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COMMUNICATION FROM JAMAICA AND FOURTEEN OTHER PARTICIPANTS

The following communication from the Permanent Mission of Jamaica has been received for circulation to participants in the Negotiating Group on Agriculture. It is made on behalf of the following countries in addition to Jamaica:

Barbados, Belize, Congo, Côte d'Ivoire, Fiji, Guyana, Madagascar, Malawi, Mauritius, Tanzania, Trinidad and Tobago, Zimbabwe, St. Christopher and Nevis and Swaziland.

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1. Successive trade and aid arrangments between the ACP States and the European Community, beginning with the First ACP-EEC Convention which came into effect on 1 March 1975, have incorporated a Protocol on Sugar which gives continuity to the earlier Commonwealth Sugar Agreement between the United Kingdom and a number of Commonwealth supplying States. This Protocol is a legal contract of indefinite duration between the contracting parties, each of which has certain specific obligations to fulfil.

Article I of the Protocol states that:

"The Community undertakes for an indefinite period to purchase and import, at guaranteed prices, specific quantities of cane sugar, raw or white, which originate in the ACP States and which these States undertake to deliver to it."

Implementation of this Protocol is carried out within the framework of the management of the common organization of the Community's sugar market - which itself is a part of the Common Agricultural Policy (CAP) of the EEC - without prejudice to the guarantees inscribed in the Article quoted above.

2. The guarantees which are inextricably interlinked in this trading instrument, are in response to the recognition of the economic importance of the sugar industries of the ACP States concerned in terms of stability of export earnings, creation of employment, development of the rural areas both with regard to physical and institutional infrastructure and social welfare. Any measures which would undermine the effectiveness of these guarantees are very likely to result in increased economic hardship and subsequent political instability for the countries concerned.

3. The sugar industry demands certain inputs in the production and marketing of the product. Moreover, vertical and horizontal integration

and the use of by-products and residues enhance the multiplier effect stemming from increased investment in the industry. The sugar industries have also directed investment in other fields of activity, both agricultural and industrial. They, therefore, act as a catalyst in generating further economic activity.

4. The Protocol has over the years demonstrated its capacity to provide a stability of earnings against the background of the widely fluctuating prices of the world market which, it must be underscored, is a residual one. Were the ACP States to rely on this market for the disposal of their sugar, extremely negative consequences would ensue.

5. Liberalization of the trade in sugar would have disastrous consequences for the sugar supplying countries concerned. On the one hand, the world market which is a volatile one must be regulated through a reinforced International Sugar Agreement with economic provisions. On the other hand, elimination of support measures would not necessarily have a positive impact on world prices but would certainly adversely affect the level of prices derived from sugar exports under the Protocol.

6. In effect, as the ACP sugar price under the Protocol is linked to the Community intervention price, any measures adopted within GATT which would result in the lowering of the ACP sugar price would involve a substantial loss of earnings for ACP countries. This loss could neither be recouped on the residual world market nor be offset by hypothetical or even real gains, hardly quantifiable, to be derived from global liberalization of the trade. Indeed, the productivity and competitivity of these countries would be seriously undermined.

7. The structure of the sugar market and world prices prevailing at present and expected for the foreseeable future bear no relation to a realistic value of sugar. The structure has certain characteristics which make it unsuitable as a reference point since it is residual, speculative, subject to exchange rate variations and sensitive to world geopolitical events. Thus, the world price cannot be used to determine the adequacy or otherwise of prices obtained under the Protocol or other bilateral agreements nor the need to reduce price supports.

8. The States Signatory to the Protocol reaffirm their commitment to the Punta Del Este Declaration which recognized and made allowance for the need to avoid disruptive effects on the trade of the less-developed countries. They firmly adhere to the principle of a balanced outcome to the GATT negotiations.

9. In the light of the above consideration, the ACP States Signatory to the Protocol and CONTRACTING PARTIES to GATT cannot be a party in the context of the multilateral trade negotiations, to the adoption of measures aiming at generalization of reduction of price support measures and invite other contracting parties, on whose sympathy and understanding they rely, to refrain from adopting any measures which could prejudice the functioning of the Sugar Protocol (hitherto greeted as a unique and exemplary trade instrument) and entail damaging effects for their industries and economies with irrevocable consequences for their populations.