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Directorate-General for Trade

Directorate D - Sustainable Development; Economic Partnership Agreements - African, Caribbean and Pacific; Agri-food and Fisheries

Agriculture, Fisheries, Sanitary and Phytosanitary Market Access, Biotechnology

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Minutes meeting Miguel Ceballos Baron – EURODOM on treatment of specialty sugar in EU-FTA negotiations (04/05/2016)

Participants:

EURODOM/La Réunion: Philippe LABRO, President of “Syndicat du Sucre de la Réunion”; [REDACTED], EURODOM (association representing EU outermost regions)

Commission: Miguel Ceballos Baron (Deputy-Head of Cabinet Malmstrom), [REDACTED] (TRADE D3)

Report:

EURODOM stressed importance of sugarcane chain in the economies of some EU outermost regions, in particular in *La Réunion*, where sugar alone represents 13% of jobs in the island and 50% of its total exports (two thirds when rum, also produced from sugarcane, is counted in). Half of the sugar production has now the European consumer directly as a buyer, and on a less refined status, at price premium (hence this is designated as “specialty sugar”). The other half is sold for refining into EU mainland as white sugar, a segment that will become under strong pressure as the EU quotas system is abolished next year.

EURODOM emphasised the absence of level playing field as regards social costs (wages represent half of total production costs in outermost regions), referred to be between 6 (Mauritius) to 20 times (Malawi) higher than in competitors in African countries. As a combination of these factors, border protection remained an essential element to preserve the outermost region market share (currently 33%) in the premium market, which is only in expansion when considering the two other segments, “fair trade” and “organic”, with which specialty sugars compete. Efforts undertaken by Commission on special treatment for specialty sugar in FTA negotiations, such as the one pursued in EU-Vietnam, are therefore crucial.

In particular, concerns have been expressed as regards future concessions within EU-Mercosur, EU-Mexico and EU-Philippines FTAs. Existing FTAs have led to the entry of Colombia and Central America into the EU specialty sugar segment, via preferential TRQs provided.

COM took note of EURODOM concerns. As regards “fair trade” certification, COM recalled that the label is a private standard totally independent from EU authorities, and

encouraged EU banana producers to apply for certification in light of the high level of labour, environmental and social standards that EU sugar production regions currently apply. COM also inquired about prospects for organic certification.

EURODOM referred that lack of access to “fair trade” certification schemes for EU sugar products are linked to the level of subsidies provided by the EU to the sector, which have led to non-acceptance of requests presented so far. As regards organic, and similarly to concerns expressed recently by banana producers, there is a lack of adequate herbicides available for tropical climates. Also, the production system in La Reunion implies equal treatment of each farmer, and implies the interruption of the refining cycle, which cannot be done in an economically profitable way considering there are 3 000 farmers delivering sugar to the 2 available sugar plants.