



Mr. Peter Mandelson
Member of the European Commission
B-1049 Brussels

Brussels, 20 December 2007

Dear Sir,

Re.: Proposal for a COUNCIL REGULATION applying the arrangements for goods originating in certain states, which are part of the African, Caribbean and Pacific Group of States (ACP), provided for in agreements establishing, or leading to the establishment of, Economic Partnership Agreements

The Committee of Industrial Users of Sugar (CIUS) is an Industry Federation composed of 3000 companies and associations in the food and drink industry sector who use sugar in processing their products. As sugar users we purchase two-thirds of all sugar sold in the EU. We seek profound changes to a system which for too long has short-changed consumers and industry at the cost of competitiveness, jobs and fair trade.

First of all, CIUS found it striking to read the proposed regulation, and to see that so much of it was devoted to one objective: **triggering safeguard measures against imports of one product: sugar, from mostly, poor ACP countries**. It seems that motivations for this are far more about continued protection of vested EU sugar interests than about trade and development.

With respect to the sugar related measures in this regulation, we would like to know if an impact assessment has been carried out. We would like to request full consultation with you and your services on this and any future measures, which affect sugar production, competition and trade.

We are concerned about the impact on:

- Development of production in LDC's, which need the certainty of the free access promised by the Everything But Arms initiative as of 2009;
- Competition in the EU domestic market, which will only occur if the fine balance in the EU sugar reform is not further tilted away from enabling a competitive market to become a reality.
- Future security of supply of sugar, which requires sufficient quantities of sugar and variety of suppliers on the EU market
- Future competitiveness of our industry in Europe, which, just like for other sugar using industries, requires close correlation between EU and world market prices for sugar inputs.

Any delay or restriction on access for LDC exports of sugar would send strong negative signals in terms of reliability of the European Union as a partner in trade and development.

By introducing the list of value added products, and safeguard measures detailed as from Art.10 of the Regulation, the EU is telling developing countries that they should not develop their own processing. This contradicts the message of stopping **tariff escalation**.

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The proposed rules clearly look as if they are reflecting once again protection for vested **sugar interests**.

Looking to the future, CIUS calls on the Commission to ensure that the combination of safeguard measures introduced into the proposed regulation on imports from ACP countries and restructuring decisions scheduled for early next year, do not result in insufficient **supply of sugar** on the EU market.

CIUS insists on the vital importance of maintaining a minimum of **30% stock to use ratio**. The EU sugar reform will fail to deliver the promised competition and competitiveness if this is not the case.

Bringing in measures at this stage, which potentially stifle trade and competition, is extremely regrettable. A significant amount of money has been poured into a restructuring fund to enable the sugar industry to adjust to competitive market conditions.

As this issue is also of interest to some of your colleagues, a copy of this letter has been sent to Commissioner Fischer Boel, Commissioner Verheugen and Commissioner Michel.

Thank you for taking these concerns into account.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'D. V. Kimmel', with a horizontal line underneath.

Secretary-General CIUS

cc: Commissioner Fischer Boel, Commissioner Verheugen, Commissioner Michel