[redacted]

Thanks: I think it would be appropriate to meet together with DFID as it is the broader interlinkage between the CAP Sugar REform actions and ACP /LDC Devt which is of major concern

Kind Regards

Barry

From: [redacted]
To: B NEWTON [redacted]
Sent: Friday, 22 March 2013, 11:51
Subject: RE: CAP Reform

Barry

Shame, Tuesday and Thursday look pretty impossible for me. I will see if I can find a slot in the following week that also allows attendance from Dfid. I have passed on your e-mail from earlier today to the Dfid lead ([redacted]) and her boss ([redacted]). [redacted] is part-time (Tuesdays and Thursdays) so I will aim to speak to her next Tuesday and then get back to you. If you would prefer to see us separately please let me know.

[redacted]

Crops & Horticulture, Defra

[redacted]

From: B NEWTON [redacted]
Sent: 22 March 2013 11:39
To: [redacted]
Subject: Re: CAP Reform

[redacted]

Thanks for your prompt reply . Unfortunately Murphy is at work and 25th and 27th are the only days I cannot manage. I am also free any day the following week (exc holiday Monday)

Barry

From: [redacted]
To: B NEWTON [redacted]
Sent: Friday, 22 March 2013, 11:14
Subject: RE: CAP Reform

Barry

It would be good to take stock next week. Are you free any time on Monday (25th) or Wednesday (27th)?

[redacted]

Crops & Horticulture, Defra

[redacted]

From: B NEWTON [redacted]
Sent: 20 March 2013 23:24
To: [redacted]
Subject: CAP Reform

Dear [redacted]

When we met briefly last week at the NFU we agreed that another discussion in the near future would seem appropriate. The press release containing Minister Paterson's comments on sugar after the Council meeting suggest that we should meet very soon indeed. I am frankly appalled at the continued assertion about the negative impact on user and consumer prices of the EU beet quota system which as far as I can compute has no basis in fact .The direct linkage between beet quotas and the refiners problems is also disturbing . These are two completely different matters and the Minister is sadly mistaken if he believes that the removal of quotas will directly assist Tat &Lyle.The absence of quotas will not remove the EU tariff wall and allow TLS free access to World Price sugar. It will simply release onto the EU food market a weight of current Out of Quota beet sugar(5m tonnes) which will crucify the ACP/LDC suppliers who are still a very large element of TLS supply :and it will concentrate power even further within the EU into the hands of existing conglomerates. TLS survival therefore seems an extremely improbable effect of quota abolition. However in suppport of the refiners' case the ACP/LDC countries have been very critical of the Commission's handling of the market shortages and issued an Aide Memoire last September which called for a better licensing system for additional imports . We still retain that view and wish to see a continuance of a sustainable refining sector to which many of us look in maintaining a plurality of customers for EPA/EBA sugar . This is not incompatible with a stable market with beet quotas and market management tools for a period to at least 2020.

However I am more concerned at the total lack of coherence in EU Policy which also appears to be mirrored in HMG's approach to the beet sugar quota issue. All studies including even the rather poor EC Impact assessment predict a reduction in ACP /LDC market share and this was before taking account of new potential isoglucose supplies. The DEFRA/DFID study by ODI/LMC also came to the same conclusion .

There can be no doubt that CAP Reform is a domestic matter but in the construction of a market after the 2006 Reform space was specifically created for increased imports from the developing countries . The interests of traditional Commonwealth cane sugar producers in the European market have been acknowledged for many years and especially by HMG whose unwavering support at the time of UK entry in 1973 was critical to the creation of a specific supply agreement to succeed the Commonwealth Sugar Agreement following UK entry into the EEC . This was an essential trade treaty which was translated by the EC into the Lome convention of 1974 which established the ACP and which had an attached Sugar Protocol . HMG had recognised that most of the countries involved in the sugar trade had been created by the UK as suppliers of commodities ,were small populations ,often small islands and were dependent on exports for survival and for foreign exchange earnings. Despite many efforts at diversification the lack of critical population mass and the essential rural social structure of their economies has caused an inevitable continuation of emphasis on the importance of the EU sugar market as a long term and so far irreplaceable element in economic survival .

The creation of EPA's was specifically targeted at replacing the Sugar Protocol with an alternative DFQF entry to the EU market claimed by the Commission to be of equal value ; extra volume was stated to be a counter to a 36% price cut. For LDC's who had been given entry under the EBA there is no doubt that sugar was the "jewel in the crown" . This was acknowledged by the EC and to prevent market destabilisation the Reform price cut was aimed at being a deterrent to any large increased EBA supply . Despite this for most of the ACP countries the continuation of a significant preference remains an extremely important trade issue. This is in danger of being undermined by competition from a huge release of OOQ beet sugar plus it seems by a call to allow duty free cane imports to assist UK cake manufacturers. I fail to see the coherence in this message and it would be galling if these same manufacturers decided to import refined sugar not raw sugar for refining . It seems perverse of HMG to continue to preach the importance of trade rather than aid and then support a policy which undermines a critical trade opportunity for a number of traditional developing country trading partners of long standing. Access to any market is only of economic or commercial worth if the price is reasonably remunerative. Incremental and immediately available marginal cost beet sugar will destroy the stability and value of that market. Th unusual conditions of the past few years need to be phased out before the stability need for further Reform and liberalisation can be risked

I would really like to discuss this further and to seek to convince HMG that continuation of the beet quota system for several more years is crucial for ACP /LDC industry progress . This is not incompatible with a viable TLS -indeed it fully supports that objective without any simultaneous collateral damage to UK beet sugar interests . There are other nuances in play which should perhaps be addressed to achieve that goal without condemning many ACP/LDC countries to economic oblivion

I would welcome an early meeting

Kind Regards

Barry

Kind Regards

Barry

Department for Environment, Food and Rural Affairs (Defra)