COMMISSION OF THE EUROPEAN COMMUNITIES

COM(83) 26 final

Brussels, 28 January 1983

COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

ON NEGOTIATIONS FOR A NEW INTERNATIONAL SUGAR AGREEMENT

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COMMISSION COMMUNICATION TO THE COUNCIL ON NEGOTIATIONS FOR A NEW INTERNATIONAL SUGAR AGREEMENT

1. The International Sugar Council (ISC) met in London on 18/19 November and decided to ask UNCTAD to arrange a conference in Geneva next May with a view to negotiating a new international sugar agreement to come into force on 1 January 1984.

   The ISC also decided to entrust the preparations for the forthcoming conference to a new Preparatory Committee, on which the European Economic Community will sit as a full member.

2. The Council (the EEC Council, that is) asked the Commission on 27 October 1981 to explore with the ISC means of cooperation which would enable the Community to become a member of a new, improved sugar agreement. Accordingly the Commission announced at the ISC meeting, on behalf of the Community, that the EEC wished to take part on an equal footing with the other participants in the work of the Preparatory Committee and the May negotiations.

3. The draft decision (Annex I) transmitted to the Council herewith gives the Commission authorization to participate, with the support of the Article 113 Committee, in the work being undertaken by the International Sugar Organization and in the planned UNCTAD-sponsored conference in May with a view to setting up a new international sugar agreement which the Community could join.

ANNEX I

RECOMMENDATION FOR A COUNCIL DECISION

laying down guidelines for the negotiation of a new international sugar agreement

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Having regard to the Recommendation from the Commission,

Whereas the Community should take part in the preparatory work and negotiations for a new international sugar agreement to replace the International Sugar Agreement of 1977,

HAS DECIDED AS FOLLOWS:

Article 1

The Commission is hereby authorized to take part in the preparatory work and negotiations for a new international sugar agreement.

Article 2

The Commission shall take part in the negotiations in consultation with the Article 113 Committee and in accordance with the guidelines contained in the Annex.

For the Council

The President

ANNEX II

EXPLANATORY MEMORANDUM AND NEGOTIATING DIRECTIVES FOR PARTICIPATION BY THE EEC IN THE RENEGOTIATION OF THE INTERNATIONAL SUGAR AGREEMENT

1. The decision by the International Sugar Council on 19 November to bring forward by a year the renegotiation of the 1977 International Sugar Agreement (which theoretically runs until 31 December 1984) is essentially due to the critical situation of the market in the last two years or so and the inability of the members of the Agreement to take any radical counter-measures going beyond their actual obligations under the Agreement.

2. There is a wild imbalance between supply and demand on the world market for sugar; in the 1981/82 and 1982/83 crop years production outstripped requirements by 13 m tonnes; stocks stood at 37-38 m tonnes, a level not attained since 1945, which is equivalent to almost 40% of world consumption (25% is generally regarded as the ideal level).

   This serious state of affairs is depressing world prices, now at 6-7 cents a pound; this is the lowest price in constant dollars recorded for over forty years, only half of the minimum price (13 cents per pound) set by the Agreement.

3. Given the current and foreseeable state of the world market, it is becoming increasingly imperative to establish a new, effective international agreement; the present confusion is damaging to producers, exporters and importers alike, including the Community.

4. The Community is expected to play a major constructive role in the forthcoming negotiations; it is the second largest exporter, after Cuba, and has special links with a number of developing-country sugar exporters (from which it also imports 1.3 m tonnes under the Sugar Protocol annexed to the Lomé Convention), but was not a member of the previous Agreements (1968 and 1977), regarding them as

ineffective, and inimical to the interests of its growers and consumers.

The Community must therefore go into the negotiations prepared to look at the objectives and measures proposed by other participants on their merits. However, it should press for the acceptance of a number of basic principles which it feels to be essential if the future agreement is to be able to regulate the world sugar market more effectively. Since what is contemplated is a new agreement, rather than a revised version of the present Agreement dating from 1977, all possibilities may reasonably be considered.

The lessons of the 1977 Agreement

5. The members of the 1977 Agreement voted to start negotiations for a new accord a year early because they, like the Community, feel that the present system is ineffective and unsatisfactory - largely, indeed, precisely because the Community has remained outside it - and therefore want a new arrangement in which the EEC would participate.

6. During the lifetime of the present Agreement world prices have rarely stayed within the prescribed bracket. From 1 January 1978, when the Agreement came into force, to 1 January 1983 - sixty months - prices were within the accepted range for twelve months and below (January 1978 - September 1979 and September 1981 onwards) or above (May 1980 - January 1981) for forty-eight. The market has undergone two upheavals: in 1980, when prices were up to double the Agreement ceiling of 21 cents per pound, and this year, with prices having slumped to under half of the 13 cents per pound regarded as the acceptable minimum.

   It is clear that in neither of these extreme situations has the machinery of the Agreement functioned as it was meant to; in 1980 the release of special stocks proved inadequate to curb rising prices, while in 1981/82, it was impossible to cut export quotas enough to influence the market and support prices at an acceptable level.

   Undeniably, then, the 1977 Agreement has fallen decidedly short of its main objective of achieving "stable conditions in the international trade in sugar, including avoidance of excessive price fluctuations".

It has not been markedly more successful in achieving its other objectives (raising the level of trade and increasing the market shares of the developing countries) either.

7. To some extent the failure of the 1977 Agreement was implicit in the outcome of the actual negotiations.

Weightier reasons for the ineffectiveness of the Agreement, however, are the following.

(i) Inadequate quota regulation machinery

(a) the quotas were set too high from the outset as most of the members exported flat out in 1976 and 1977 to maximize the past performance level on which the quotas were to be based;

(b) there was also a "mistake" in the text of the Agreement which meant that the method used for revision of the basic export tonnages (BETs) produced levels well above actual world demand, or indeed the export capacity of some of the members;

(c) the maximum permitted cut of 15% in BETs proved inadequate to remedy matters.

As a result of all these factors, export quotas in 1982, for example, totalled 16.5 m tonnes, compared with a demand (global quota) level of 12.1 m tonnes.

In the light of this situation, is there any point in opening negotiations for a future agreement based on a quota mechanism? The feeling is that the exporting countries cannot afford to lose face with domestic public opinion by giving up "rights" enshrined in the 1977 Agreement.

Again, it is reasonable to wonder whether any generalized quota mechanism, however refined, can cope with the conditions on the international sugar market.

(ii) Inadequate stockholding arrangements

The stockholding system was tacked on at the end of the 1977 negotiating conference to reinforce the quota mechanism, but it has failed to perform the usual functions of a buffer stock in anticipating shortages (1980) or supporting prices (1979 and 1981/82), partly because the level of stocks was too low (2.5 m tonnes) and the nature of the stocking and destocking trigger mechanisms unsuitable (regularity - control) and partly because the United States was late in ratifying the Agreement, which delayed the setting up of the Stock Financing Fund, thus reducing the real level of the stocks (approx. 2 m tonnes) at the time of the 1980 crisis.

(iii) Absence of commitments by developed importing members

The developed importing members of the Agreement did undertake to allow growing access to their markets for sugar from the developing countries, one of the objectives of the Agreement, but in practice the reverse has occurred. The three countries mainly concerned (Canada, the United States and Japan and the other developed importing countries[1] have in fact considerably cut back on their imports since the Agreement came into force, owing to the increase in isoglucose production by the three big importers, and this has hit hardest at the developing countries' exports of raw sugar.

(iv) The system of special arrangements set up to accommodate most of the centralized economies has also contributed to the instability of the world market. The USSR and East Germany, which are importing members, can also export on to the free world market a certain quantity controlled by the Agreement. Sugar can also be traded without being counted against the BETs: Cuba is allowed to export about 4 m tonnes a year to Comecon countries under this arrangement, and up to 800 000 tonnes to other socialist countries (Albania, China, North Korea, Vietnam and Yugoslavia).

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[1] Imports (raw value):

	1977	1982 (x)	Difference
USA	5 290 751	2 713 000	-49%
CAN	1 118 470	815 000	-17%
NZ	184 800	169 000	- 9%
JAP	2 789 413	2 139 000	-23%
FIN	190 180	120 000	-37%
SWD	59 407	50 000	-16%

(x) ISO estimates
Nov. 1982

The socialist countries in turn can export freely to Comecon countries which are not members of the Agreement and are therefore able to re-export the sugar on to the world market without restriction. Sugar from Cuba is thus arriving on the world market via Comecon countries totally outside the control of the International Sugar Agreement.

(v) Similarly, the re-exportation of sugar by importing countries is hindering the free market. The United States provides an example of the sort of abuses that occur: in 1981, it re-exported over a million tonnes, whereas previously it had never gone over 200 000 tonnes.

(vi) Another problem has been the fact that the EEC is not a member of the Agreement, both importers and exporters having felt - whether rightly or wrongly, that is not the point - that the Community was free to do as it liked while they were subject to very rigorous production and marketing restrictions.

This has undoubtedly been a factor in tempting the members of the Agreement to confine their efforts to the strict letter of their obligations, even though the Community's own behaviour in the last two years at least has been exemplary.

The world sugar market

World production of and trade in sugar is characterized by three basic features:

i. though a great many countries at totally different levels of development are sugar producers, a handful of "majors" in fact account for the bulk of the world tradable supply;

ii. the world market has become ever more clearly split into a raw sugar market and a white sugar market, each with their separate characteristics and economic considerations;

iii. world demand is steadily increasing: reduction in certain developed countries more than compensated for by the increase in the developing countries, whereas world production is subjected to annual variations.

(1) Distribution of world sugar production

Before the Second World War world production was under 30 m tonnes. It soared in the twenty years after that, and now stands at around 100 m tonnes (raw value).

There are 114 producing countries in all, 8 of them growing both cane and beet (including the United States, China and Spain), 34 growing beet alone (European countries and the USSR) and 72 cane alone.

Sugar is thus grown almost everywhere - a well-nigh universal crop.

However, that is a statement which has to be heavily qualified, as in fact very few producing countries account for a dominant share of world output.

The six leading producers produce almost 55% of the world total; they are: EEC (15.7 m tonnes), Brazil (8.2 m tonnes), USSR (6.2 m tonnes), Cuba (8.2 m tonnes), India (9.2 m tonnes) and the USA (5.7 m tonnes) in 1981-82 (raw value);

Of those six countries three are permanent net exporters with structural surpluses: the EEC, Brazil and Cuba.

The USSR and the USA head the list of importers, each with a production shortfall against consumption of over 5.5 and 2.5 m tonnes respectively. India's production levels are erratic so that although it is normally an exporter, there are years in which it becomes an importer.

Eleven countries (if to the six countries mentioned above are added Australia (3.5 m t), South Africa (2 m t), the Philippines (2.4 m t), Thailand (1.7 m t) and China (3.5 m t)) produce two-thirds of the world's cane and beet sugar. But only six of them (including India) are net exporters.

The dominant position of these "sugar superpowers" is reflected within the ISO, which recognizes 44 countries as exporting members of the Agreement, 41 of them developing countries.

Of the 44, 15 are "Annex II" countries, i.e. countries exporting under 70 000 tonnes a year and entitled to produce and export sugar free of any restriction up to that limit, which has never been exceeded. Of the 15:

5 countries (Haiti, Indonesia, Uganda, Pakistan, Venezuela) are actually net importers;

9 countries are net exporters, but their combined annual exports are barely over 300 000 tonnes;

Yugoslavia alone regularly exports about the limit, and would like to increase its export entitlement to around 150 000 tonnes.

The 29 other exporting countries, listed in Annex I, are theoretically more important suppliers, and their exports on the world market are subject to a ceiling or quota set at a level approximating to a notional export entitlement known as the basic export tonnage (BET).

Of the 29 countries a mere eight account for 86% of the combined BETs (Argentina, Australia, Brazil, Cuba, Dominican Republic, Philippines, South Africa, Thailand), but of those eight, again, three alone (Australia, Brazil and Cuba) account for 56%.

At the lower end of the scale, 9 of the exporting members of the Agreement have been unable to fulfil their quota:

Trinidad and Tobago, Mauritius and Jamaica are ACP States covered by the Lomé Convention sugar protocol and their exports on the world market are negligible;

Mexico (structural reasons) and Peru (structural reasons and climate) have a production shortfall equal to their export quotas;

Bolivia, Ecuador and El Salvador are structurally incapable of fulfilling their quotas, and export less than 70 000 tonnes a year;

India, with its erratic production and consumption curves, is a special case. In very good years like 1976 and 1982, India can export up to a million tonnes, but it had to import in 1980.

The above observations point to an important consideration to be taken into account in working out a new agreement: the great majority of sugar producers, and particularly the developing countries, other than Cuba, Brazil, India, Philippines and the Dominican Republic, could be more or less exempt from the disciplines it would impose without causing any real problems.

An agreement between the EEC, India, Australia, Brazil and Cuba, on the other hand, would cover 42% of world production and almost 70% of international trade and thus have a much stronger influence.

(2) The raw sugar and white sugar markets

Analysis of the world market is usually based on general production and consumption figures for sugar as a whole, making no distinction between raw and white sugar. On closer examination, however, it can be seen that there are in fact two separate markets, increasingly divergent and independent of each other:

(a) price movements differ;

(b) the market trends are not the same; the volume of international trade in refined sugar has doubled over the last twelve years, while the level of trade in raw sugar has remained stable;

(c) the pattern of supply and demand is different; in 1981, 77 countries were importing white sugar from 17 exporting countries, while only 27 countries (four of them accounting for over 60%) imported raw sugar.

On the market for white sugar the Community is important if not irreplaceable, accounting for 60% of world supplies; other exporters, such as Brazil or India, only export white sugar when the price the price differential makes refining worthwhile.

Suggestions for the negotiation of a new international sugar agreement

One thing is certain, the Community should approach the forthcoming negotiations as an exporting country. In this capacity the Community has a strong interest in seeing the negotiations culminate in an effective agreement.

Given its actual and potential role on the market, the Community is well placed - better than in 1977, in any case, when it became a net exporter for the first time[1] - to have an influence on the type of agreement worked out, particularly since an agreement now without the Community as a member would be even more irrelevant than the 1977 one.

(a) Objectives

While the new agreement should set out essentially the same objectives as the present one (stability of price and supplies, if possible an expansion of trade, priority for developing countries, better coordination of marketing policies) the Community should also press for acceptance of the following ideas:

i. coverage of substitutes such as isoglucose;

ii. overall market transparency; the special arrangements for Cuba and the socialist countries should be just as open as those covering EEC imports from ACP countries;

iii. acknowledgement of the existence of two markets, for white and raw sugar, with the necessary implications for regulatory and price provisions;

iv. greater participation by developed importing countries in the market regulatory mechanisms.

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[1] Actually, the six-member Community was more or less always a net exporter. The reason it appears otherwise is that figures for the Nine are quoted even for the period before the first enlargement. And even the nine-member Community's gradual transformation from importer to exporter is partly due to the decline in UK imports from some former suppliers of the Community.

(b) Basic economic arrangements

Considering both the market situation (particularly as regards the pattern of trade flows and the type of disciplines which various countries might accept or have imposed on them in the interests of more effective market stabilization, the Commission's view is that not all members of a future agreement should be subject to the same rules. To some extent, in fact, the present Agreement already provides for differential undertakings, as regards special stocks, for example (not mandatory for the Annex II minor exporters), or quotas.

Generally speaking, the Commission believes that the objectives of the agreement should be pursued in different ways depending on the status of the particular member:

i. the major exporters and developed importing countries should establish a system of nationally-held buffer stocks coordinated at international level and backed up if necessary by auxiliary measures to regulate supply and demand, to be adopted after consultations;

ii. the middle-rank exporters would have export quotas backed up by a limited special stock arrangement;

iii. the other exporting countries would be free to sell their sugar at any time, up to a tonnage to be determined (of the order of the 70 000 tonne limit set in the 1977 Agreement).

The aim would be to see that the market could move freely within a certain price bracket; stocking or destocking operations and the introduction or removal of quotas, followed if necessary by measures to control supply and demand, would be used to deal with crises and ensure a return to stability (i.e. prices within the bracket) as soon as possible.

(c) The different members' undertakings

(1) The major exporters

The countries in question would be Argentina, Australia, Brazil, Cuba, the Dominican Republic, the EEC, India, Philippines, South Africa and Thailand.

For these countries, which dominate the market, accounting for approximately 80% of trade, there would be a system based on an international stockholding policy plus back-up measures to regulate production and consumption policies.

(i) Stocking/destocking obligations

The major exporters would undertake collectively to regulate their exports, when the state of the market made it necessary, by accumulating or releasing national stocks in an internationally-coordinated operation.

The aggregate level of stocks held or released under the agreement should be of the order of 5-6 m tonnes, apportioned among the countries concerned during the negotiations in line with their total exports and production. The Community should be in a position to announce that it will take about 2 m tonnes.

The machinery for the accumulation, holding and release of stocks, which would be linked to the fluctuation of market prices in terms of a given price bracket (like the quota and special stock arrangements in the present Agreement), should be as flexible as possible while still giving commercial operators a measure of security to plan ahead. Thus, when world market prices reached a certain level within the bracket, these countries would meet to decide whether and to what extent to go ahead collectively with national stocking or destocking operations.

To enable the stockholding mechanism to function as efficiently as possible, these countries would continue, as under the 1977 Agreement, to notify the Secretariat periodically of their real exportable supplies (including sugar reserved for the controlled markets) and, if possible, their export commitments. They would also have to notify the Secretariat of the policies being pursued on the domestic front to enable them to fulfil their national and international stocking obligations and the level of any current minimum stocks they hold which are not covered by agreement rules.

(ii) Back-up measures

If in spite of the buffer stock actions world market prices continued towards further predetermined points on the price scale, decisions on the complementary measures to be adopted by each large exporting and importing country in the field of production and consumption policy would be taken by the Council of the Agreement. These measures would be entered in a schedule to the agreement; they could consist, in the event of a surplus, for instance, of a reduction in areas under cultivation, the establishment of supplementary reserve stocks entailing orderly marketing of exports, measures to promote consumption (use in animal feed) or a switch in production in some areas from sugar to gasohol.

(2) Middle-rank exporters

These countries export less than 500 000 tonnes a year; most of them are Latin American or Central American developing countries. The vast majority of them have consistently favoured an agreement based on a system of export quotas, since for financial and administrative reasons it is often extremely difficult for them to implement proper stockholding policies. A quota mechanism, on the other hand, gives them a degree of flexibility over production and also offers them a measure of security in implementing their production and export plans, which is important for developing countries.

Given these countries' views and general situation, the Commission considers they could carry on with a system of export quotas combined with a limited undertaking on stocks, as under the present Agreement. However, the mechanism calls for two improvements:

(a) the BETs should be set at a realistic level reflecting the countries' actual share of the world market and the level of real demand, i.e. about 20% of the market (incidentally, under the present Agreement these countries account for approximately 20% of BETs, but the tonnages should be cut down to about 20% of the real market);

(b) when there are large surpluses, leading to a slump in prices (e.g. last autumn's very low prices), it should be possible to reduce quotas not simply to 85% of the BETs, as under the present Agreement, but if necessary to 75-80%.

In the Commission's view, these countries should also participate in a "special stocks" type of arrangement like that under the present Agreement. However, they would have a comparatively minor part to play, since most of the onus of maintaining the stocking system would be on the "great powers".

(3) <u>Small exporters</u>

These countries' combined exports are no more than about 500 000 tonnes, and according to the best forecasts their production is not expected to increase significantly. The Commission feels they could continue to be entitled, as under the present Agreement, to export free of restrictions at any time, up to a ceiling of 70 000 tonnes a year, or some similar figure to be negotiated.

(4) <u>Importing countries</u>

A major snag with the present Agreement is that it places the whole burden of market stabilization on the exporting countries, while the importing countries can exploit all the advantages for their own production and consumption policies. But it is not only the exporting countries which have an interest in the stabilization of the international sugar market; importing countries too need to be able to count on regular supplies at stable prices.

The Commission accordingly considers that the importing countries should also give certain undertakings, as they did under the 1968 Sugar Agreement.

The developed importing countries (some European countries, Canada, Japan, USA, New Zealand) should share in the stocking/destocking of a quantity reflecting their importance on the market and also participate in the programme of back-up measures to be taken by the exporting countries in certain circumstances, not excluding possible action in relation to their policies on production and consumption of sweeteners.

The developing importing countries, in the event of a shortage, would be preferentially supplied by the developed exporting members (partly from their stocks), and should give import undertakings similar to those in the present Agreement (access undertakings).

The Commission considers that the basic principles and economic provisions outlined above, particularly those mentioned on pages 9 and 10, should enable the Community to play an important positive role in the establishment of a new international sugar agreement.

TABLE 1

I.S.A. DAILY PRICE OF SUGAR[a/]

f.o.b. & stowed Caribbean Port, in bulk

MONTHLY AVERAGES: 1976 - 1982

Month	Calendar Years						
	1976	1977	1978	1979	1980	1981	1982
January	14.02	8.34	8.77	7.57	17.16	27.78	12,90
February	13.50	8.59	8.48	8.23	22.75	24.09	13,08
March	14.79	8.98	7.74	8.46	19.64	21.81	11,26
April	14.05	10.04	7.59	7.82	21.25	17.83	9,58
May	14.54	8.95	7.33	7.85	30.94	15.06	8,11
June	12.99	7.87	7.23	8.14	30.80	16.38	6,84
July	13.21	7.39	6.43	8.52	27.70	16.34	7,80
August	10.02	7.61	7.08	8.85	31.77	14.76	6,77
September	8.13	7.31	8.17	9.90	34.74	11.65	5,77
October	8.03	7.09	8.96	11.94	40.55	12.04	5,93
November	7.88	7.07	8.01	13.68	37.81	11.97	6,52
December	7.55	8.09	8.00	14.93	28.79	12.98	6,31
Average	11.51	8.10	7.81	9.65	28.69	16.83	
Daily Quotations:							
Highest	15.65	10.81	9.30	15.96	43.10	31.87	
Lowest	7.10	6.11	6.03	7.41	14.43	10.61	

SOURCE: I.S.O. Records

a/ Calculated in accordance with Statistical Rule S-14(2) of the 1973 International Sugar Agreement for 1975 to October 1977. Following the suspension of spot quotations for New York Contract No.11 on 3 November 1977 prices for the rest of 1977 were calculated according to ISC-Decisions-10, item 7(c) and for 1978 and up to October 1979 were calculated in accordance with Economic Rules 611-2 and 611-3 under the 1977 International Sugar Agreement. Following a decision of the Executive Committee at its 18th meeting, New York Contract No.11 spot price quotations which were resumed from 20 August 1979 have been used in the calculations of the I.S.A. Daily Price with effect from 10 October 1979 in accordance with article 61, paragraph 1

ANNEX B

TABLE 1

SUGAR CONSUMPTION ('000 tonnes)

		1975	1976	1977	1978	1979	1980	1981
TOTAL	WORLD	74 438	79 312	82 626	86 181	89 862	87 850	87 749
of which	EEC	9 794	11 027	10 164	10 855	10 813	10 972	10 593
	EAST EUROPE	16 467	16 844	17 249	17 722	17 895	17 761	17 884
	USA	9 142	10 000	10 361	9 954	9 876	9 330	8 900
	CANADA	1 057	964	1 112	1 099	1 125	1 014	941
	C. & S. AMERICA	12 950	13 349	13 541	14 107	15 129	15 730	15 449
of which	Brazil	4 990	5 091	5 060	5 289	6 009	6 264	5 871
	Mexico	2 526	2 675	2 677	2 934	3 060	3 152	3 261
	ASIA	15 332	16 758	19 093	21 163	23 333	21 160	21 614
of which	India	3 859	4 016	4 232	5 212	6 677	5 042	5 393
	Indonesia	1 177	1 291	1 453	1 557	1 650	1 500	1 700
	China	1 700	2 150	3 150	3 650	3 700	3 600	4 100
	Japan	2 796	3 182	3 300	2 887	3 200	2 982	2 747
	Philippines	853	841	968	1 087	1 159	1 209	1 134
	Saudi Arabia	158	176	220	260	270	286	320
	AFRICA	5 100	5 505	5 889	6 235	6 464	6 868	7 286
of which	Egypt	716	804	817	966	970	1 050	1 200
	Morocco	500	520	580	635	647	664	670
	Nigeria	185	250	400	575	575	700	850
	South Africa	1 215	1 305	1 279	1 102	1 127	1 291	1 303
	OCEANIA	1 004	1 013	1 016	1 023	1 042	1 018	1 028
of which	Australia	778	781	785	786	798	783	793

Source: ISO

ANNEX B

TABLE 2

SUGAR: per capita consumption in kg (raw sugar value)

	1977	1981
EUROPE	40.6	40.6
of which EEC	38.1	38.8
CANADA	47.8	38.9
USA	46.8	38.7
CENTRAL AMERICA	40.7	43.7
SOUTH AMERICA	40.9	42.3
of which BRAZIL	44.7	48.1
ASIA	8.3	8.4
of which JAPAN	29.0	23.4
AFRICA	13.9	15.2
OCEANIA	47.3	44.6
of which AUSTRALIA	55.8	53.4
WORLD	20.2	19.6

Source: ISO

TREND OF EEC EXPORTS OF WHITE SUGAR TO CERTAIN DEVELOPING AND E. EUROPEAN COUNTRIES

		EEC EXPORTS (white sugar - tonnes)		Sugar consumption (raw sugar value) ('000 tonnes)				
		1977	1980	1977	1978	1979	1980	1981
Eastern Europe	USSR	252 872	648 623	11 863	12 146	12 209	12 300	12 500
	Poland	-	24 780	1 568	1 627	1 676	1 534	1 345
Africa	Libya	-	25 871	120	130	130	120	100
	Algeria	56 616	88 253	440	470	490	500	550
	Egypt	12 919	120 961	817	966	970	1 050	1 200
	Sudan	5 265	65 284	339	307	372	370	360
	Ghana	2 193	17 112	55	60	60	50	50
	Togo	11 916	18 754	10	13	20	22	25
	Nigeria	325 502	626 965	400	575	575	700	850
	Zaire	2 416	6 966	65	40	65	67	70
Asia	Syria	3 168	47 294	196	229	282	345	300
	Iraq	12 001	134 970	450	470	487	520	520
	Iran	153 562	615 069	1 142	1 400	1 200	1 150	1 000
	Jordan	12 556	60 735	85	90	95	89	90
	Saudi Arabia	46 178	102 893	220	260	270	286	320
	Pakistan	-	29 303	716	750	782	773	705
	Sri Lanka	2 563	19 077	130	200	235	205	220
		(Source: Nimexe)		(Source: ISO)				
		899 727	2 645 942					

(+ 1 746 215)

WORLD SUGAR BALANCE SHEET (raw sugar values - millions of tonnes)

ITEM	1975	1976	1977	1978	1979	1980	1981	1982
Initial stocks	27.9	32.1	34.4	40.8	44.8	43.1	39.7	42.1
Production	78.8	82.4	90.4	90.6	89.2	84.6	91.9	
Imports	20.5	22.0	27.0	24.9	25.1	26.5	28.0	
Availability	127.2	136.5	151.8	156.3	159.1	154.2	159.6	
Exports	20.6	22.8	28.4	25.0	25.9	26.7	29.0	
Consumption	74.4	79.3	82.6	86.2	89.9	87.9	87.7	
Final stocks	32.1	34.4	40.8	44.8	43.1	39.7	42.1	
of which in % of consumption	43.1	43.4	49.4	52.0	47.9	45.2	48.0	

Source: ISO

ANNEX D

SUGAR

1981

('000 tonnes)
(raw sugar value)

		Production	Exports		% of market
I.	MAJOR EXPORTERS	44 434	22 810		78.8
	of which AUSTRALIA	3 509	2 982		
	CUBA	7 926	7 071		
	BRAZIL	8 726	2 670		
	EEC	15 476	5 344	(1)	
	PHILIPPINES	2 376	1 278		
	THAILAND	1 702	1 155		
	DOMIN. REP.	1 108	864		
	ARGENTINA	1 624	709		
	SOUTH AFRICA	1 987	737		
II.	SMALL EXPORTERS (2)	5 621	477		1.6
III.	OTHERS	41 877	5 666		19.6
	WORLD	91 932	28 953		100

(1) Including 1 364 m t equivalent to sugar imported from ACP countries.

(2) Countries listed in Annex II to the 1977 Agreement.

Source: ISO

FINANCIAL STATEMENT

DATE : 11.1.83

1. BUDGET LINE CONCERNED : A.2982 CREDIT : P.M.

2. ACTION : Commission Communication to the Council on negotiations for a new International Sugar Agreement (ISA)

3. LEGAL BASIS : EEC Treaty, in particular Article 113

4. OBJECTIVES :
Authorization for the Commission to take part in work on negotiating a new ISA

5. FINANCIAL CONSEQUENCE	FOR THE MARKETING YEAR	CURRENT FINANCIAL YEAR ( )	FOLLOWING FINANCIAL YEAR (1984)
5.0 EXPENDITURE -CHARGED TO THE EC BUDGET (~~[illegible]~~)			300.000 ECUS
-CHARGED TO NATIONAL ADMINISTR.			
-CHARGED TO OTHER NATIONAL GROUPS			
5.1 RECEIPTS -OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES)			
-NATIONAL			

	YEAR 1985	YEAR 1986	YEAR 1987
5.0.1 PLURIANNUAL PATTERN OF EXPENDITURE	300.000 ECUS	300.000 ECUS	300.000 ECUS
5.1.1 PLURIANNUAL PATTERN OF RECEIPTS			

5.2 METHOD OF CALCULATION

Calculation based on Community experience as a member of the International Wheat Council

6.0 ~~[illegible]~~ ~~YES/NO~~

6.1 ~~[illegible]~~ ~~YES/NO~~

6.2 ~~[illegible]~~ ~~YES/NO~~

6.3 CREDITS TO BE WRITTEN INTO FUTURE BUDGETS ? YES/~~NO~~

COMMENTS :

The amounts shown cover EEC participation in the administrative budget of the Agreement.
Any costs arising from a stocking system will be financed, as far as possible, by respecting the principle of budgetary neutrality within the sugar regime (Article 47 of Reg. 1785/81).