

'Commonwealth Sugar' from The New Statesman and Nation (19 February 1971)

Caption: On 19 February 1971, during the negotiations on the United Kingdom's accession to the European Communities, the British weekly political magazine The New Statesman and Nation speculates on the future of trade in sugar from Commonwealth countries and also criticises the common agricultural policy (CAP).

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Commonwealth Sugar

Jock Campbell

In Britain's sugar colonies, sugar, it used to be said, was king. Most of them are now independent countries and plantations have become modern sugar industries. King Sugar is often a political Aunt Sally; but sugar remains the greatest generator of employment and the biggest earner of foreign exchange. The sugar plantations by and large were founded by European capital to supply European markets; moreover, many of them were founded on slave labour and maintained well into this century on cheap indentured labour. The present British government, following its predecessor, has gone out of its way to highlight Commonwealth sugar as a problem which must be solved – an interest which must be protected in the Common Market negotiations. I like to think that there is some sense of moral obligation and of debts unpaid in these assurances. And some vision of Commonwealth values.

Of course Commonwealth relationships go far beyond commodities and trade. But Britain is a trading nation and three centuries of exchanging its manufactures for raw materials from overseas have left their mark on international relations. Even that fragmented archipelago, the West Indies, imports more from Britain per head than does Canada, the US, or the EEC. The distribution of climate and resources and the cumulative forces of historical associations mean that for generations to come the developing countries will not be able to do without markets for primary commodities. The rich countries preach diversification to the poor. The poor, with their limited range of choice, find the sermon as hard to digest as to apply.

But the rich themselves – and the EEC, *par excellence* – have a wide range of choice. The basis of the common agricultural policy (CAP) is the creation of a guaranteed market – closed to countries outside the community, and aiming, as far as possible, at self-sufficiency. Over-protection inescapably leads to over-production; and CAP reckons to subsidise the exports of surpluses. In contrast to the British system (which strikes a balance between the support of domestic agriculture and an open market for imported raw materials), the EEC system is the historical inheritance of countries which have always been far more dependent on agriculture than Britain, which have had a long tradition of protection and which are traditionally high-cost producers.

What safeguards, if any, are apparently available under the present community rules? The answer is: the Yaoundé Convention of Association or other special conventions or trade agreements. Because the Yaoundé Convention was contrived by the French to look after the particular problem of their own African ex-colonies, it gives the tropical producer no help against subsidised European production under the common agricultural policy. Most of the products from French Africa were not CAP products. While Yaoundé gives preferential entry, it generally gives no guarantee of price: Mali and Malagasy have raised hell about this. With all its imperfections, association would give Commonwealth countries rough parity with French Africa: the French insisted upon association as a condition of the Treaty of Rome. Britain should insist upon separate trade agreements for those Commonwealth countries which might not qualify for Yaoundé treatment.

But Yaoundé and other forms of association do not cover sugar because sugar is a common agricultural commodity. Before the common agricultural policy, Malagasy sold sugar to France at the French price. It has now lost the French market. This shows what could happen if nothing special were done for Commonwealth sugar. I believe that sugar will be a test of the real intentions of the Six and of Britain. This will show us whether they are a wholly self-centred, inward-looking enclave or not.

The present charter for the protection of Commonwealth sugar is the Commonwealth Sugar Agreement signed in 1951 by a Conservative government, having been negotiated by a Labour government. It has stood the test of nearly 20 years. Its working depends upon access to the British market for agreed quantities of sugar at prices reasonably remunerative to efficient producers. This agreement has underpinned the economies and societies of a number of developing countries and it has given to the British housewife assured supplies of sugar at lower prices than those paid by any other major developed country. Moreover, it has been reconciled with the development of a British beet sugar industry which is both agriculturally and

economically highly efficient. All concerned – the British government, the British housewife, the Commonwealth sugar exporters and, I believe, the British beet industry – must surely want to save as much as possible of this sensible and constructive system. Now, if Britain were to join the EEC without special provisions, what would happen? According to the white paper on the cost of entry, the community spent £126m. on the support of sugar in 1968-9: £55m. for supporting the external market and £71m. on restitutions (export subsidies).

As a result, there is no access for the traditional exporters of cane sugar (except for the overseas departments of France); furthermore, the subsidised exports of the Six erode and weaken the free market on which cane sugar exporters have to sell much of their unprotected production. The results for sugar of British entry if (to use the words of the white paper) ‘no allowance is made for the fact of negotiations on the terms of entry’ would be this: European surpluses would flow into Britain; such supplies of Commonwealth sugar as may be required would be imported at the price on the fluctuating, residual and largely irrelevant so-called world market – usually below everybody’s costs of production; Britain would have to raise a levy to bring the world price up to the community price and pay the levy to the European Agricultural Guidance and Guarantee Fund. In short, the sufferers would be the British Exchequer (which would pay large sums across the foreign exchanges in levies and budgetary contributions); the Commonwealth sugar exporters who would lose on both quantity and price; and the British housewife who would pay a great deal more for her sugar.

Is it possible to find a way out of the conflict between British and Commonwealth interests and the rather odd rules of the EEC game? Yes, if Britain is firm and the Six are sensible – I hope this is not asking too much of either. Although the Six have a surplus of sugar the enlarged Community of Ten would have a deficit. Either the enlarged community uses the present rules of the Six gradually to fill the deficit of the Ten with European (including British) beet sugar, squeezing out Commonwealth cane sugar; or it can set aside quotas for Britain’s Commonwealth suppliers. This is the essence of what the negotiations should be about.

The present state of play appears to be this. At the end of last year the British tabled proposals in Brussels embodying continuing access for the present special quotas from developing Commonwealth countries, settled prices and a periodic review: in other words the essence of the Commonwealth Sugar Agreement but with the exclusion of Australia. These proposals are admirable for the developing countries – indeed the most they could have expected. But at the same time they are the least that they could accept and thus leave the negotiators little room for manoeuvre. The Six have not yet reacted to these proposals; but the commission’s reaction – like everything else in Brussels – has been leaked. It is: ‘wait until 1974’ – when the EEC sugar regulations will be reviewed. I hope the British government will not fall for this as an easy way out; because it is an act of faith that the Commonwealth countries concerned could not possibly make. Beet farmers everywhere have votes in the Common Market; cane producers have not. The present community rules inexorably lead to the increase of beet production to fill any deficit. Unless access for Commonwealth sugar into the enlarged community is quantified in the negotiations for British entry, there will be nothing to inhibit cane sugar being squeezed out by beet; no other assurances could be relied upon as valid.

It must be remembered that it is not only the Commonwealth sugar-exporting countries whose future is at stake in Britain’s EEC negotiations over sugar. The British refining industry (employing perhaps 10,000 people) would dissolve if its supply of raw sugar were cut off. Nor is this the end of the trouble. International sugar agreements cannot survive the disappearance or mutilation of a special arrangement. When Cuba was thrown out of the US market, the 1958 International Agreement broke down. A new agreement could not be negotiated until 1968. In the interval the world price of sugar had fluctuated between over £100 and less than £10 a ton. The new agreement is one of the very few international commodity agreements which is working well. The EEC has repeatedly refused to join it. If the Commonwealth Sugar Agreement is terminated or severely cut, the carefully balanced international quota structure could not take this strain – and the world sugar market would return to the chaos, of the early Sixties.

To sum up, if our negotiators were hell bent on getting into Europe and took the line of least resistance before the theology of the Common Market and the French insistence on exploiting it to their own

advantage, the people who would pay the price for Britain's easier entry would be Commonwealth primary producers (many of them already desperately poor), the British housewife, our balance of payments, our refining and shipping interests and British exporters. It is inconceivable that the British government should contemplate taking the line of least resistance. How could they, in the face of these unassailable arguments?