

SUBJECT

T 12/81

Dr. The Right Honourable
Sir Seewoosagur Ramgoolam, G.C.M.G.,
Prime Minister and Minister of Defence and Internal
Security, Minister of Reform Institutions and
Minister of Communications



Government House,
Port Louis,
Mauritius.

PRIME MINISTER'S

22nd January 1981

PERSONAL MESSAGE

SERIAL No. T12/81.....

My dear Madame Prime Minister,

On behalf of the Governments of countries which are principal suppliers of cane sugar to Britain I feel I must write to you in order to express our profound concern at the implications for our countries of the recent announcement by the British refiners that the refinery at Liverpool is to be closed. I am not unmindful of the serious problems that may be caused for those now employed at the Liverpool refinery but I think it is proper to restrict the subject matter of this letter to the concerns of the supplying countries.

The Lomé sugar arrangements have depended since their inception on two parallel sets of guarantees. Those contained in the Sugar Protocol itself, and, equally important, the repeated assurances of successive British governments, some of which are set out in the attached annex.

The closure of the refinery at Liverpool, is likely to mean that some ACP sugar, which has traditionally supplied the British market and which the suppliers still wish to send to Britain, will be turned away. If this happens the traditional market for ACP sugar in Britain will not have been preserved and the assurances we have been given will have been breached.

Our concern is strengthened by the fact that the clear warnings given by our spokesman at meetings with the previous Minister of Agriculture in March 1979 and with Mr Walker in March 1980 were not sufficiently heeded. At the first meeting the Prime Minister of Fiji said "If the expansion of beet sugar production is as proposed in the White Paper (Farming and the Nation) there will be a surplus of sugar in the UK market. We are seriously concerned therefore that the ACP access will be seriously jeopardised." At the second meeting the Minister of Agriculture of Mauritius said "We would be grateful if you could explain to us how, in actual practice, our outlet in Britain can be preserved if Britain's beet quota over the next five years were to be appreciably higher than that proposed by the Commission (in November 1979)." On both occasions we were assured by the UK Minister of Agriculture that any occasional surplus would be of a marginal nature and could be dealt with by appropriate marketing arrangements which would not be harmful to ACP interests.

However we are now/

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However we are now faced with a situation in which part of the traditional quantity of ACP sugar may be forcibly shut out from Britain. I would like to make it clear that this, for us, cannot be a marginal matter. Our economies depend upon the Lome sugar arrangements. These, as has often been stated depend in turn upon the preservation of the traditional British market for cane sugar and of the capacity to refine it. If the assurances that have been given can be breached once, what is to prevent this happening again.

In recent months some of the supplying countries have arranged for part of the supplies traditionally sent to Britain to be supplied to another EEC country (France) on a temporary basis. These transfers have served to ease the immediate problem of the surplus caused by the exceptional British beet crop in 1979/80. It was hoped that adequate arrangements would be made in the future to export surplus beet sugar from Britain so as to preserve the traditional market for cane sugar. Any arrangements, even if they could be made, to transfer cane sugar to other countries on a longer-term basis would suffer from two fundamental disadvantages. In the first place, such supplies to other countries would not be covered by the special assurances of the British Government which, as I have already mentioned, we regard as one of the basic guarantees of continued access. In the second place, commercial arrangements are for a limited term unlike the British guarantees, which as in the case of the sugar Protocol itself, are without term. And real long-term access, through thick and thin and despite the vagaries of the world market, is of the essence of the Lome sugar arrangements as it was previously of the Commonwealth Sugar Agreement.

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The supplying countries earnestly hope that it may prove possible, even at this late hour, to reverse the Liverpool/decision and to preserve the full UK market in its traditional form for ACP sugar. However if this should ultimately fail and if it should be necessary for us to seek out some new form of marketing arrangement for part of the traditional quantity, I would ask that your government should lend positive help to us in reaching such new arrangements.

Furthermore, for the reasons I have just explained, I would ask that the U.K.'s undelying commitment without term in respect of any quantity so displaced from the U.K. market should be reaffirmed. Thus your government would continue to recognise its special responsibility in respect of the full quantity of our traditional exports to the U.K. over and above its general commitment as a member of the EEC for the whole of the Community's preferential imports. I would also press that your government should guarantee that there will be no erosion of the market for cane sugar in Britain.

The quantity of cane sugar imported from the present Lome sugar countries into Britain has not increased for fifteen years. In the last six years British beet sugar has increased its share of the U.K. market from 26% to 49%. This is the reality against which I and my colleagues view with deep concern the impending closure of the Liverpool refinery. If implemented this will mean the reduction - despite the assurances we have so often been given in the past - of our

fundamentally/

fundamentally static quantity in favour of the expanding U.K. sugar beet industry and of imports of white sugar from other EEC countries.

In the past it has been felt in day to day dealings with British government departments that they regarded it as their duty to give equal weight to the unique responsibilities of Britain towards the ACP sugar suppliers as to other factors including the interests of Britain's domestic sugar producers. More recently it has been sensed that there has been a change of emphasis and that decreasing importance is now attached to Britain's special commitments towards cane sugar - commitments which were a condition of Britain's joining the EEC. I believe it is essential that any such trend should be halted and that your Government should ensure that all who deal with matters affecting sugar policy should be aware of the real importance which you attach to your Government's obligations concerning the preservation of the traditional ACP share of the U.K. market.

There have been two central points in the representations we have made to successive British Governments:

1. that the Sugar Protocol makes no sense unless room is maintained for the consumption of our sugar in the British market;
2. that our sugar cannot be held responsible in any way for Community surpluses because it has been coming here in present quantities for a great many years since before Britain joined the EEC.

I would add that the Sugar Protocol also makes no sense unless it is consistently and firmly backed by actions of the British Government in respect of access to the United Kingdom market.

In addition to the annex referred to earlier I attach a copy of the press statement issued by our Governments.

With warmest regards

Jays ney ney

S. Ramgoolam

(S. Ramgoolam)
Prime Minister