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# NEWS

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### **Africa's sugar producers brace for EU quota scrap**

Africa's sugar-producing countries will lose a significant portion of their export market in 2017 when the European Union (EU) Common Organisation of the Markets ends production quotas for its 19 members, reports TradeMark East Africa (TMEA).

Currently, EU member states are limited to supply a maximum of 13.5 million tonnes of sugar, leaving the African, Caribbean and Pacific states (ACP) and least developed countries (LDCs) to supply up to 3.5 million tonnes through their quota-free, duty-free access to the EU market.

As the world's largest sugar consumer, the EU supports African sugar-producing and exporting countries such as Egypt, Mauritius, Zambia, Sudan, South Africa, Malawi, Zimbabwe, Lesotho, Mozambique, Ethiopia and Swaziland.

These countries currently have duty free, quota free access to the EU for agricultural products, under the "Everything but Arms" regulation and the Economic Partnership Agreements, which end in 2017.

The removal of quotas means that market segmentation (between the markets for quota sugar and non-quota sugar and other products derived from sugar beet) will end, and a single set of prices for sugar beet and processed sugar will apply.

Daily newspaper, The East African, cited "experts" as saying that with the pressure to speed up the Free Trade Area across the continent, competition for the regional sugar market would be stiffer as surplus sugar entered the African market.

"With Brazil, Russia, India, China and South Africa having an important stock of sugar, they flooded the world market with their sugar, causing the price to fall. This represents a big danger for our industry, ahead of 2017," Mauritian agro-industry and food security minister, Satish Faugoo, was quoted as saying.

A recent study by the European Commission shows that the reform of the EU sugar regime could lead to a 4.2% increase in EU production of beet sugar, while imports of sugar are estimated to decline by 42.6%; mainly due to the replacement of imports from high-cost third countries, like the ACP countries, by domestic production.

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