



**Global Alliance *for*
Sugar Trade Reform
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Open markets – the key to ethanol and sugar growth

Communiqué

The Global Sugar Alliance has a simple clear objective – to secure a world in which the trade in sugar and ethanol flows freely. A major step towards achieving this objective is the conclusion of the Doha Round.

Achieving this objective will strengthen the world sugar and ethanol markets, provide more price certainty and promote economic growth and development and efficiently contribute to the growing need for clean, renewable transport fuels. Opening markets will create opportunity for cane sugar producers and exporters, mostly in developing countries, to meet the 40 million tonne increase in sugar consumption expected over the next decade.

Led by the major developing countries, the world is slowly emerging from financial crisis. Nonetheless, the recovery is fragile and significant risks remain.

One of the clearest signals the international community can send about the need to improve the global economy is to continue to push for open, fair and market-oriented international trade.

The robust and transparent application of trade rules in the WTO has played an important role strengthening the base of recovery and avoiding a return to protectionism. A key risk to recovery is political pressure from small, well funded domestic agricultural lobby groups. The sugar and ethanol policies of the major developed economies are unduly influenced by these groups and trade in sugar remains one of the most distorted sectors in world agricultural trade.

Preferential access arrangements for limited volumes are used to appease producers in the poorest countries, while trade barriers support high domestic prices in the richest economies. At the same time, restricting access for ethanol from environmentally friendly sugarcane is slowing the response to climate change pressures. The sugar and ethanol policies of the major developed economies deliver disproportionate benefits to producers in those countries. But they fail consumers, the environment and producers, especially those in the developing world.

Concluding the WTO Doha Round will strengthen the foundations of continued economic growth in a rapidly changing world. World leaders have again affirmed their commitment to keep markets open and expand trade.

Rhetoric is not enough. More must be done. The Doha Round must be concluded so that the benefits can be locked in. The gains currently available to sugar if a Doha Round deal was concluded today are significant.

1. Export subsidies would be eliminated

- The European Union's ability to export subsidised sugar would be removed, a 1.3 million tonne market benefit.
- The EU's sugar export subsidies provide very clear evidence of the way these the most pernicious of agricultural support programs distort competition and reduce prices across the board.

2. Market access would be improved

- Proposals currently on the table would increase market access for sugar by more than one million tonnes.
- The Special Agricultural Safeguard (SSG) would be eliminated for developed countries, increasing the potential for over quota trade to the US and EU.
- In-quota tariff rates will be significantly reduced and in some cases eliminated, increasing the value of quota access in several markets.

3. Trade distorting domestic supports reduced

- Highly subsidised domestic sugar regimes would be less profitable, encouraging the more efficient use of agricultural production resources and increased trade opportunities.

The value of capturing these benefits is clear. More could be achieved if loopholes allowing smaller tariff reductions, limited quota expansions and other concessions for so called "sensitive" and "special" products such as sugar were closed. Nonetheless, the opportunity to expand world sugar trade opportunities by at least 2.5 million tonnes or 5 per cent is significant. Opportunities for the development of the world ethanol market are larger.

The sugarcane industry can also make a significant contribution to the threat of human induced climate change if the Doha Round is brought to a worthwhile conclusion and if governments allow it to do so.

In Seoul G-20 Leaders clearly expressed their desire to reach a worthwhile WTO Doha agreement. Their challenge will be to sell this message at home. They must take the lead.

Global Sugar Alliance members are strong advocates for opening markets for both sugar and ethanol. We see the bigger picture and support our governments' efforts to secure change. Our future depends on their success.

Ends

ABOUT US: The Global Alliance for Sugar Trade Reform and Liberalization brings together 85% of the world cane sugar exports. The Global Sugar Alliance members (Australia, Brazil, Canada, Chile, Colombia, India, Guatemala, South Africa and Thailand) are active advocates to improve the world sugar trading environment. Members work closely together to ensure the fair and equal treatment of sugar and ethanol in the WTO negotiations on agriculture so that markets are allowed to work. For more information, visit www.globalsugaralliance.org