



**Global Alliance *for*
Sugar Trade Reform
and Liberalisation**

GPO Box 891
Brisbane
Queensland
Australia
ph: +61 7 3231 5007
fx: +61 7 3229 2113
global.sugar@qldsugar.com

2 December 2010

Trade Barriers cause High Sugar Prices

Media Release

World sugar prices recently at the highest levels in 30 years reflect a tight world market. The Global Sugar Alliance says the price spike triggered by adverse weather around the world has been made worse by government policies that have effectively created a structural shortage.

“Government restrictions have removed natural supply responses from other countries with expansion capacity,” says Mr Ian Glasson incoming Chairman of the Global Sugar Alliance and Chief Executive Officer of Sucrogen.

“Reducing Government intervention would see more sugar moving to where it is needed when it is needed. Some, like India, with more open structures could export in the short term and secure their own supply needs by importing later as the global production base moves from the northern to southern hemisphere with the changing seasons”, he says. Long term India could build a stable sugar industry with export potential. “Even the EU could produce sugar for export but its own protective measures and support structures prevent that”. Removing restrictions and opening markets would ensure supplies, see more rational pricing and encourage supply to respond to changing market needs.

A price spike due to Government intervention – not market drivers – risks a period of over production and ongoing price volatility. It discourages the development of long term sustainable sugar industries across the world, failing farmers and processors alike.

The Global Sugar Alliance met in London today and supported the G20 Leaders call for the Doha Round to be brought to a conclusion.

Mr Glasson said, “There is no place for subsidies and trade barriers on sugar or any other agricultural product, particularly in developed countries, if the world is to meet the 40 million tonne increase in sugar consumption expected over the next decade.”

In the energy sector government tariff and non-tariff barriers are constraining the development of a global ethanol market and the industry’s ability to contribute to a climate change solution. “In both sugar and ethanol markets government policies are distorting price signals, making it difficult for rational investment in the necessary productive capacity to meet emerging demands.”

“Meeting 21st century needs – security of supply and environment – requires additional investment. This means allowing sugar and ethanol trade to flow in response to strong and reliable price signals.”

Mr Glasson said domestic sugar and ethanol policies around the world are failing producers, consumers and the environment.

The Global Sugar Alliance calls on World Leaders to take action – by eliminating export subsidies, increasing market access and reducing trade distorting domestic supports.

A copy of the communiqué issued at the conclusion of the meeting is **attached**.

ENDS

Further information, please contact:
Warren Males +61 417 002 325
www.globalsugaralliance.org