ORAL ANSWERS TO QUESTIONS

SUGAR PRICE - FISCHLER PROPOSAL

The Leader of the Opposition (Dr. N. Ramgoolam) (By Private Notice) asked the Minister of Agriculture, Food Technology and Natural Resources whether he has considered the Fischler proposal relating to the 37 per cent reduction in the sugar price between 2005 and 2007 and, if so, will he state -

(a) whether Government has made counter proposals and, if so, with what results;

(b) whether Government has drawn a roadmap for small planters, artisans and labourers to cope with any revenue erosion, and

(c) the number of small planters who will remain in sugar production after 2007 and the expected fall in employment in the industry.

The Deputy Prime Minister: Mr Speaker, Sir, with your permission, I shall reply to the question.

On the 29 June 2004, my colleague the Minister of Agriculture explained to the House, the procedures that apply in respect of the reform of the Sugar Regime. The text of the question seems to indicate that the hon. Leader of the Opposition is not fully cognizant with these procedures. To start with, the Leader of Opposition is referring to the Fischler proposal, which is now the proposal of the Commission, which has been approved by the College of Commissioners. So, therefore, it is a Commission's communication.

I would, therefore, take this opportunity to explain once again what will happen from now onwards.

(i) The document that has been approved by the European Commission on 14 July is a communication from the Commission to the EU Agriculture Council and the European Parliament.

Indeed, it is the Council of Ministers made up of the Ministers of Agriculture of the 25 EU Member States which will consider, take on board views expressed by the European Parliament and the Economic and Social
Committee, and finally approve the package relating to the future Sugar Regime.

For the information of the House, I will now indicate what took place after the leaked document came out, the modifications that have been made thereon regarding more particularly the ACP when the document was officially approved by the College of Commissioners.

A meeting of the enlarged Sugar Bureau was held in Maputo to draft a resolution on sugar, which was adopted by the Maputo ACP Summit.

President Chissano of Mozambique as Chairman of the ACP Summit has written a letter, enclosing the resolution to the President of the European Commission, the European Union Council and to the President of the European Parliament as well as to Heads of State of Government of the 25 Members of the EU.

The Prime Minister of Mauritius has written to President Chirac and Chancellor Schröeder.

Brussels ACP Sugar Ambassadors have had meetings with high officials from the Commission, the Netherlands (which as we know as from 01 July 2004 will assume the EU Presidency) as well as with representatives of EU producers i.e. the Confédération Internationale des Betteraviers Européens (CIBE) and the Comité Européen des Fabricants de Sucre (CEFS).

A Ministerial lobbying mission led by myself and comprising my colleague, the Minister of Agriculture met three EU Ministers of Agriculture, Belgium (Mrs Sabine Laruelle), France (Mr Hervé Gaymard) and Austria (Mr Josef Proll) and Commissioner Fischler. Minister Bodha proceeded to the UK and met Mr. Andrew Kuyk, Head of Arable Crops Division, Dept for Environment, Food and Rural Affairs, and Tate and Lyle.

The ACP Sugar Ministers met in the margin of the ACP and G-90 Trade Ministers meeting and came out with a comprehensive communiqué to reiterate the concerns and expectations of the ACP.

The Minister from Congo, as Chairperson of the ACP Council of Ministers, forcefully made the ACP case with both Commissioners Hubner and Lamy.

The Prime Minister made a strong plea in his key note address at the opening of the G-90 meeting on preferences and the Sugar Protocol.
The Prime Minister also met Commissioner Lamy and Minister Amorim of Brazil with whom he made the case of the Sugar Protocol.

I also discussed with Minister Amorim and it is fitting to note that consequently Minister Amorim stated in the roundtable of 13 July that Brazil was giving an undertaking that it would find ways and means, in the context of the implementation of the recommendations of the WTO sugar panel, to ensure that the interests of the ACP are not affected.

Let me come to the outcome now -

(i) The leaked document referred to the following in respect of the ACP and I quote -

“The implementation of the Commission proposal would certainly imply adjustments in the sugar sector of the ACP countries. The EU will consider, through the European Development Fund (EDF), the introduction of specific programmes, in a similar way to that introduced for the banana sector, to help ACP countries adapt to the new market conditions and, in particular, improve the competitiveness of their sugar exports. Such programmes should focus on improving the quality and productivity of the sugar sector while at the same time supporting diversification, where improvement in competitiveness is not sustainable”.

(ii) The 14 July document, that is the official document, has modified the part of the ACP as follows; I quote –

“The implementation of the Commission proposal would certainly imply adjustments in the sugar sector of the ACP countries and India. The Commission will initiate a dialogue with the Sugar Protocol countries (and India) on the basis of an action plan to be proposed before end 2004, in order to define appropriate accompanying measures. These should correspond to both the trade and development measures. As regards trade measures, the Cotonou Agreement foresees the review of the Sugar Protocol in the context of EU-ACP negotiations on Economic Partnership Agreements (Article 36.4). The Sugar Protocol should be integrated into the EPAs in such a way that does not prejudice the EU’s commitment to LDCs for full market access for sugar from 2009 and that ensures full compatibility with WTO rules. As regards development assistance measures, the Commission will propose the introduction of specific measures to help Sugar Protocol countries and India to adapt to the new
market conditions. Such programmes should focus on improving the competitiveness of the sugar sector where economically viable, and on supporting diversification, where improvements in competitiveness in the sugar sector are not sustainable. Financing of such measures will be ensured through mobilising the flexibility instrument up to end 2006, and then by a thematic appropriation within the “Development Cooperation & Economic Cooperation” Instrument as proposed for the next financial perspectives 2007-2013.”

(iii) The interesting features are –

(i) a dialogue between the Commission and the Sugar Protocol countries and India;
(ii) an action plan of the Commission before the end of 2004;
(iii) the purpose of the dialogue and the action plan being to define “appropriate accompanying measures”.
(iv) the measures to include both trade and development measures;
(v) the trade side relates to Article 36(4) of the Cotonou Agreement, which also refers to the ‘safeguard of benefits’.

For the benefit of the House, let me quote Article 36(4) which reads as follows; I quote -

“In this context, the Parties reaffirm the importance of the commodity protocols, attached to Annex V of this Agreement. They agree on the need to review them in the context of the new trading arrangements, in particular as regards their compatibility with WTO rules, with a view to safeguarding the benefits derived therefrom bearing in mind the special legal status of the Sugar Protocol.”

(vi) the development assistance measures would focus on improving the competitiveness of the sugar sector where economically viable, and on supporting diversification, where improvements in competitiveness in the sugar sector are not sustainable.
Mr Speaker, Sir, in 2000, we were faced with two very serious challenges -

(a) The radical reform in respect of the EU Sugar Regime due to cover the 01 July 2001 – 30 June 2006 period, and

(b) An EBA initiative starting with tariff dismantlement on 01 January 2001 with duty and quota-free access becoming effective as from 01 January 2004.

Intensive and coordinated lobbying action led by Mauritius brought about significant changes -

(a) The EBA initiative was deferred by five and half years;

(b) The Sugar Regime was reconducted for a period of five years i.e. 01.07.2001 – 30.06.2006 with minor changes and more importantly the ACP price was maintained.

Mr Speaker, Sir, today, we are faced with yet a more daunting challenge.

During all the meetings I referred to earlier, I had the opportunity to underline the catastrophic effects of the proposals on the economies of the ACP States, and on Mauritius. We also gave details of the reform programme already started in Mauritius and the continued importance of the sugar industry to the economy in view of the multifunctional role it plays.

I wish to take this opportunity to mention that in the nineties, the word "preference" was a taboo in the WTO and we had to make forceful cases on this issue.

We managed to get a language in March 2003 in what is now known as the Harbinson paper. Indeed, in its paragraph 16, the document addressed the issue of preferences and agreed that measures should be taken against their erosion. The Derbez text in Cancun improved the provisions in our regard.

On 16 July of this year, the Chairman of the General Council has come up with a text and in its Annex on Agriculture, we note; I quote -

"The importance of longstanding preferences is fully recognised. The issue of preference erosion will be addressed under
conditions to be agreed. For the further consideration in this regard, paragraph 16 and other relevant provisions of Annex 1 of document TN/AG/16 be used as a reference”.

As regards part (b) of the question, it is known to the nation that this Government presented the Sugar Sector Strategic Plan in June 2001 with the objective of restructuring the sugar industry to ensure its long-term viability and competitiveness while at the same time protecting the interests of all the stakeholders of the industry, including obviously planters, artisans and labourers.

This Government has had the courage, the vision and the farsightedness to take decisions to prepare the sugar industry to meet the challenges that were foreseen on the horizon, while we all know that the former Labour Government utterly failed to assume its responsibilities although they recognised the urgency for reforms in the Blueprint which they themselves had published in May 1997. Due to their lack of courage and their chronic indecisiveness, the Government led by the present Leader of the Opposition almost pushed the sugar industry to the brink of bankruptcy, jeopardised the future of the sugar sector and that of 35,000 small planters and 25,000 labourers and artisans and their families. This is the crude fact and now, the Leader of the Opposition comes out of his sleep and is giving the impression that he cares more for the planters, labourers and artisans than this Government.

In Government, we are proud to have assumed our responsibilities. The implementation of the Sugar Sector Strategic Plan since July 2001 is preparing our sugar industry to reduce its cost of production, to diversify its activities in order to move from a situation where we concentrate on the production of sugar only towards a sugar cane industry where all the resources of the sugar cane will be judiciously utilised for economic and commercial purposes. In the process, we have safeguarded the interests of the planting community and ensured that the sugar industry preserves a reasonable number of jobs.

I must remind the Leader of the Opposition that when I presented the Sugar Sector Strategic Plan in the name of Government and ensured that workers get the best possible package for the VRS, he opposed the VRS and in this very House he treated the workers as donkeys to whom a carrot is being given. History has retained his attitude and doings against the interests of workers. Today, it’s his shameful hypocrisy that will be retained.
Mr Speaker: Order! Order, please!

The Deputy Prime Minister: However, I wish to inform that Government is working out a roadmap for small planters, artisans and labourers together with the latter. In fact, a series of meetings has been scheduled with these stakeholders, firstly to brief them on developments and, secondly, to work out their requirements, so as to shock-absorb any negative impact resulting from the reform.

The hon. Prime Minister chaired the first meeting with representatives of all trade unions and planters of the sugar industry on Tuesday last, and I have had meetings with planters in the north. Further meetings are scheduled at Moka/Flacq on 30 July and in the south on 04 August. A brainstorming session is scheduled for tomorrow at the Ministry of Agriculture with planters, in order to consider support needs.

The outcome of these meetings will enable the Government to obtain inputs to prepare the action plan, which should be proposed before the end of 2004, so as to allow the Commission to define appropriate accompanying measures.

It is premature at this stage to reply to part (c) of this question, as it is not possible to enter into such specific details now. However, you may rest assured that Government is approaching this issue with a sense of national urgency and will take into account all its ramifications and impact as we move forward. It is regrettable, Mr Speaker, Sir, that the hon. Leader of the Opposition has not taken this route in the national interest, in spite of our repeated appeals.

However, as I said earlier, the whole objective of the reform process is to ensure a viable and sustainable sugar industry in Mauritius, which will take account of the interests of all stakeholders.

Dr. Ramgoolam: Mr Speaker, Sir, first of all, for 22 minutes, the Minister has tried to answer the question. In fact, the new Minister of Agriculture had done a better job than the Deputy Prime Minister, and I congratulated him for that last time.

Secondly, Mr Speaker, Sir, the Deputy Prime Minister chose to take a demagogic attitude and cheap politics. But, may I remind him
that we had said, on the very first day, that this is a national issue and should be treated in this spirit. In fact, the Minister of Agriculture thanked me for that last time in contrast to the attitude of the Deputy Prime Minister. I hope the public notes this change in attitude.

Thirdly, I want to say that the Deputy Prime Minister has tried to answer as if he is a grand casseur paquet, but he does not even know that Franz Fischler is the EU Agriculture Commissioner. He does not even know that! He should go and learn if he does not know! He does not even know that, and he wants to answer questions!

He has, himself, said that he was faced with all these since 2000. The writing has been on the wall since a long time. There were different events that happened that showed that Government should have been prepared. Can he say why they did not even have counter proposals at this point in time?

**The Deputy Prime Minister:** Mr Speaker, Sir, it is true that on the day the hon. Leader of the Opposition asked the PNQ to my colleague, the Minister of Agriculture, he adopted the right tone and the right approach, unlike the two other Members of the Opposition, namely hon. Dr. Boolell and hon. Dulloo, who were demagogic as usual. But, what happened from there onwards? In the House, the hon. Leader of the Opposition speaks one language, and out there…

*(Interruptions)*

**Mr Speaker:** Order!

**The Deputy Prime Minister:** …when he addresses a specific audience, then the language changes, and he has been blaming this Government for all sorts of things. I should remind him – probably he has forgotten – what he, himself, has been saying in the past, because that is the first part of his question. His comments on the SIE Act of 2001…

**Dr. Ramgoolam:** He is not answering the question! I want to point out that 25 minutes have gone and not a single question has been answered up to now.

**The Deputy Prime Minister:** Mr Speaker, Sir…

*(Interruptions)*
Mr Speaker: To start with, when the Leader of the Opposition rose and made some comments on the answer of the hon. Deputy Prime Minister, I allowed it. Probably, the hon. Minister is trying to correct what was said. I think there is a limit to that. Let me also tell hon. Dr. David and hon. Dr. Beebeejaun that, if they have any question to put or want to ask any clarification from the Minister, they can ask for the floor and I’ll allow them to do so. But, please, do not do so from a sitting position.

The Deputy Prime Minister: Mr Speaker, Sir, rightly so, because the hon. Leader of the Opposition started to make a speech instead of asking questions, which is being corrected.

(Interruptions)

Mr Speaker: I drew his attention to that. There is no need to go back on that again.

The Deputy Prime Minister: This is what the hon. Leader of the Opposition said, and I quote –

“We agree, as I said, on the difficulties, but there is no consensus on what we should be doing here, not on the international scene, that we'll have to speak with the same one voice. And I think we will always do it. And it is not (and this is the important part, now that he has awaken from his sleep) all gloom and doom as he tried to make the picture look when he spoke. That's the impression I got; that it is very gloomy.”

Further, he said -

“We don't need to panic, as if to rush where there is no need for it, because nothing can be done properly if there is panic. We must take our time (and this is according to the philosophy and habit of the Labour Party) and decide what is the best option that we have, and this is where our fundamental difference is. We know the challenges, we have agreed on the diagnosis. But how can they say that because of this the workers have to get this package and that's the best they can give? There has been no proper and truthful analysis(...)”

(Interruptions)
So, Mr Speaker, Sir, the writings were on the wall at that time. We knew that there was going to be reform of the sugar regime; we knew that the prices would be going down, and this is the reason why we came up with the reform of the sugar industry. Therefore, when I listen to the comments now being made by the hon. Leader of the Opposition with regard to what we are doing for planters, workers, etc, I think he should be the last one, in fact, to be drawing our attention.

(Interruptions)

**Dr. Ramgoolam:** Sir, I hope you will give me some time to ask questions, because time is nearly up.

**Mr Speaker:** In view of the importance of the subject under discussion, I propose to give five additional minutes if there is no dissenting voice in this House.

**Dr. Ramgoolam:** I thank you, Mr Speaker, Sir. Sometimes, I think it is pointless to ask PNQs. Perhaps, the Deputy Prime Minister has eaten too much ‘briyani’ at the ‘briyani’ party he had! Up to now not one question has been answered! The Deputy Prime Minister has given to the ‘barons sucriers’ or to some people, if I may put it that jay, IRS, energy projects, etc. What does he specifically want to give to the small planters, the artisans and the labourers as compared?

**The Deputy Prime Minister:** Mr Speaker, Sir, I have replied that, in fact, coming up with courage and taking our responsibility as a Government in 2001 with a reform for the sugar industry in itself is not to the benefit only of the owners, the proprietors of sugar estates and sugar mills. It is, in fact, more so to the benefit of planters, workers and of this population and the country at large.

(Interruptions)

**Mr Speaker:** Order!

**The Deputy Prime Minister:** Probably the Leader of the Opposition has not listened carefully. I said in my reply that it is, in fact, a continuous process. The discussions that we are having with the EU Commission is a process that has started since I assumed the responsibility of Agriculture and which, in fact, my colleague, hon. Bodha, is continuing. Of course, we are all involved because it is not a matter of agriculture only, it is a matter of national interest; it is a matter in which the hon. Prime Minister, my colleague, hon. Cuttaree
and, in fact, at every opportunity, on every platform, where we are able to voice out our concerns regarding specifically the vulnerability of Mauritius and the sugar industry, we are doing it and I am very satisfied. As I said, it is an ongoing process. Further to our discussions with the Commission, I must express a degree - a small one - of satisfaction that the document has changed, the language has changed in relation to ACP and Mauritius. I can say also that we have been praised at the ACP Sugar Ministerial Meeting about our initiative, that we are forthcoming and proactive; and I am sure in the light of what we are going to propose to the Commission, these are going to be taken into consideration in as far as the Action Plan that will be determined will come in the future.

**Dr. Ramgoolam:** Surely the Deputy Prime Minister likes to be praised. I must tell him that if *Le Mauricien* had not reported and reproduced the article in the "Financial Times", nothing was being said until then. I hope he has noted this. There was absolutely nothing and we must thank *Le Mauricien* for having drawn his attention to that. He said that he has done everything. Can I ask him how many missions he has undertaken since September 2000 to lobby our position and what has this cost this country up to now?

*(Interruptions)*

**The Deputy Prime Minister:** Mr Speaker, Sir, a lot has been done, in fact, since I assumed responsibility as Minister of Agriculture. Let me just quote a few. I won't repeat what I said about the "reconduction" of the sugar regime, the EBA initiative, but we have met also the Inter Services Group, the ISG when they were coming up with the report. I remember personally, we had lengthy discussions with technicians on the report that they were going to publish, the lobbying missions that we had in December 2001. I met the Minister, Mrs Saliou from France, Lord Whitby of U.K. In February 2002, I met the Secretary of State for Agriculture, Mr Luis Viera of Portugal, the Minister of Agriculture Mr Ramo Tammilehto of Finland; in Germany, the Director General of the Federal Ministry for Economic Co-operation, Mr Michael Hotmann. In November 2002, in U.K. I had discussions with Baroness Symons, the Minister of State for Trade and Investment and the Deputy Leader of the House of Lords, in France, with Minister Gaymard; and this is ongoing. It is not the first time as we have been meeting the Minister Gaymard several times and my colleague also. We met the EU Commissioner Fischler on many occasions also as well as in November 2002. There were also meetings with Commissioner Lamy, hon. Jaak Gabriels, Flemish Minister of Economy, Foreign Policy,
Foreign Trade and Housing, Director-General, WTO, Dr. Supachai where I put to him that preferences are vital for countries like Mauritius, for Small Island Developing States like Mauritius. In February 2003, mission to Brazil where I was delegated by the ACP to discuss with Minister Celso Amorim and put a strong case for the maintenance of preferential arrangements. In July 2003, lobbying mission to Poland, I met hon. Jerzy Plewa Minister responsible for CAP matters in view of the accession of Poland to the EU and being the largest amongst the ten new members. In March 2004, participation in the panel at WTO, statement in the context of the challenge of Brazil, Australia and Thailand. At the WTO, in fact, I met twice with the then Chairman of the Committee of Agriculture, Mr Harbinson to whom I conveyed the specificities of Mauritius and the need to recognise and safeguard preferences. I am not saying that it is only because of Members of this Government’s action that preferences now are being more widely accepted. There is an initiative which has been taken; there is a concerted action together with other countries. And I had the opportunity, of course, of meeting NGOs, in particular OXFAM because we know how it has been criticising this preferential sugar arrangement. I am happy as, at least, OXFAM has slightly changed its outlook and has become less radical against the ACP. I had meeting with CEFS and CIBE, the beet European producers are key stakeholders on the European scene. I have just mentioned about the work concerning the preferences at WTO. It is easy to criticise, Sir, especially when I hear some of the sarcastic comments from the hon. Leader of the Opposition. He was Prime minister, he attended an official mission in France to meet President Chirac and he stated there that the Sugar Protocol was coming to an end in 2001. What stupidity? What more that could jeopardise, in fact, the interest not only of Mauritius, but of all the ACPs. In fact, hon. Dulloo had to correct him and had to express his serious concern. It is good that I quote as he has probably forgotten. It was said -

"Vives réactions à la déclaration du Premier ministre quant à l’expiration du protocole sucre".

And he did not come up with a denial, because he stated it. Hon. Dulloo had to say that it is "grave et dangereux". Therefore, I think that the hon. Leader of the Opposition should think again.

**Dr. Ramgoolam:** I do not know what the Deputy Prime Minister has got between his ears. But can I tell him that there are three components to the Protocol, one is the duration, one is the quantity and the other is the price. If the price goes down
dramatically as it is going to, we are going to be left with an empty shell, just the name is going to be there and nothing else. He said whom he has met and he has given a list of those people - I do not know whether he ate *briani* with them or not. He has failed in the first duty to ensure that the guaranteed price and the vulnerability of our sugar is protected. He has not even been able to do that and he is talking about meeting X and Y. Can he say what specific measures he has taken to guarantee all this?

**The Deputy Prime Minister:** Mr Speaker, Sir....

**Mr Speaker:** I will ask the Deputy Prime Minister to be short because time is almost up.

**The Deputy Prime Minister:** Ok. I won't take note of the other rubbish that the hon. Leader of the Opposition is saying. I will go on to the price. I can assure this House that this Government means business, it is a responsible Government and we are going to do all that we can to put it to the European Union that the proposal as far as the reduction in price of 37% and the duration period of three years is not acceptable. Probably the hon. Leader of the Opposition would have noticed that the Minister from the Netherlands is going to take the Presidency of the EU for the next six months, from 01 July 2004 to December.

We all know Netherlands. Netherlands is a proponent of radical reform, but he has stated that this reform is too radical. I do not know if I have a copy, but I'll quote from memory. He has stated, in particular, that we need to address the concern of the poor vulnerable countries of the ACP and this reform, of course, is not in their interest. This is, in other words, what he has stated; and I am happy that it comes from a Dutch Minister whose policy has always been, in fact, pushing for radical reforms. Therefore, I can only wish that our action, not only in relation to the Commission, but with the European Parliament - we are going to lobby the Parliament - we are going to meet more Ministers from the 25 member States, not only Mauritius. We have already agreed that we are going to share the responsibility amongst ACP countries and drive to their mind - the way the reform is being proposed - and see to it that the concerns of the ACP are taken on board.

**Dr. Boolell:** Mr Speaker...
Mr Speaker: I am sorry, we have Questions addressed to the hon. Prime Minister. We have already consumed 14 minutes from the Prime Minister's Question Time.