

THE SUGAR ASSOCIATION OF THE CARIBBEAN (Incorporated)

Registered Office: 80 Abercromby Street, Port of Spain, Trinidad W.I.
Mailing Address: c/o Caroni (1975) Limited, Brechin Castle, Couva, Trinidad, W.I.

Directors

MR. C. SIMPSON
MR. J.J. MONTALVO
MR. M. BOAST
MR. P. NANDLAL
MR. R.K. JAMES
MR. C. KELLY

Members

BARBADOS AGRICULTURAL MANAGEMENT CO.
BELIZE SUGAR INDUSTRIES LIMITED
GUYANA SUGAR CORPORATION INC.
SUGAR MANUFACTURING COMPANY LIMITED
SUGAR MANUFACTURING CORPORATION OF JAMAICA LTD.
ST. KITTS SUGAR MANUFACTURING CORPORATION

Telephone/Fax: (868) 636-2847

142nd Meeting of the Board of Directors

PRESS RELEASE

Georgetown, Guyana, 3rd December 2004

The Board of Directors of the Sugar Association of the Caribbean (SAC), which represents the sugar industries of Barbados, Belize, Guyana, Jamaica, St. Kitts & Nevis, and Trinidad & Tobago, held its 142nd meeting in Guyana on 2nd and 3rd December 2004. The Board also met with the Director for Raw Sugar Purchasing and EU Affairs, Tate & Lyle Sugars Europe.

Sugar Production and Exports

Sugar production in the six SAC countries is projected to reach 747,000 tonnes in 2005 after 703,000 tonnes this year, an increase of 6%. Exports under the ACP/EU Sugar Protocol will amount to 427,000 tonnes this year, and exports under the Special Preferential Sugar (SPS) arrangement will amount to 35,000 tonnes. The SPS volume is forecast to fall slightly in 2005 as quotas for sugar from the Least Developed Countries continue to increase at the expense of SAC and other ACP suppliers, but this will be partly offset by the addition of a 20,000 tonnes quota for Slovenia, one of the EU's ten new member states.

Exports to the United States of America under the US Sugar Program are projected to remain stable at around 43,000 tonnes.

The total value of foreign exchange earnings arising from exports under these preferential arrangements is estimated to be close to US\$280 million.

Intra-regional Trade

In 2003 intra-regional sales of sugar amounted to 105,000 tonnes. The strongly marked upward trend in intra-regional sales continued this year, with total sales provisionally put at just over

140,000 tonnes, amply demonstrating again the mutual benefits of the CARICOM Single Market and Economy (CSME).

European Union Sugar Policy

The Directors note that there is growing resistance in Europe and elsewhere to the European Commission's plans for sugar. Only a minority of EU member states are in favour of them, and there is strong resistance from almost all stakeholders. If the Commission's plans to cut prices by up to 33% were adopted it would be a disaster for sugar in the Caribbean. The Commission's price proposals do not strike a fair balance between Europe's traditional cane sugar suppliers and its own beet sugar industries. They can be summed up in the following words: "Too much, too soon." In addition it is questionable whether these proposals are permissible given the special legal status of the ACP/EU Sugar Protocol. The Directors are convinced that the ACP can secure a better deal from the EU, and they reaffirm the importance of ACP solidarity in negotiating a fair and remunerative price as provided by the ACP/EU Sugar Protocol. In this connection the Directors note with satisfaction the call by the WTO Dispute Settlement Body for the EU to honour its international trade commitments, which include the Protocol.

The Directors have noted with satisfaction the considerable lobbying effort underway, but believe that more can still be done to promote the SAC case for fair treatment for sugar. They are in favour of involving the regional diaspora in the UK in ensuring public opinion is behind Caribbean sugar. They feel that the ACP should continue to make its voice heard by engaging in dialogue with all EU member states, particularly the ten new Central and Eastern European states and those few still championing radical changes to the EU sugar regime; with NGOs and other stakeholders; with civil society; with the EU Council, Commission and Parliament.

The Directors regret to learn that the UK Government still seems to insist on radical price cuts. The Caribbean sugar industries have begun modernization and restructuring reforms which are threatened by a lack of bankable assurances. A competitiveness fund must be set up immediately to help the industries prepare for change, and the EU must provide from its agriculture budget funds for compensation equivalent to that already on offer to European producers.

The Association heartily endorses the recent statement by Caribbean Ministers which summarises the vital importance of our sugar industries: "The sugar industry is by far CARICOM's largest agricultural enterprise. It generates considerable employment in vital areas. It earns precious foreign exchange and saves a great deal more by utilizing its by-product bagasse as fuel. It plays a major role in community services and infrastructure maintenance. It is a key contributor to rural stability and environmental preservation. It helps vitally in preventing a flood of internal refugees into urban areas already hard pressed to provide minimal essential services. It supports a mass of small and medium business enterprises which supply goods and services to the sugar industry. It generates very important industrial activity in the utilization of its by-product molasses. Experience and countless feasibility studies have shown that sugar is irreplaceable by any other crop. It generates skills and expertise which spread throughout whole communities. It is part of the Caribbean scene and creates recognizable culture and attracts tourists. The value of the sugar industry cannot be measured purely in accounting or banking terms. The multifunctional economic

and social role of sugar often goes unquantified and only when that role weakens do the full consequences come to light. It should also be noted that there are immense investments in the sugar industry built up over many decades providing the means of employment and upkeep of essential infrastructure, services and environmental standards, which huge investment would go to waste if sugar declines.”

Cane Breeding Station

The Directors note and commend the work of the Cane Breeding Station in Barbados. The Station has been doing valuable work in developing high value cane varieties for cogeneration, ethanol and increased sucrose content. This work is in line with the plans of SAC industries to diversify their operations.

For further information, please contact:

The Chairman, Mr. R.K. James, CD
Tel: Jamaica +1 876 926 5930; Fax: +1 876 929 7903

The Chief Executive Officer, Dr. Ian McDonald
Tel: Guyana +592 22 64343