.6
Government	100	24.7	75.3	3.3	1.5	5.5
Participation <sup>4</sup>	100	55.4	44.6	100	100	100
PIA <sup>5</sup> / part. Rate	100	54.4	45.6	80.6	82.0	78.8

Source: INE, 2003

rarely taken into account. As a result, women are seen as minor contributors to the economy. This is illustrated in Figure 1, where the lower line shows women's 'lower' participation in economic activities in Mozambique (INE, 2003):



**Figure 1. Female and male participation in economic activities** Note: The thin line refers to men and the heavy line refers to women, and compares two different periods: 1997 and 2002/3.

### 2.1.1 HIV/AIDS

Women's vulnerability is further exacerbated by their higher risk of contracting HIV/AIDS. Recent estimates indicate that high and increasing numbers of Mozambique's adult population are infected with HIV/AIDS. Women, particularly young women, are the worst affected and statistically more women than men are affected. Efforts being made to reverse the spread of this pandemic do not yet seem to be having an impact.

HIV/AIDS affects rural and agrarian sustainable development in the following ways:

- Women reduce their participation in farming or shift to less intensive crops; women may also be forced to spend more time caring for family members or neighbours infected or affected by HIV/AIDS.
- Women may sell their assets to meet financial demands of HIV/AIDS care.
- Traditional agrarian methods may be lost along with inter-generational knowledge, specialised skills and good practices.

- The lack of social security services is a concern in the sugar industry. This will increase the negative impact of the pandemic through their limited access to care and treatment.
- Morbidity and mortality in rural areas will weaken the institutional capacity of industry; high costs are incurred for prevention and treatment and reinvestment in new labour force in order to cover losses.
- HIV/AIDS is also contributing to violence against women and therefore access to counselling services is important.

This shows that the impact of HIV/AIDS and its consequences fall mostly on women, given their level of infection and the level of responsibility for care activities and many other social responsibilities within the household. This reduces a woman's ability to participate in economic activities and reduces her flexibility to respond to changing market opportunities. Women's discrimination in the labour market increases as a result of these patterns.

## 2.2 Women and trade

In Mozambique women are generally involved in small-scale trading activities in the informal sector. The informal sector, involving production and trade of goods and services, makes a significant contribution to the Mozambique economy as it creates self employment. Although there is no data to confirm the contribution of informal trade to the economy it is known that such activities are the basis of subsistence for many Mozambican families, especially in urban areas.<sup>6</sup> Women in the informal sector engage in different kinds of activities, such as manufacturing, small businesses and trade, including cross-border trade. In the urban areas many women supplement their wages with some informal trading activities. Children are also very visible participants in informal trading; some of these children are family heads, others trade to help their mothers provide for the household.

But women's participation in trade is hindered by the various problems described above, including gender-based asset inequality, women's lack of educational opportunities associated with higher fertility rates and lower saving rates.

## 2.2 Poverty reduction policies in Mozambique

### 2.2.1 The Plan of Action for the Eradication of Absolute Poverty (PARPA II)

As a continuation of its strategy for fighting poverty within the previous Structural Adjustment Programmes, Mozambique established the Plan of Action for the Reduction of Absolute Poverty 2001-2005 (known as the PARPA I) in April 2001. The PARPA is the Mozambican equivalent of a Poverty Reduction Strategy Paper.

The main objective of PARPA I was to reduce the levels of absolute poverty in Mozambique so as to enhance capacities and opportunities for all Mozambicans. The specific objective was to 'reduce poverty from 70% (1997) to less than 60% (2005) and to less than 50% by the end of the first decade of 2000'.<sup>7</sup>

Did it meet these targets? According to the National Institute of Statistics (Household Survey, INE, 2004) poverty was reduced to 54%, down 15.3% points in Mozambique during the implementation period of PARPA I. However households, particularly those headed by women, continue to be very poor. This underlines the fact that development will not be achieved without addressing those issues that continue to undermine women's participation and access to and control of resources.

The PARPA is an important planning and management instrument, so it is worth outlining the process it followed. The PARPAs are examples of a participatory planning processes which combined government, civil society (including private sector) and development partners (such as donor agencies, etc). The process shows that it is possible to involve different actors in policy preparation, formulation and monitoring. It is also relevant for this study because it allows us to analyse the extent to which issues like trade are integrated in the document and how this process can influence sector policies.

Civil society participation in this process was a real challenge but an effort was made to integrate different organisations in the various working groups and they had substantial input into the content. Organisations working on gender issues were involved and lobbied to mainstream gender. The major challenge was the lack of technical capacity amongst some organisations hindering their input into the planning process.

<sup>6</sup> The National Institute of Statistics in Mozambique is starting an Informal Sector Survey with Italian donor support. The aim is to capture the impact of the informal economy in terms of labour force used, kind of activities covered and the level of production and consumption and its distribution throughout the country.

<sup>7</sup> PARPA I, self translation.

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However, it was a process that participants learnt from. The outcome document is being analysed and fortunately preliminary findings show a certain level of gender integration, including specific indicators.

However, the PARPA II (Republic of Mozambique, 2005) does not mention the ongoing EPA negotiations. Considering that these negotiations will be running during the period of PARPA II implementation and are likely to get enforced by the end of its implementation period, the EPA and its likely impact on Mozambique's economy should have been discussed and PARPA II should highlight strategies or actions to address EPA implications. If the EPA is developmental, its negotiation processes should be participatory and linked to other national processes and development instruments such as PARPA. The PARPA process needs to be continued through the Joint Review process that takes place every year and which also reviews the Economic and Social Plan. In fact, this could be the entry point for civil society to influence the implementation of PARPA II.

## 2.3 Agricultural policy and strategy

In 1999, the agricultural sector introduced the PROAGRI strategy in the context of the country's economic reforms. In the first phase the strategic objective was to improve the impact of public expenditure on supporting sustainable and equitable growth in the rural sector. The aims were to reduce poverty, improve food security and protect the physical and social environment. The target for the first five-year phase was to establish an institutional structure designed to provide cost-effective delivery of a core set of agriculture and natural resource related services.

However there have been few positive impacts from PROAGRI I for rural communities, although it created some institutional capacity particularly at the central level.

The second phase of PROAGRI has now been produced by the Ministry of Agriculture and focuses on three strategic objectives:

1. To improve food security and reduce poverty through support to small farmers.
2. To develop commercial agriculture through support to private sector, governmental and non-governmental agencies.
3. To underpin these objectives with sustainable use of natural resources.

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## 3. Gender, trade and poverty

In the previous chapter we saw that women make up the poorest and most disadvantaged part of Mozambique's population. We also saw the extent to which women are involved in trade. In this chapter we look more closely at how trade, gender and poverty intersect.

Trade affects poverty directly through its impact on the cost of living, jobs and wages, and government revenue for public goods such as health and education and socio-economic security systems. Indirectly it affects poverty through the development and use of productive capacities (UNCTAD, 2004). Gender inequalities, as well as the division of labour, severely limit women's capacity to engage in and benefit from trade. Trade policies tend to be gender blind and therefore do not address women's specific needs. Mozambique's trade policy fails to link trade to other development policies and nor does it see development as a major goal.

### 3.1 Why is trade a development issue?

The scope of world trade is not simply a neutral issue of macroeconomics but it covers strategic development areas such as agriculture, services, intellectual property rights and investment. This has implications for people's jobs, livelihoods, well-being and human rights. Trade agreements affect individuals through their impact on prices, employment and production structures. The effects on women, men and other groups of people will vary according to their different positions in the economic system.

#### 3.1.1 Trade and poverty: an analytical framework

Poverty reduction has increasingly become a major political issue in both developed and developing countries. However, a striking feature of current policy debate on trade and poverty is that it is narrowly framed. Indeed, its central focus is not actually trade and poverty, but rather trade liberalization and poverty. This is evident in the fact that most current policy analyses relating to trade and poverty focus on understanding the effects of trade liberalization on poverty (UNCTAD, 2004).

The ongoing methodological work on trade liberalization and poverty is generating ever more

technically complex, model-based analyses, which are in turn spawning their own empirical and methodological controversies. The UNCTAD report on Less Developed Countries (2004) refers to different frameworks for analysis of trade and poverty, sourced from different authors which show this controversy about the effects of openness and which has now seesawed between "it is good" and "it is bad" to reach the more nuanced position that "it is right if complementary policies are adopted". This common-sense proposition is, unfortunately, tautological and empirically irrefutable.

Some of the analytical framework from the UNCTAD report (2004) helps to identify at the national level the various channels through which price changes associated with the removal of border trade barriers are 'passed through the economic system to influence the welfare of richer and poorer household' (Winters 2000, McCulloch et al, 2002). This analytical framework refers to trade policy reform as a price shock which has: 1) expenditure effects, arising due to changes in the prices of the goods that are consumed; 2) income and employment effects, arising because of changes in the remuneration of factors of production; and 3) effects on changes in tariff revenues and taxes, which affect transfers and the provision of public goods, as well as affecting the risk and uncertainty that poor households face and giving rise to short and medium-term adjustment costs.

According to the report, the current approach to analyzing the relationship between trade and poverty has the following main limitations:

- it puts the cart before the horse in policy analysis;
- it prioritizes trade liberalization over poverty reduction as a policy objective;
- it excessively narrows the field of trade and poverty;
- it cannot address issues of long-term dynamics which are central to sustained poverty reduction.

A broader approach to policy analysis of the links between trade and poverty is necessary. 'A key insight from all of this work at both national and international levels is that the direct impact of trade liberalization on poverty varies widely from country to country depending on internal structures and that domestic factor markets are critically important to the nature of the relationship' (UNCTAD, 2004).

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### 3.1.2 A development approach to the trade-poverty relationship

The essence of a development approach to trade and poverty is that it begins with an analysis of how development occurs, rather than an analysis of how trade occurs, examining the role of trade within processes of development and assessing the effects of trade on poverty from this perspective. This report adopts a development approach, given that Economic Partnership Agreements are meant to be developmental.

This report will be discussing the gender impact in the EPA process and more specifically in the sugar sector in the light of the seven basic elements of the development approach (listed below). It does not mean to develop analysis in each one of the basic elements but to bring them to the reflections. However, it is recognized that some constraints such as time and lack of data may limit the analysis and therefore it is recommended that this study is extended to a wider context and involve new sectors and appropriate expertise. That said, the basic elements of the development approach are as follows (UNCTAD, 2004):

- i) The issue of trade and poverty cannot be reduced to the issue of trade liberalization and poverty;
- ii) Sustained poverty reduction occurs through the efficient development and utilization of productive capacities in a way in which the population of working age becomes more and more fully and productively employed;
- iii) International trade can hinder and modify this process;
- iv) The relationship between trade and poverty varies with the composition of the international trade of a country;
- v) The relationship between trade and poverty varies with the level of development of a country and the structure of its economy;
- vi) The relationship between trade and poverty is affected by the interdependence between trade and international financial and investment flows, between trade and debt, and between trade and technology transfer;
- vii) Sustained development and poverty reduction expand international trade.

According to the development approach proposed for this report "sustained poverty reduction occurs through the efficient development and utilization of productive capacities in a way in which the population of working ages becomes more and more fully and productively employed" (UNCTAD, 2004). This means creating physical, human and organisational capital, structural transformation and investment in advanced technology. It includes promotion of local small and medium enterprises.

## 3.2 Trade and gender in Mozambique

In Mozambique trade structures are not responsive to the requirements above, particularly when it comes to women's participation in trade. There are no efforts to develop their productive capacity. With the advent of privatisation and a market economy, working conditions are becoming worse and employment and labour standards (e.g. contracts) are being downgraded.

As highlighted above, most women are in the informal sector and their contribution to the economy is not recognised, nor efforts made to stimulate or support women's initiatives. More attention is given to bigger investments in terms of business opportunities, access to credit and other aspects that could develop the productive capacity.

According to the framework, there is a direct link between trade and poverty. Trade affects poverty directly through its impact on the cost of living, jobs and wages, and government revenue for public goods such as health, education and socio-economic security systems.

Other development links are related to the use of productive capacities which contributes to long-term (sustained) poverty alleviation.

Under the public sector reform process, the Ministry of Trade and Commerce (the ministry with the mandate to negotiate the EPA) has benefited from capacity-building support for establishing a more transparent marketing and trade environment. The aim was to tackle the key issues of decentralisation, human resources reform and overall capacity-building to raise the quality of its functioning and service delivery.<sup>8</sup> This process included the finalisation of a Trade Policy and Strategy. Unfortunately, like many other trade policies,

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this is gender neutral<sup>9</sup> despite women's contribution to informal trade. All objectives and principles are stated in a generic manner which means that it is likely that specific gender issues in trade and agriculture will not be addressed.

The technical teams and top management in the ministry include women however it is not known how gender sensitive and technically competent they are. The ministry is making some efforts to improve service delivery including reducing bureaucracy in business registration and improving its public information interface.<sup>10</sup> The high authorities at the ministry have also shown some willingness to introduce a gender perspective into the dialogue.<sup>11</sup>

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<sup>8</sup> [www.mic.gov.mz](http://www.mic.gov.mz)

<sup>9</sup> Policies tend to be gender neutral as they think that any measure or any public policy will be applied to everyone in equal conditions and therefore impact will be the same on women, men and other specific groups.

<sup>10</sup> Note that the Ministry of Trade is one of the few that has a website that is updated regularly and contains relevant information: [www.mic.gov.mz](http://www.mic.gov.mz)

<sup>11</sup> An invitation was made to Forum Mulher to take part in the Inter-Institutional Group, where different institutions meet at the Ministry of Trade to plan, coordinate and monitor activities in the interest of different institutions.



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# 4. The Economic Partnership Agreements (EPAs)

EPA negotiations between the ACP and the EU started in September 2002. EPAs should come into force in January 2008. The negotiations are to be conducted in two phases: (1) Phase one is to be at the general ACP-EU level to address issues of common concern; (2) Phase two will be conducted at the sub-regional level to agree detailed tariff reductions and a range of broader trade issues.

The ACP has decided to conduct phase two negotiations through six ACP sub-groups:

- a. Southern Africa Customs Union (SACU)
- b. Common Market for Eastern and Southern Africa (COMESA)
- c. Southern Africa Development Community (SADC)
- d. East African Community (EAC)
- e. Pacific Forum and
- f. Caribbean Group

The aim is to ensure that discussions will go beyond market access and address issues of production and supply capacities that are crucial for the diversification and development of ACP economies.

## 4.1 The Southern African Development Community and EPAs

As Mozambique is a SADC member in this chapter we focus on SADC's goals in the EPA negotiation process. As the statement below makes clear, sustainable development lies at the heart of these goals:

Based on the Cotonou Agreement and the outcome of the first phase of negotiations, both sides agreed that the overall objectives of the SADC-EC EPA will be sustainable development of SADC countries, their smooth and gradual integration into the global economy, and to contribute to the eradication of poverty. More specifically, the SADC - EC EPA will promote sustained growth, contribute to enhancing the production and supply capacity of the SADC countries, foster the structural transformation of the SADC economies and their diversification and support regional integration initiatives in the SADC region.<sup>12</sup>

The major challenge is to translate the above statements and goodwill into concrete actions.

### 4.1.1 SADC principles for EPA negotiations

SADC agreed on the following principles for EPA negotiations:<sup>13</sup>

#### a. Instruments for development

EPAs need to contribute to the interlinked objectives of sustainable development, poverty eradication and the smooth integration of ACP countries into the world economy. There is a need to consider development in an African context and according to the level at which countries are. Participation is an important aspect as a way of building citizens' capacity to define and contribute to self development. Gender analysis and gender responsive interventions need to be integrated in EPAs highlighting the correlation of increased gender equality with increased poverty reduction, economic growth and development. Gender is the major gap between economic growth and sustainable development.

#### b. Regional integration processes

EPAs must support regional integration initiatives of SADC and not undermine them. EPAs will therefore need to be based on the integration objectives of SADC. EPAs should also contribute to reinforcing regional integration, in particular by promoting the regional harmonisation of rules. In this respect, EPAs' emphasis should be to consolidate the SADC internal trade and economic integration process before fostering greater trade cooperation with the EU. The SADC EPA will thus be designed and sequenced so as to complement the regional integration process and programmes, harmonisation of regional rules and consolidation of the SADC regional economy and market. It is important to look for ways of strengthening existing trade frameworks within the SADC region, and gradually step up to liberalisation at the global level. Local institutions are weak and there is a need to strengthen existing structures.

During interviews with different stakeholders they indicated that they are not against trade liberalisation, but they want it to be gradual and it should start in the region. Trade relations within SADC countries should be stimulated and countries should be given opportunities to develop their capacity to the point of being able to compete in a free market.

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<sup>12</sup> SADC EPA Guidelines for EPA negotiations. Ministry of Industry and Trade. Moz, 2004.

<sup>13</sup> Idem

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As the SADC Trade Protocol leads to a FTA in 2015, this process would provide further opportunity to gradually introduce LDC countries to FTA at global level.

Other aspects considered within the EPA principles include ensuring that the EPA is compatible with WTO (World Trade Organisation) rules and principles. It should preserve the Lomé Acquis which means that no SADC EPA Member State should be made worse off following EPA negotiations. This is a big challenge and to ensure that it is accurately measured, the imperative would be to assess the situation of women and men in different sectors before the EPA is implemented and conduct comparative reviews after EPA implementation. Unfortunately, there are very limited studies on this issue. Government, with support from women's organisations, should develop monitoring instruments for the EPA negotiations and disseminate results.

### **c. Special and differential treatment**

Both sides agreed that special and differential treatment should be provided to all ACP states under EPAs. There should be respect for the rights of Least Developed Countries (LDCs) and the specific circumstances and vulnerabilities of small, single commodity, landlocked, drought prone economies. Countries emerging from conflict should be especially taken into account. Mozambique is a country emerging from conflict and also has a high risk of natural disasters such as drought, cyclones and flooding. Women are disproportionately affected by such events.

## **4.2 The impact of EPAs in Mozambique**

Given that Mozambique will be negotiating trade on agricultural products, it is expected that the trade and agricultural policies will be most affected by an EPA. It is likely that domestic policy and institutions will require changes in order to be compatible with specific issues of the EPA (compatibility) context such as: market access, rules of origin, sanitary and phytosanitary measures.

The proposed trade liberalisation aims to establish free trade relations. Trade liberalisation involves deregulation of foreign investment by reducing barriers to international trade, such as tariffs, with the

following implications: 1) cheaper goods come into national markets from overseas affecting existing indigenous producers but also providing cheaper options for consumers; 2) tax revenues previously collected from tariffs on imported goods are now curtailed with implications for national expenditure.

In this regard, subsidies and other incentives will be eliminated and this will expose the enterprises of LDCs to competition, new market quality standards and efficiency, as well as testing their capacity to negotiate.

It is important to highlight the lack of gender analysis of policy and the impact of these policies on women specifically. However, as women are in a disadvantaged position, changes are likely to affect them intensely and often negatively.

## **4.3 Main challenges for the EPA negotiations**

### **4.3.1 Including non-state actors**

An important feature of the Cotonou Agreement is the involvement of non-state actors (NSAs), including civil society, in all aspects of ACP-EU cooperation. Under the development assistance pillar, this includes policy formulation, programme identification, implementation and evaluation and the drafting of a Country Strategy Paper which includes the National Indicative Programme. It is 'explicit that NSAs should also play a role in the development of political and trade relations' (APRODEV, 2003).

NSA participation is important in the EPA negotiations however the current EPA negotiation process shows this is not occurring.<sup>14</sup> There is no effort from government to include NSAs in negotiations. A working group was established and coordinated by LINK, an NGO Forum in Mozambique, in order to discuss strategies for participation of NSAs but a very limited number of NGOs and other institutions are involved in the working group, which focuses more on access to financial resources rather than discussing political dialogue and policy influence. However, this could be one entry point to be considered for mainstreaming gender in the EPAs (see below).

Further, it has been noted that the EU would allocate resources for building NSA capacity to engage in Cotonou. Unfortunately the EU is known for having

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<sup>14</sup> Personal communication with the Ministry of Industry and Trade, the department with the negotiating mandate in Mozambique. The informant indicated that the Coalition for Economic Justice attended some working meetings on EPA issues. The EU delegation also confirmed that there was no NSA representation in the EPA negotiations process, no representatives from private sector or from CSOs.

very complex processes and requirements for accessing grants. Many organisations find their limited capacity prevents them from applying for EU funds. The other issue to consider is the time gap. How long would it take for NSAs to access funds and build capacity in order to be able to influence the ongoing EPA process which is rapid and very technical?

A good solution would be to establish linkages between NSAs already involved in trade issues with those already involved in gender advocacy and establish partnership for building each others' capacity in order to influence policy at different levels. So while it might be difficult to involve NSAs in the negotiations immediately, we can at least create a mechanism for information and feedback in order to keep information on the progress of negotiations flowing.

### 4.3.2 Mainstreaming gender

Given the degree of cross-border informal trade by Mozambican women with the neighbouring countries of South Africa, Swaziland, Zimbabwe, Zambia, Malawi and Tanzania it is important that ongoing negotiations take into account that women involved in this kind of activity depend on it for their survival. These women have limited, if any, access to information about policy changes and their implications.

Gender is emphasised in the Cotonou Agreement as a cross-cutting issue for development and poverty reduction strategies however they are not taken into consideration in the negotiation process. Women's organisations in Mozambique are not involved in negotiating either the SADC protocol or the EPAs. Knowledge of gender issues is generally very limited among the technical staff of government departments. Representatives of the Ministry of Trade and Industry indicated that gender is not yet on the negotiating table. This indicates that there is no acknowledgement that gender needs to be a part of the process from the beginning. It is not a question of including a chapter on gender at the end of the document or inserting gender and women across the document. What is needed is for gender analysis and integration to be included from the beginning of the process, and implemented thoroughly throughout.

### Box 2. Gender and SADC

SADC has adopted a 'Declaration on Gender and Development' (1997), which calls for women's full access and control over productive resources. A SADC Gender Unit was established in 1989 to facilitate and monitor the implementation of gender mainstreaming in SADC's programme of action. Under this commitment, SADC agreed a 30% quota for women in decision-making positions. This means that there should be an effort to balance men and women's participation in all structures established. Despite this, and the ratification of international and regional instruments such as the BPFA, CEDAW, the protocol to the African Charter on Human and People's Rights on the Rights of Women in Africa, gender inequalities persist.

In Mozambique there are strong NSAs playing a proactive role in lobbying for positive changes in policies and processes particularly with regard to gender integration/gender mainstreaming (see Box 2 in Chapter 3). But there is little communication between those advocating for gender equality and those advocating for trade reform.

There are some organisations and trade unions from different sectors which have women's units to represent women and advocate for their interests. But there is insufficient institutional and technical capacity to advocate at a policy level for gender and trade related issues. An example of such weakness can be seen in the National Union of Farmers (UNAC). This is a movement of farmers, the majority of whom are women, but women are not represented in the leadership of the organisation. Women activists often find themselves involved in a huge number of activities so their time is pressured. Organisations therefore face difficulties in identifying gender specialists who could support them in developing technical issues for influencing policy. This was a problem during the PARPA process.

In December 2005, Mozambique ratified the African Protocol on Women's Rights, an Addendum to the African Charter on Human and Peoples Rights which came into force in November 2005. In Article 13, the Protocol refers to 'economic and social welfare' and it calls for promoting women's economic activities particularly those from the informal sector. EPA negotiations should take into account these policy agreements and ensure that women's rights are protected. In the recommendations section of this report we give specific suggestions on how to translate this protocol into action.

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# 5. Case study: the sugar sector<sup>15</sup>

## 5.1 History

Sugar cane was introduced commercially in Mozambique at the end of 19th century in the Zambezi and Buzi valleys where the soil conditions, climate and water were suitable. In 1908 the Companhia do Buzi constructed the first factory. After six years, a small factory located next to the Incomati River started to produce sugar. This was substituted in 1923 by another bigger, modern factory. In the mid-1920s two more factories, Marromeu and Luabo, both belonging to the Sena Sugar Estates, started production. The sugar industry expanded in the following decades stimulated by British investment and after 1950s with increased Portuguese investment. The increase of the sugar cane areas and the modernisation and expansion of the existing factories contributed to the growth of sugar production. After construction of two new factories, Maragra (1969) and Mafambisse (1970), Mozambique reached a capacity of 360,000 tonnes and in 1972 reached a production record of 325,051 tonnes, 60% of which was for export (INA, 2000).

The sugar sector started to play an important role in the Mozambican economy. At the beginning of the 1970s sugar was the country's third major export product and was the main source of jobs. But in the 1980s a number of factors contributed to the collapse of the sugar cane industry namely:

- The scaling-up of the armed conflict in Mozambique, which provoked the massive destruction of infrastructure including inflicting significant damage to the equipment and infrastructure of sugar companies.
- The prices and exchange rate policy which exacerbated the financial difficulties being faced by the sugar companies that did not have the financial resources to introduce new technologies.

Intensive attacks perpetrated by rebel forces forced Marromeu and Luabo to stop sugar production in 1985. Both factories had just benefited from a reconstruction and expansion programme. Maragra also ceased production in 1985. The continuous pressure of war, the lack of financial resources and the

decline in the efficiency in production led to the closure of the Búzi factory in 1991. As a result the only Mozambique distillery belonging to Companhia do Búzi stopped production due to lack of molasses (the main raw material used in the production of alcohol). Only two of the six factories, Mafambisse and Xinavane (Incomáti), continued to cultivate sugar cane and to produce sugar.

## 5.2 The sugar industry today

After the end of the civil war in 1992 the Government's strategy for the sugar sector was to promote privatisation, investment and reconstruction of the sugar factories. As a result, the sugar industry is gradually getting back to normal although the four functioning factories are now mostly under foreign investment ownership: some South African and others from Mauritius. This means that not all the profits stay in country.

As a result of the rehabilitation works, production has rapidly risen from a low of around 20,000 metric tonnes in the early 1990s to around 265,000 tonnes in 2005 confirming the high potential of the country. This has been achieved by a combination of:

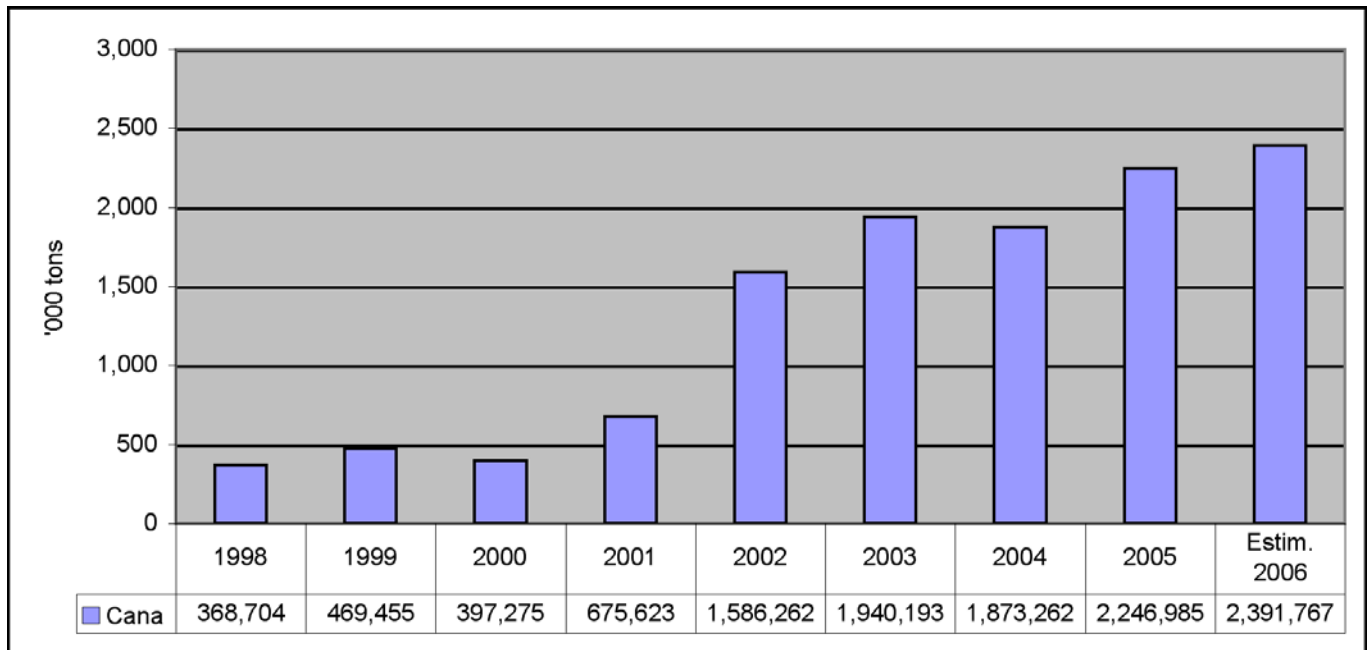
- Low cost production: Mozambique can produce sugar at a low cost in comparison to other regional and global industries.
- Government support to the domestic market through the sugar pricing policy. This policy imposes a variable purchase rate on sugar imports in order to compensate for the low level and volatile nature of the world sugar price. Domestic price support also provides a form of compensation for the inherent risks involved in investing in the rehabilitation of the sector.

In 2005, the sugar industry achieved its highest production levels for 30 years (Figures 1 and 2). Despite still not reaching its maximum production capacity, there have been considerable improvements in terms of technical efficiency making Mozambique much more competitive internationally.

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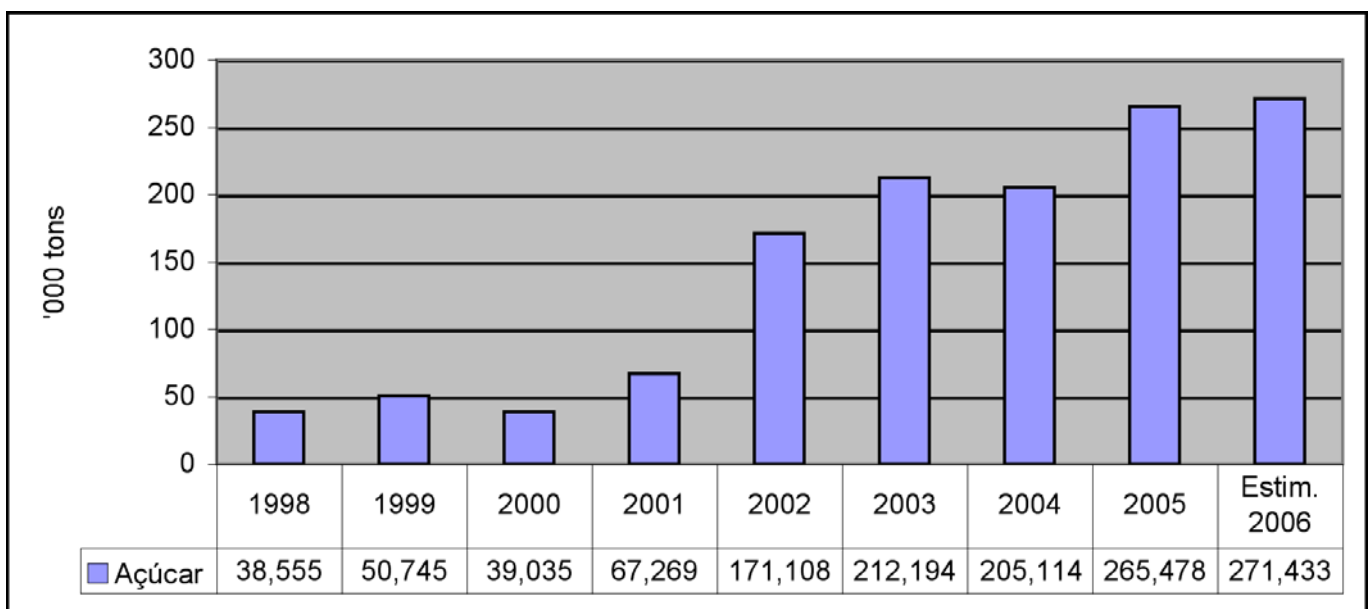
<sup>15</sup> In this current study we did not aim to analyse the whole sugar industry or to challenge any other existing studies. We intended to look at a specific case study, the Maragra factory, and the experiences of women in this context. Most of the findings presented are based on interviews and document review analysis. Any further contribution to ongoing gender analysis is welcome.

**Figure 1: Sugar cane production, 1998 to 2006**



Source: NIS, 2005

**Figure 2: Sugar Production, 1998 to 2006**



Source: NIS, 2005

All sugar in Mozambique is produced purely from cane. Cane is grown predominantly by millers-cum-planters (MCP). The area under production has steadily increased during the last five years, though not significantly after 2001. Increase in supply of cane is now achieved through contracting independent

cane growers (outgrower schemes) which began in 1998. In 2000, Xinavane mill, for example, contracted 64 farmers (no disaggregated data) on 77 hectares of communal land. The current share of cane production by outgrower schemes is 15% of the total (Table 2).

**Table 2: Cane growing, 2005 (production in tonnes)**

	<b>Marromeu</b>	<b>Mafambisse</b>	<b>Xinavane</b>	<b>Maragra</b>	<b>Total</b>
<b>Harvested area (ha)</b>	<b>11,676</b>	<b>7,052</b>	<b>6,010</b>	<b>6,283</b>	<b>31,021</b>
Own production	12,034	6,551	4,254	3,096	25,935
Outgrowing farmers	0	50	1,311	2,970	4,331
<b>Cane yield</b>	<b>709,638</b>	<b>431,617</b>	<b>508,686</b>	<b>597,044</b>	<b>2,246,985</b>
Own production	709,638	424,117	397,086	356,218	1,887,059
Outgrowing farmers	0	7,500	111,600	240,826	359,926
<b>Sugar production</b>	<b>73,300</b>	<b>54,508</b>	<b>60,582</b>	<b>74,553</b>	<b>262,943</b>
Yellow	42,354	54,508	60,582	74,553	231,997
White	30,946	0	0	0	30,946
<b>Molasses production</b>	<b>28,417</b>	<b>14,537</b>	<b>16,892</b>	<b>20,647</b>	<b>80,493</b>

Source: NIS, 2005

The 29.6% increase in the 2005 sugar production over the previous year is due both to the expansion of the harvested area (Table 3) and the increase in productivity due to better factory and human resource

efficiency. With regard to agricultural income, all growers saw significant improvements at the end of the 2005 season.

**Table 3. Sugar cane and sugar production, 2004 and 2005**

	<b>2004</b>	<b>2005</b>	<b>Growth</b>
Area harvested (ha)	26,696	31,021	8%
Crushed cane (tonnes)	1,873,262	2,287,247	22%
Sugar produced (tonnes)	205,114	262,943	29.6%
Molasses produced (tonnes)	66,079	80,488	21%
Source: Açucareiras de Marromeu, Mafambisse, Xinavane and Maragra			

Source: NIS, 2005

## 5.2.1 Exports

Only a few years after rehabilitation, Mozambique has once again become a net exporter of sugar. In 2005, up to the end of September, a total of 64,263 tonnes of raw sugar was exported at an average price of US\$477 per tonne (Table 4). The biggest volume of exports was placed to the preferential markets in the USA, the European Union (under the EBA Initiative and Sugar Protocol EU/ACP, see Annex 1) and the SACU (via the SADC Trade Protocol).

Exports for preferential markets are increasing for two reasons: (i) the impact of Hurricane Katrina in USA increased the country's sugar deficit, obliging it to expand its preferential quotas; (ii) some signatory countries of the EBA Initiative in the EU did not manage to fulfil their quotas so these were redistributed to other members, including Mozambique. Thus Mozambique is benefiting from its trade in the international market.

**Table 4: Exports and Prices FOB Practised in 2005**

Market	Amounts (tonnes)	Price FOB (US\$/tonne)	Prescription FOB (US\$)
USA	14,604	403	5,885,412
EBA/SPS	16,800	564	9,466,971
SACU	5,797	354	2,052,138
International market	32,000	292	9,334,569
<b>Total</b>	<b>87,851</b>	<b>429</b>	<b>37,700,109</b>

Source: NIS, 2005

It is to be noted that the revenue levels for exports to preferential markets have seen substantial increases, primarily due to the high volume of sugar exported to the EU as a consequence of the new quotas attributed to Mozambique.

Mozambique is an ACP sugar exporter that does not benefit from the Sugar Protocol (see Annex 1) but it has applied for a zero quota under the ACP Protocol. This means that Mozambique would eventually get part of the shortfall of the present quota holders. Considering that sugar prices in the EU may decline, various less cost efficient Caribbean producers will lose their market shares and Mozambique will have an opportunity to benefit from this shortfall. Mozambique has benefited from the EBA, filling the quota (currently some 10,000 tonnes) agreed by the ACP LDC producers. This may rise over time but will eventually be eliminated in 2009. In the future, Mozambique sugar exports to the world market may benefit from any watering down of the sugar regime under the CAP as this is likely to lead to reduced EU export subsidies and may increase world sugar prices. On the other hand its exports to the EU will likely suffer from a fall in the EU price (MIC, 2000).

Fundamentally, Mozambique needs to determine its own strategy taking into account domestic objectives (both the sugar industry and the situation of consumers), LDCs' strategy, ACPs' strategy and the EU internal debate. The Mozambican sugar industry has been rehabilitated by foreign private investors that have been attracted by an active price and market policy pursued by the government. At this stage, the main domestic objectives of the policy for this industry are: (a) strengthening the capacities and competitiveness of the sugar industry; (b) diversifying the industry downstream and strengthening domestic linkages; (c) increasing rural employment; and (c) reducing the price to individual and industrial consumers.<sup>16</sup>

In the scope of announced reform of the sugar regimen by the EU, the European Commission (EC) already reached the consensus on the sugar price to be practised from June of 2006. This consensus points to a gradual reduction of 36% for fine sugar and 33% for yellow sugar in the internal price of sugar until the economic year of 2009/2010.

<sup>16</sup> Impact Study of EPAs in Mozambican Economy. Available at [www.mic.gov.mz](http://www.mic.gov.mz)

According to the National Institute of Sugar (2005), the increase in sugar production during 2005 had a positive impact on economic and social development, particularly with regard to employment. In 2005, the four sugar factories employed directly 22,490 permanent and seasonal staff, equivalent to 18,240 full time workplaces. Beyond the workers employed by the sugar companies, another 5,000 workers are employed by other companies for production, cutting, collecting and sugar cane transportation (INA, 2005).

### 5.2.2 Domestic market

There has been an increase in domestic sugar sales in recent years due essentially to:

- Improved controls against the illegal trade in sugar through a joint effort between customs, the Police Department and the sugar industry.
- Better distribution and commercialisation of sugar by the national distributor of sugar, DNA, which offers highly reduced sugar prices to industrial consumers who have stopped importing sugar since 2003.

The impact on women of this protectionist policy is discussed further below.

## 5.3 Women in the sugar industry

Women are involved in the sugar industry in a number of ways: as independent cane growers, as employees in the cane factories, and as workers on industry farms. They may also trade informally in sugar.

### 5.3.1 Women cane farmers

Some women are among the 64 farmers who are independent cane growers and they are organised into associations. Members of associations have a piece of land where they produce cane. Women are responsible for all the work on this land, although the land belongs to the association. Most of the women involve all their families in cane production. The association negotiates the price of the cane and transportation to the factory. There is always a pre-negotiated contract on the price of cane, prior to the season, and the factory undertakes to buy all the cane from the farmers. However, these contracts are not signed;<sup>17</sup> they are just word of mouth. These farmers'

associations are part of the National Union of Farmers (UNAC).<sup>18</sup>

However, most women in the rural areas are not affiliated to any association. These women are excluded from the movement and do not benefit directly from interventions by the trade unions.

### 5.3.2 Women factory workers

Figures vary for the number of women employed in the sugar industry. Different sources from the National Institute of Sugar and from the Association of Sugar Producers present different gender disaggregated data on employment. Some reference documents give the figure for female labour force participation as 18%, and others 16%. The figures on employment exclude workers from companies that are contracted by some sugar companies for cutting, collecting and transporting cane, as well as those who work for independent cane farms.

Table 5 provides information on the level of direct employment in the four functioning sugar companies. It shows that companies directly employed 22,490 workers (both seasonal and permanent) in 2005. The total female labour force in the four companies is approximately 3,925 women (18%). In this study we focus on the Maragra Factory, which employs only 876 women (approx. 25%) of a total of 3,506 employees.

Xinavane, one of the factories in the southern region, stands out from the others as it employs nearly 56% of the total female workforce of the four factories. Other factories could make efforts to employ more women and also improve working conditions.

During our focus group discussions (FGDs) women said there is no difference in the work done by women and men. They all do the same work on the farm: planting, irrigating, and cleaning the farms, except that women do not harvest as it is very hard. Women mentioned the fact that fertilising is also hard because they have to carry huge volumes of fertiliser, a container on their backs and another refill on their heads. They walk long distances to spread the fertiliser, which may cause health problems (e.g. back/spinal injuries) in the long term.

FGD participants also said that women are discriminated against and do not have equal opportunities for example, they never get offered good positions in the factory. Women with babies or

<sup>17</sup> This was mentioned by farmers during the Citizen's Jury held in December 2005, in Maputo, in preparation for the Hong-Kong Ministerial Meeting. This was organized by Oxfam International with participation by farmers from the sugar and cotton industry, Forum Mulher, the Ministry of Agriculture, Ministry of Trade, and other citizens.

<sup>18</sup> UNAC – União Nacional dos Camponeses.



**Table 5: Jobs in the sugar sector, 2005**

	Marromeu	Mafambisse	Xinavane	Maragra	Total
<b>Permanent</b>	4,442	1,399	2,062	1,214	9,117
<b>Seasonal/short term</b>	3,356	4235	3,490	2,292	13,373
<b>Women</b>	461	370	2,221	873	3,925
<b>Total</b>	<b>7,798</b>	<b>5,634</b>	<b>5,552</b>	<b>3,506</b>	<b>22,490</b>
<b>Seasonal/Short term</b>	2,797	2,588	2,133	1,655	9,173
<b>Total</b>	<b>7,239</b>	<b>3,987</b>	<b>4,195</b>	<b>2,869</b>	<b>18,290</b>
<b>Sharing</b>	35%	25%	25%	16%	100%

Source: Sugar of Marromeu, Mafambisse, Xinavane and Maragra, INA, 2005

small children have limited access to jobs due to the lack of childcare. The sugar factories do not provide childcare facilities near the workplace. The single crèche in Manhica village is far away from the factory and women working in the factory cannot afford to pay its fees because of their low wages. They also complained about working conditions. Most women are on seasonal contracts so are not paid for maternity leave or medical assistance. Most of the women are household heads because many men from Manhica District work in the South African mines. Thus women have to combine employment, subsistence agriculture, home care and other activities, resulting in very heavy workloads. Where families or their relatives or neighbours are affected by HIV/AIDS, women also have to provide extra support.

Unfortunately it was not possible to interview either the leader of the factory's Trade Union or the social services adviser but participants in the FGDs showed no trust in this representative: 'these are not representing the interests of the employees but they do what their "patrão"<sup>19</sup> wants'.

Women's employment can contribute to poverty reduction if working conditions and salaries are fair. If women earn money, they are more likely to feed their families, pay their children's school fees and purchase clothing and medicines, increasing their self esteem. But if they spend much of their day on the farms and at the end of the day are still not able to satisfy their basic needs such as paying for school (Box 4), this will undermine their self-esteem.

#### **Box 4. A woman's story**

I came from Cabo Delgado in 1979. My husband came to Maputo and was imprisoned in 1964. When he was released from jail he came to Cabo Delgado<sup>20</sup> and brought me to Maputo.

Since that time I have worked in cane cultivation. My husband works in the sugar factory. I don't get time to cultivate my farm from where I get my food. Both our salaries are insufficient to buy food. I pay someone to cultivate my land. This is difficult because my salary is very low.

Life is difficult here because we have to buy everything we need. In Cabo Delgado we eat what we produce on our own farms.

My daughter had to attend a night class at school because I could not afford to buy a uniform for her. My 24 year old daughter finished secondary school but she can't get a job. The only possible job for her is at Maragra factory. There they say there's no vacancy. What is she going to do? Is she going to work in the cane farm like the mother? I did not expect that for her!

If I could ask for anything I would ask for better working conditions.

The story above indicates clearly how household food security is often compromised in favour of production for export. However the number of women employed in the sugar industry, compared to men, is low considering that the majority of women in the Mozambique economy are in the rural areas and in the

<sup>19</sup> Patrão means "boss", but a traditional boss, distanced from his employees.

agricultural sector. Although available data does not explain the differences between men's and women's participation and contribution, it is known that women do not have equal access and participation in formal employment nor to income from agriculture. Women are more likely to be involved in subsistence agriculture but are often coerced into working in export production for low wages.

### 5.3.3 Women and the sugar trade

Many women are involved in informal cross-border trade, importing sugar from neighbouring countries and selling it at a lower price than the national sugar. However, the government imposed import tariffs<sup>21</sup> to limit imports and to consequently stimulate local production. During the focus group discussions, women mentioned that these tariffs have had a negative impact on them: *'things are worst now because we cannot import any more sugar from Swaziland... the local price is very high and we cannot afford it'*. While on one level the policy benefits the local sugar companies, it has a negative impact on women's livelihoods as they are forced to either pay the local price, which is high, or shift to other products. To benefit local populations, the government must invest in promoting women's participation in other economic activities such as small enterprises and access to markets.

The government needs to take care to ensure that poor people, and particularly women, benefit from protectionist policies. It is important to review who is benefiting from the prosperity of the sugar industry on a medium and long term basis.

## 5.4 Impact of trade policies

The impacts of trade are felt by individual men and women as fluctuations in prices and availability of goods, as well as in changes in output in terms of how much people work to produce and under what conditions. It is said that increased trade and investment liberalisation will improve economic growth, which in turn will increase women's participation in the labour market and will thus lead to poverty reduction. The sugar sector has seen a considerable increase in income since the rehabilitation of the factories but it has not reached the levels required.

One impact of increasing exports might be for the government to collect more taxes for investing in public services, particularly for the poorer communities, and increasing access to public services such as education, health, water and sanitation, housing – these are the links between trade and poverty. Improvements in the number and quality of jobs would be a positive sign of the direct impact of export revenue.

However, in our focus group discussions, women stated that they have not seen major improvements in their lives in recent years. The industry's social interventions do not address the needs of the majority of women. It may be necessary to reinforce the industry's social intervention in the community where it operates as part of its corporate social responsibility policies.

It is also important to review the redistribution system in Mozambique and ensure that the poorest areas get more investment in social services such as education, health and access to water sources. This is a measure that can be linked and channelled through the country's decentralisation process. One of the government's aims in public sector reform is to include the district in the central government planning process, meaning that the district itself will become a planning unit. We suggest that the recommendations from this report are channelled through the district planning, monitoring and evaluation process.

At Maragra factory, the community faces limited access to public services and the quality of services provided is poor. Children do not have access to school and those who complete school do not have employment opportunities. As the country moves towards decentralised management, local communities should be involved in local/district planning so that they can influence decisions about the priorities for resource allocation. If decisions are taken in a participatory way, girls and boys will have access to school, medical services, credit, small enterprise training.

## 5.5 Impact of EPAs on sugar sector

Our analysis indicates that the Mozambique sugar industry is not likely to be influenced directly by the

<sup>20</sup> Northern Province of Mozambique

<sup>21</sup> A significant reduction in imports has been registered. All sugar imported in 2005 was white. From the beginning of the year until September 2005, a total of a little more than 10,000 tons of sugar was imported. The accentuated reduction of imports was due to the retake of the national sugar sales by the industrial consumer.

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EPAs, given that Mozambique benefits from the EBA initiative. According to Mr Carry, the Maragra Factory General Manager, Mozambique is not likely to be affected by the EU EPA trade agreement because *“the Mozambique sugar industry is strong. It will not be negatively affected by the changes in the policy: no jobs will be lost.”*

However, if the sector needs to meet the market requirements in terms of volume of exports and price competition, it is likely that there will be a need to increase production and this will have a direct impact on the sector.<sup>22</sup> The ‘best case’ outcome of such expansion might be to give incentives to small cane producers (local farmers) to increase their cane production thereby creating local employment, improving working conditions and income, and consequently reducing poverty levels. However, we know that things do not necessarily work like that. As we have seen, women are working under precarious and unsafe conditions. They are exposed to very low labour standards and wages and most of them are in seasonal contracts which do not give them any job security. In view of this fact, we fear that:

- Working conditions will get worse, given that employers will be aiming to increase production without increasing costs.
- Women will continue to have limited access to employment given their low literacy levels, low capacity to negotiate and also given the various factors mentioned above that limit women’s participation in productive work.
- An increase in the area under cane production may be at the expense of women’s ability to grow other crops to meet household nutritional needs which could result in a decline in food security.
- Small cane producers may not be prepared to deal with disaster mitigation and in case of emergency may suffer serious losses.<sup>23</sup>
- If the factory expands the area cultivated with the assistance of new big investors, this could lead to land conflicts with local small farmers and families.

While analysing the future of the sugar industry in the context of the EPA and its impact on women, it is important to look at other relevant (direct or indirect) factors that have major influences in local and global contexts. As we looked at issues like employment,

market access, access to land and access to quality public services, it is important to also consider the rapid HIV/AIDS spread and its implications for the sugar industry.

## 5.6 How can EPAs be designed to help women in the sugar industry?

If development is one of the goals of the Economic Partnership Agreements, as stated by the EU, and considering the opportunities foreseen for the sugar industry in Mozambique, it is likely that this sector can contribute to poverty reduction. However, to make this happen it is important that the period of preferential access to EU markets by LDC countries after 2008 is extended and that policies and procedures are put in place improve conditions for women as follows:

- Policies are needed to prevent women from losing their land to sugar cane production.
- The sugar companies should promote continued education by introducing literacy programmes for their employees and for the community.
- Women should be given an opportunity to access credit in order to invest in cane cultivation to supply the factories. Investment should be extended to the creation of other business opportunities and therefore build the capacity of the local community to engage in other type of activities such as rural tourism. This would attract new investment and provide job alternatives. This requires advanced functional literacy and training in appropriate skills.
- Sugar factories should improve working conditions for permanent and seasonal staff, and seasonal staff should get the same social security conditions as permanent employees.
- Sugar factories should provide social services and facilities for women employees e.g. kindergarten near the work place in order to allow mothers to feed their babies and a different work schedule for pregnant women.
- SINTIA, the sugar sector trade union, should strengthen its role and commitment to protect

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<sup>22</sup> Sugar industry expansion plans indicate a production forecast of over 360,000 tonnes in 2012. This would be attained by a combination of expansion, increase of cane production and processing efficiency. Depending on the evolution of domestic consumption, Mozambique could then have surplus sugar available for export of between 130,000 and 180,000 tonnes (INA, 2005).

<sup>23</sup> When the Maragra cane farms flooded in 2000 the bank that gave the loan to rehabilitate the factory considered a rescheduling of the repayments. Small producers do not even have access to bank credits... how would they restart after a disaster?

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employees and negotiate on their behalf. Women should be involved in decision-making and negotiations.

- Sugar factories should establish a training policy and career development to train women to work both on the farms as well as in the factories and allow them to access better jobs.
- Farmers' associations, particularly for women, should enhance their capacity to negotiate fair prices with the sugar factories. Strengthening associations and networking may consolidate efforts.

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# 6. The way forward

Whether a policy change has positive or negative implications will depend on the policy implementation and monitoring environment. Mozambique currently has a strong body of labour law (under review) which protects employees, although it does not have a very specific commitment to promoting women's participation in the labour force. It is important to ensure commitment from trade unions and NGOs working on women's rights and labour rights to advocate for justice in agriculture, fair trade and fair re-distribution of public resources.

The main finding of our study is that although the impact of EPAs on Mozambique's sugar industry will be minimal, its impact on women will depend on strategies taken to address women's specific needs. The current situation is that women have bad employment conditions; they have limited access to jobs and to productive resources; they lack opportunities to enhance their productive capacity by increasing their level of education and training in specific skills; they have unmanageable workloads; limited access to information and limited opportunities for participating in decision-making.

Thus SADC member states and particularly the SADC-EPA partners should continue their efforts to mainstream gender at the institutional level and should also push this issue at the policy level. These changes should take place at the national level and current decentralisation processes too should be considered to ensure good governance and accountability. Women should participate in consultative processes and decision-making and their views and expertise at different levels must be recognised, promoted and used to bring about positive change. Civil society must continue a vibrant engagement with government and government should consider CSOs as main partners in planning and implementation of EPAs.

We also make the following specific recommendations:

## 6.1 Recommendations for the Mozambique government

- Create linkages between trade and labour policy via the Plan of Action for Eradication of Absolute Poverty (PARPA).

- Make EPA negotiations a participatory process. Different stakeholders should be involved, not just government officials and EU delegates.
- Consult women's organisations, particularly at the grassroots level, to identify their concerns and reflect these in the negotiations.
- Make EPA implementation gradual and accompanied by strategies to build the capacity of communities, women and vulnerable groups.
- Link the EPA with other processes at the national and regional level such as the PRSP.
- Ensure that EPAs look first at the future of regional integration and strengthening local and regional institutions before looking at the global picture.
- Share and discuss existing studies assessing the impacts of EPAs regularly at different levels. Efforts should be combined to address recommendations drawn from those studies. Where needed, new studies should be undertaken.
- Draw up a gender budget to ensure that resources are appropriately allocated to address gender activities included in the plans.
- Mainstream gender at all phases of policy-making and programming: the preparation phase, planning phase, implementation phase and evaluation phase.
- Conduct baseline studies and gender analysis to anticipate any planning process in order to alert planners to key issues to be addressed from a gender perspective.
- Create national redistribution strategies to overcome poverty and reduce disparities between regions.

## 6.2 Recommendations for non-state actors

- As part of the current labour law reform, trade unions should discuss with the associated employees – based on sector specific needs – the labour issues to be proposed to government for reform. They should also reinforce the implementation of the labour law, particularly with regard to women's rights.

- The agrarian reform process should address women's access to and control of land which is the only 'asset' for most people in rural areas. Therefore monitoring mechanisms should be created and the role of farmers' associations should be strengthened to avoid them being victimised by investors.
- Civil society organisations, particularly local NGOs, should develop a strong network to advocate for justice in trade policies. This intervention should be linked to the PARPA and Economic and Social Plan processes.
- Efforts being made to engender PARPA (PRSP) and efforts to introduce gender budgeting should continue; this should begin at the bottom-up, focusing at the local and district level.
- Lobbying for the approval of a Gender Policy and Implementation Strategy should continue.
- Linkages between Southern and Northern NGOs and CSOs should be strengthened in order to share information and strengthen their capacity to lobby and advocate.

## 6.3 Recommendations for the EU

- The EU should introduce the reforms gradually in order to minimise the likely negative impact on LDCs.
- Government and the EU should be made accountable for any likely negative impact resulting from EPAs forced positions.

## 6.4 Recommendations for the donor community

- The donor community should be much more committed to gender equality and women's empowerment. They should argue for the government to mainstream gender into policy and institutional mechanisms.

## 6.5 Recommendations for gender advocacy groups

- As gender is a crosscutting issue, organisations working on gender and in policy-influencing need to build internal and external capacity. This should not only be achieved by training member organisations but also by working with individual sectors and creating internal capacity to work on the issues. High level decision-makers need to be sensitised so that they can support their technical staff to integrate gender.
- There is a need to monitor the survey being run by the National Institute of Statistics on the Informal Sector and ensure that it takes a gender perspective and assesses how CEDAW and the African Protocol apply. The results should be shared with women in the informal sector and in women's organisations and should be used to bring about positive change in policy.
- There is a need to strengthen local authorities and civil society organisations which protect women's land rights, such as ORAM, UNAC, AMUDEIA<sup>24</sup> and others. Forum Mulher could engage with other organisations specialising in trade and economic justice, such as the Coalition for Economic Justice, the Christian Council of Mozambique and others, in order to influence policy in favour of the poor. They should also work with community based organisations to ensure that government and the private sector are meeting their responsibilities and that policy is being implemented in favour of the community.
- Legal instruments in force for protecting women's rights should be disseminated and implemented. Mechanisms for implementation should be promoted. Continued efforts should be made to review all legal instruments that undermine women's human rights.
- Satellite accounts should be developed to evaluate and document the contribution of the household (including economic and social contributions) to the economy and this should be translated into the System of National Accounts. Furthermore, this should be an advocacy issue at global level, in order to influence changes to the System of National Accounts.<sup>25</sup>

<sup>24</sup> Association of women dismissed from the sugar industry.

<sup>25</sup> Satellite accounts give a separate estimate of Gross Household Product, and map out the interaction between the market and the household. The Economic Commission for Africa has a specific study and handbooks to orient countries in implementing this approach. The University of John Hopkins in the USA is conducting an advocacy work for the adoption of Satellite Accounts of Non Profit Institutions.

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## 8. Annex 1. Sugar and Trade Agreements

The EU sugar regime was started in 1968 as part of, and with similar aims to, the Common Agricultural Policy (CAP). Due to Europe's colonial ties with countries growing sugar cane, the Sugar Regime was developed to support a group of African Caribbean Pacific (ACP) countries in order to ensure a stable supply of sugar to the EU market, using a combination of quotas and levies. Recently, the 'Everything but Arms' (EBA) proposal extends duty and quota-free access to the EU for all products except arms and munitions from the 48 least-developed countries of the European Commission, the LDCs. The 'Sugar Protocol' is the successor to the Commonwealth Sugar Agreement, signed in 1951 by the UK with its former colonies to ensure that they would continue to fulfill the UK's cane sugar needs. When the UK joined the EC in 1973, the 'Sugar Protocol' was negotiated to ensure that the UK cane suppliers and refining interests would not be disrupted, thus transforming the UK's commitment to safeguard the interests of Commonwealth sugar exporters into a European Community commitment. The 'Sugar Protocol' was then annexed to the Lomé Convention, the treaty that, since 1975, has regulated the trade and aid relations between the European Union (EU) and its ex-colonies (together with other protocols on bananas, rubber, rice, beef and rum).

When the 'Sugar Protocol' was negotiated, Europe needed to import sugar because its own level of production was insufficient to meet EC demand. At the time it made sense for the EU to secure long-term supplies and stable prices. It was already clear back then however, that this need for ACP sugar would only remain as long as Europe could not, or did not, supply all of its own sugar needs. Recognising this, the European Commission proposed to limit price support for EC sugar beet production to an amount that, with the 'Sugar Protocol' imports, would equal EC consumption levels. Instead of this, the EU member states agreed greatly increased quotas for sugar beet and as a result a large rise in the minimum price for sugar. EC sugar production rose rapidly in the late 1970s, and today the feeling is that ACP imports are no longer necessary for Europe.

Source: Case study: the EU import regime for sugar. Anne Claire Chambron - Coordinator, Farmers' Link. <http://www.farmerslink.org.uk/euir.htm>