

**SPEECH BY HONOURABLE H.N. CHIBULUNJE, MP
DEPUTY MINISTER FOR AGRICULTURE, FOOD SECURITY
AND COOPERATIVES AT THE OPENING OF THE
FEDERATION OF SADC SUGAR PRODUCERS
CONFERENCE AT KILIMANJARO KEMPINSKI HOTEL
ON 9TH MARCH, 2006**

The Chairman of the Conference, Mr. A. Rana,
The Chairman of the SADC Sugar Technical Committee Dr. N. Sululo,
The Chairman of SADC Producers Consultative Group, Mr. M.S. Matsebula,
The Chairperson of the Sugar Board of Tanzania, Mr. Z. Lushiku,
Distinguished Members of the Federation of SADC Sugar Producers,
Members of the Sugar Producers Association,
Members of Tanzania Sugar Cane Growers Association,
Distinguished Sugar Stakeholders,
Invited Guests,
Ladies and Gentlemen.

It gives me great pleasure to be associated with this important gathering of principals of SADC sugar industries. It is also gratifying that Tanzania is hosting this conference. On behalf of my government, I wish you a good stay, good deliberations, good sight-seeing, and eventually a good trip back to your home bases.

I understand the objectives of the Federation to provide a forum and promote the common interests of sugar manufacturers within SADC, and hence the close collaboration with the SADC

Technical Committee on Sugar, who in turn advise the Trade Negotiating Forum of Ministers. Annex VII of the SADC Protocol on Trade provide the legal backup for the Sugar Sector. In furtherance of the intended objectives, the Federation jointly with the Technical Committee on Sugar have been able to manage quota allocations for export to SACU, compile research and training inventory, compile inventory on plant breeding agreements and intellectual property issues. In addition studies have been done on Small and Medium Enterprises, sugar statistics have been kept, and a regional strategy initiated. Outgrower issues have also been articulated with a view to provide solutions to existing problems.

While the tasks undertaken to date speak well of the determination and purpose of your Federation, I now wish to challenge you to aim higher. I am acutely aware of the fact that worldwide, the sugar industry is poised at a historical moment of decision making. All of you are aware of the history of sugar making, divided between production in cheap labour countries, and consumption in industrialized high cost countries who until recently were also our (colonial) masters. For a long time the world could not get enough sugar, such was the demand, that sugarcane was supplemented by beet in the effort to make more sugar. For our case the sugarcane, being the tropical product is the important source of sugar in our economies.

For reasons connected with its history and geographical spread, sugar enjoyed national and international market protections, agreements, quotas, pricing arrangements etc. etc. These arrangements worked well and served their intended purposes, but are now the objects of sustained challenges from the New World Economic Order. Globalisation and Free Trade have come knocking on the door of the Sugar World.

The World Trade Organisation (WTO), an organization to which all of us subscribe, require that we conduct business on an equal playing field amongst all participating countries. That means barriers to trade need to be demolished within a specified time frame. The European Union recently re-organised its sugar regime to phase out **artificially** high prices and in the process can no longer guarantee remunerative prices for our **protocol** quota of 1.3m tons, exported from ACP countries into the EU annually under the special agreement. At the same time exports under **Everything But Arms** will also suffer price reduction. This may make it uneconomical for SADC countries to export to the EU.

The biggest challenge of our time is therefore to organize ourselves and chart out a path of growth in a market characterized by excessive price swings and unpredictable future. We know the size of our domestic market, which is modest. We need to export long term in order to survive. The

obvious solution is therefore to cut production costs to a level which makes our activity profitable. This is always easier said than done.

Since we may not succeed in attempts to turn the clock back, we therefore have duty to meet the challenge head-on. The theme of the Conference is **Sustainability of SADC Sugar Producers – Post EU Reforms**. It will be difficult to think of a more appropriate theme given the circumstances we find our self in. I understand that a very competent Professor (Prof. Samuel Wangwe) will take you through a SWOT analysis of the SADC Sugar industry. In the process you will determine which courses of action optimize your prospects. I look forward to your resolutions. The private sector is the engine for growth, and most of our sugar companies are now in private hands. Private companies are also renowned for their ability to re-invent themselves. As you go about your task, spare a thought for your canegrowers who were and will continue to be your partners. All our governments are impressed by the capacity of the sugar industry to employ our citizenry, to pay taxes, to create economic value. We will all lose if you do not succeed to preserve and sustain your industry.

In conclusion, let me remind you that co-operation such as we have within SADC is critical if we want the rest of the world to pay attention. Let us therefore explore all the options on the

table, and let us make decisions and recommendations to preserve the common good.

It is my duty and pleasure to declare the FSSP Conference, and subsequently the SADC Technical Committee Meeting, officially open.

THANK YOU FOR YOUR ATTENTION