

GENERAL AGREEMENT ON TARIFFS AND TRADE

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EUROPEAN COMMUNITIES - SUGAR REGIME

Recourse to Article XXIII by Argentina, Australia, Brazil, Colombia, Cuba, the Dominican Republic, India, Nicaragua, Peru and the Republic of the Philippines

The following communication, dated 2 April 1982, has been received from the Permanent Mission of Colombia, with the request that it be circulated to contracting parties.

1. The Governments of Argentina, Australia, Brazil, Colombia, Cuba, the Dominican Republic, India, Nicaragua, Peru and the Republic of the Philippines, herein called the complainant contracting parties, hereby submit to those contracting parties which are member States of the European Communities the following joint representation under Article XXIII:1 of the General Agreement.
2. The maintenance by the member States of the European Communities under their common sugar régime of internal support prices, on average far exceeding world market prices, has stimulated substantial and continued growth in their sugar production, particularly since 1976. As a result, in 1981/82 their sugar production was at a level some 5 million tons raw value (or around 50 per cent) higher than average production levels in representative periods prior to 1977.
3. With domestic consumption stagnant and even declining, this increased production has brought about a corresponding growth in their annual exportable surplus of sugar. Their average export levels in various representative periods prior to 1977 did not exceed 1.9 million tons raw value. By 1978 their exports reached 3.6 million tons, by 1980 4.3 million tons and their exportable surplus in 1981/82 reached some 7 million tons.

4. The growing exportable surplus of these countries is disposed of with the continuing assistance of whatever level of subsidy is required to sell the product on the world market. The application of export subsidies under their common sugar régime has enabled these countries to greatly expand their share of world export trade over the period in question. In various representative periods prior to 1977, their share of world exports did not exceed 8.5 per cent. Their share reached 14.4 per cent by 1978, 16.2 per cent by 1980 and has increased again in 1981. Furthermore, their exportable surplus of sugar on a 1981/82 crop year basis is estimated to reach some 26 per cent of potential world sugar exports.

5. The subsidization inherent in their common sugar régime has depressed world sugar prices and exacerbated fluctuations in world sugar trade and is continuing to exercise these harmful effects. It is clear that their common sugar régime and its application constitute a permanent source of uncertainty in world sugar markets, and act to reduce market opportunities available to, and the returns received by, the industries of other sugar exporting countries. It is noted that in the period since April 1981, approximately ECU 666 million have been made available by the European Communities under their weekly export tender system.

6. The complainant contracting parties, whose sugar industries traditionally account for the bulk of world sugar exports, therefore submit that the common subsidization and pricing practices of the member States of the European Communities in respect of sugar have caused serious prejudice and continue to threaten further serious prejudice to their interests under Article XVI:1. In addition, they submit: that the subsidization of sugar exports has had harmful effects and causes undue disturbance to their normal commercial interests and hinders the achievement of the objectives of the General Agreement in terms of Article XVI:2; that the common sugar régime of the member States of the European Communities does not seek to avoid the use of export subsidies on sugar, as required under Article XVI:3; and that this subsidization of sugar exports has been applied in a manner which results in these contracting parties achieving a more than equitable share of world export trade in sugar, in terms of Article XVI:3. The complainant contracting parties therefore submit that the common subsidization and pricing practices of the member States of the European Communities in respect of sugar have nullified and impaired the rights of the complainant contracting parties under Article XXIII:1 of the General Agreement.

7. Accordingly, the complainant contracting parties request the member States of the European Communities to give sympathetic consideration to this joint representation and to consult promptly with the complainant contracting parties with a view to the satisfactory and expeditious adjustment of this matter.