From: B NEWTON
Sent: 25 October 2010 11:26
To: [redacted]
Subject: Fw: Portugal proposal to Council

[redacted]

Sorry but I spelt your name wrongly on the original transmission. I hope it arrives OK this time

Regards

Barry

----- Forwarded Message ----
From: B NEWTON
To: [redacted]
Cc: [redacted]
Sent: Monday, 25 October, 2010 11:20:58
Subject: Portugal proposal to Council

Dear [redacted]

When we met in Cambridge we agreed that it would be a good idea to arrange a meeting to discuss issues related to CAP reform and the interests of ACP and LDC sugar suppliers to the EU. A number of things have changed since the major Sugar Reform of 2006 and in addition to the new CAP matters we are also faced with complications arising from EU Trade policy and the potential impact of the DDA . We are also getting increasingly concerned about the management of the Accompanying Measures finance for sugar .

Sadly I have been diverted recently on other matters and have not approached you to arrange a meeting .I believe that it is becoming reasonably urgent that we should be aware of each other’s views and I would welcome your suggestion of a suitable date

In the meantime we have issues which keep arising in the EU in regard to the current Regulation 828/09 and with the management of the market generally. The latest subject is one which arose on a couple of occasions last year and which has once again been put on the agenda by the Portuguese refiners supported by a number of other EU traditional port refiners . I believe it is to be raised at next week's Council meeting and I am therefore advising you of the views of my members at the EPA EBA London Sugar group which represents the industries of the supplying countries named in Regulation 828/09

The Portuguese proposition is two fold

- To exempt CXL sugar from payment of the Euro 98 pts duty
- To open a TRQ for raw sugar imports for the 2010/11 marketing year

EPA EBA suppliers are opposed to these proposals . The 2010/11 marketing year has just begun with a new beet crop in full operation throughout the EU. The refiners have a 3 month exclusivity to apply for licences in the new marketing year It seems totally premature to be suggesting that there is insufficient supply to keep the market in equilibrium .Furthermore the latest published EU balance sheet and market price data do not indicate that such a shortage exists

The argument seems to be entirely related to the price to be paid for imported raw sugar. Any increase in supply against a background of World Price volatility and when no shortage has been proven would inevitable provide downward pressure on EU market prices which would be prejudicial to ACP/LDC sugar suppliers . The introduction of any new TRQ would weigh on the market and any downward pressure would exaggerate the difference with the World Price and would be likely to inhibit existing ACP raw sugar suppliers from selling to the EU . This would be a serious own goal for the refiners and arguably would be an illegal infringement of the ACP preferential agreements under both Cotonou and the EPA's

The suspension of the duty at the beginning of a marketing year could also affect the terms of sale for ACP /LDC suppliers by removing our preferential status on the CXL quantities .It would not seem part of the EU's role to provide a basis for refiners to gain advantage in negotiations on price with existing ACP/ LDC countries .

We accept that the EU may in coming months be able to demonstrate a need to find a means to balance the market supply and demand and also may need to recognise the impact of a continuing discount in the EU price as compared to prices in the World , Regional and USA markets. However we can see no rational basis for seeking to overturn existing regulations at such an early point in the EU marketing year. It is totally premature and potentially damaging to the interests of the developing country suppliers to the EU .

I recall that the UK Govt was inclined last year to support a similar intervention sponsored by Porugal. It is of interest to note that despite an awful year for ACP/ LDC suppliers (caused mainly by wide ranging difficult climatic circumstances) the market was not short of sugar overall and market prices were not unreasonably high. We do hope that on this occasion HMG will not support the proposal

Kind Regards

Barry

Barry Newton

Chairman

EPA EBA London Sugar Group