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REPORT ON THE PROCEEDINGS OF THE THIRTY-EIGHTH SESSION OF THE INTERNATIONAL SUGAR COUNCIL

London

(Friday, 3 December 2010)

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Report on the Proceedings of the 38th Session

Council Meeting – London – 3 December 2010

Chairman: Mr. Mohammed Fikrat (Morocco)

CHAIRMAN [*Interpretation*] welcomed Members to the 38th Session of the International Sugar Council. He also welcomed the Ambassadors, Vice-Ministers and High Commissioners present and invited the Executive Director to welcome them in person.

EXECUTIVE DIRECTOR extended a warm welcome to Ambassador Pinta Gama from Brazil, the new ambassador for commodities in London and Mr Manoel Bertone, Vice-Minister of Agriculture in Brazil. He also welcomed the Ambassadors of El Salvador, Guatemala and Honduras; the High Commissioner of Guyana; the Vice-Minister of Croatia; Dr B.C. Gupta, the new delegate from India, Permanent Secretary of the Government of India; Ambassador Heaven from Jamaica; the Minister of State for Commerce and Industry of Nigeria, Ms Josephine Tapgun; Ms Regina Maria Martin from the Philippines; H.E. Dumsile Sukati, the High Commissioner of Swaziland and H.E. Peter Kallaghe, the High Commissioner of Tanzania; and the observer from the Gambia.

ITEM 1 ADOPTION OF THE AGENDA

EXECUTIVE DIRECTOR proposed that the agenda be amended by the addition of a new Item 6, namely 'Application of Article 26(3) regarding Cameroon', with the subsequent items being renumbered appropriately.

Under 'Any other business', it was proposed that the following matters be dealt with:

- Tempus Project update
- Commonwealth Scholarship Programme 2010: the outcome of the selection process
- update on the Common fund for Commodities/ISO projects
- distribution of documents.

The agenda was **approved**.

ITEM 2 CREDENTIALS COMMITTEE REPORT

CHAIRMAN [*Interpretation*] advised Council that the Credentials Committee, comprising Cuba, Kenya, Nigeria, Tanzania and Thailand, had met that morning and invited the Chairman of the Credentials Committee to report on its meeting.

THAILAND reported that the Credentials Committee had met on 3 December 2010 and had examined and approved the credentials received from the member governments of the Organization for their delegates, alternate delegates and advisers participating in the 38th Session of the International Sugar Council under the International Sugar Agreement 1992.

At the time of reporting, the member governments that had deposited credentials under Article 12(2) were as follows:

> Argentina, Australia, Barbados, Belarus, Belize, Brazil, Côte d'Ivoire, Croatia, Cuba, Dominican Republic, Egypt, El Salvador, Ethiopia, EU, Fiji, Ghana, Guatemala, Guyana, Honduras, India, Jamaica, Kenya, Malawi, Mauritius, Morocco, Mozambique, Nicaragua, Nigeria, Panama, Philippines, Russian Federation, South Africa, Sudan, Swaziland, Switzerland, Tanzania, Thailand, Trinidad & Tobago, Tunisia, Turkey, Uganda, Viet Nam, Zimbabwe.

The Committee had noted that the following non-member governments and international organizations had been specifically invited to attend sessions of the Council under the 1992 ISA as observers:

> the Gambia and the World Association of Beet and Cane Growers (WABCG).

The report was **approved**.

ITEM 3 ACCESSIONS, IF ANY, TO THE 1992 ISA AND POSSIBLE RECRUITMENT OF NEW MEMBERS

CHAIRMAN [*Interpretation*] reported that the total membership of the Organization now comprised 85 Members, accounting for 81% of world sugar production, 65% of world consumption, 65% of net exports and 43% of net imports. He invited the Executive Director to report on the possibility of new members joining the Organization.

EXECUTIVE DIRECTOR announced that on 29 January 2010 Nicaragua had joined the Organization as its 85th member. Two potential member countries were Saudi Arabia and Syria, where he expected a decision in the next few months. Both governments had given their approval to membership of the ISO and the normal diplomatic channels were being pursued.

Less good news was that the USA, which it had been hoped would join during the year, had not done so. Though it seemed that the State Department had some problems in that regard, work would continue in the political arena with senators and congressmen, with a view to bringing some political pressure to bear on the State Department.

On the other hand, the Gambia had approached the Organization on its own initiative, expressing an interest in becoming a member. In addition, he had had contacts with Angola, Azerbaijan, Bangladesh, Indonesia, Iraq, Madagascar, Peru, Sierra Leone, Sri Lanka, Venezuela and Yemen and hoped to be able to bring more good news to the next meeting of Council in six months' time.

Council **noted** the report.

ITEM 4 EXTENSION OF THE TIME LIMIT FOR THE DEPOSIT OF CONSTITUTIONAL INSTRUMENTS (ARTICLE 38)

CHAIRMAN [*Interpretation*] reported that at its meeting in November 2009 the Council had extended to 31 December 2010 the time limit in Article 38(2) of the Agreement for the deposit of signatories of ratification, acceptance or approval with the depository. He proposed that Council should approve a further extension to 31 December 2011 for all signatories to deposit their constitutional instruments.

The proposal was **approved**.

ITEM 5 DISTRIBUTION OF MEMBERS' VOTES UNDER ARTICLE 11 FOR VOTING PURPOSES

CHAIRMAN [*Interpretation*] said that Article 11 of the 1992 Agreement provided that Members would hold a total of 2,000 votes distributed as determined under Article 25, 'For the purpose of voting'. Whenever a Member had its voting rights suspended under Article 26(2) for failing to pay its contribution towards the Administrative Budget, its votes would be distributed among the other Members as determined under Article 25.

Document Memo(10)29 of 3 December 2010 showed that the following Members had lost their voting rights for failing to pay their contributions to the Administrative Budget: Cameroon, Chad, Iran, Pakistan and the United Arab Emirates.

Ecuador, Mexico and Ukraine had lost their membership rights under Article 26(3).

EXECUTIVE DIRECTOR reported that, following the meeting of the Administrative Committee on 1 October, he had contacted the countries that had outstanding contributions.

Chad had not paid its 2010 contribution. There had been contact with the government and with the private sector, and it was hoped that the latter would pay the contribution.

Iran had outstanding contributions for 2009 and 2010 totalling £35,000. Here, rather than an unwillingness to pay, there was a problem in connection with an embargo on British banks, which hindered the transfer of money from Iran to the UK. However, a way had now been found to obtain the money via diplomatic channels and hopefully the matter would be resolved in a week or two.

Pakistan had an outstanding contribution for 2010. He had been reassured from contacts with the authorities in Pakistan and the High Commissioner that the money would be forthcoming.

The problem was with **Cameroon**, where no payment had been received for its 2009 and 2010 contributions, which totalled £6,096. Despite 'endless letters' to the High Commission, to the government authorities and the private sector in Cameroon, he had met with no success. As a result, Cameroon would be subject to Article 26(3), which deprived it of its membership rights. If Cameroon chose to pay, however, full membership would be

resumed immediately. In the meantime, Cameroon's six votes would be distributed to the other Members.

Ecuador, Mexico and Ukraine's membership rights had been suspended under Article 26(3). Permanent contact had been maintained with all three countries and there was some hope regarding Ukraine – which had the greatest outstanding debt of around £76,000 – because the Russian Federation had promised to help and had had some contact with Ukrainian colleagues.

Council **noted** the distribution of votes in Memo(10)29.

ITEM 6 APPLICATION OF ARTICLE 26(3) IN THE CASE OF CAMEROON

CHAIRMAN [*Interpretation*] invited the chairperson of the Administrative Committee to report on the item.

RUSSIAN FEDERATION (Ms Irina Medvedeva) reported that, having discussed the matter the previous day, the Administrative Committee had agreed to recommend to Council that, effective from 3 December 2010, Cameroon should cease to enjoy the rights of membership; cease to be assessed for budgetary purposes; that any payment made by Cameroon would be credited first to its arrears; and that, by payment of all its arrears, Cameroon should regain the rights of membership.

Council **agreed** the Administrative Committee recommendations.

ITEM 7 NATIONAL POLICIES

DOMINICAN REPUBLIC (Lic. Faustino Jimenez) [*Interpretation*] reported that the Dominican Republic' sugar industry was entering a new stage, namely the second stage in the privatization of the state sugar mills.

The process had started in 1999 in relation to ten state sugar mills, with the help of international and national investors. However, that process had not proved successful, as a result of some investors (specifically French and North American) selling their shares, which were then acquired by an investor from Guatemala. The only mill that had been capitalized was at Barahona, which had not stopped working since the start of the sugar industry in the Dominican Republic in 1876.

In the past, the state had owned 12 sugar mills, with 250,000 hectares of cane and 126,000 hectares of cattle feedstock. In 1999, the first stage of the capitalization process, there had been 92,000 hectares of cane, but there were now only 42,000 hectares.

He went on to explain what had caused the earlier failure of the privatisation process beginning in 1999. There had been a failure in investment; no access to finance; the price structure had been extremely low over a period of 15 years; and there had been very little support from the Government.

An investment of $960 million was now envisaged over the next five years, with $150 million for the renovation of approximately 26,000 hectares transferred to the private sector by the Government and £810 million to increase capacity from 7,500 tonnes/day to 20,000 tonnes/day in the mill owned by the principal investor. The intention was to process 3.2 million tonnes of cane per crop year, thus producing 320,000 tonnes of sugar – as against the present 70,000 tonnes. Rehabilitation of the land had already been initiated.

This, together with increased production at the Romana sugar mill (presently producing 70% of the sugar in the Dominican Republic) would mean that production over the next five years would be more than 800,000 tonnes of sugar – still below the 1.2 million tonnes raw value, which the Dominican Republic had produced up to the 1970s.

He went on to show slides, illustrating the production figures before and after the capitalization of the sugar mills, and added that the hope was that 1,000 new jobs would be generated as a result of the rehabilitation of once-abandoned sugar mills.

[Slides are available from the Secretariat on request.]

BRAZIL (H.E. Ambassador Pinta Gama) [*Interpretation*] thanked the Executive Director for his kind welcome.

President Lula da Silva had decided that Brazil should re-establish its permanent delegations in international organizations, including the ISO in London, the aim being to increase Brazilian participation in commodity organizations.

In addition, the Brazilian Government's policy was to enhance to use of Portuguese in international organizations. He therefore thanked the ISO for its flexibility in arranging for them to use their own language. He suggested that this would strengthen the relationship between Brazil and the ISO and also meant that the Brazilian delegation could enhance its participation.

BRAZIL (Mr Manoel Bertone) [*Interpretation*] congratulated the Organization on its excellent work and for its close co-operation with Brazil in various different programmes.

Sugar production in Brazil had existed for hundreds of years and 9 million hectares were given over to cane in the country. Of the 700 million tonnes produced, 650 million tonnes went to sugar and ethanol production. In the present crop year, 46% of production would be used for sugar and 54% for ethanol.

The sector generated a high level of employment. More than a million people were employed in the industry and in the fields and another 300,000 were employed indirectly.

This year, sugar production in Brazil had generated an income of $10 billion. This would be increasing to $13 billion, not only because of increased production but also because of favourable prices internationally. A production level of 26 million tonnes would be exceeded, which was another record. In the current crop year, 650 million tonnes of cane would be produced, from which it was hoped that 38 million tonnes of sugar and 28 billion litres of ethanol would be produced.

Although some countries were concerned by the manner in which bioethanol was produced, every aspect of social and environmental sustainability had been considered and there was some very solid legislation in place in that regard. There was a commitment to maintaining 20% of the agricultural land with a view to protecting its biodiversity. There were national parks, native forests and large areas which producers were not allowed to touch.

Brazil wished to increase its agricultural production without damaging the environment and respected the international environmental protection objectives. Private institutions participated in these efforts across the board. The legislation was respected and there had been an increase in private participation.

The Government also had a zoning programme. In terms of increasing the sugarcane areas and deciding where productivity could be increased, intensive studies on climatic and environmental effects had been carried out, at the same time protecting the most sensitive areas – the Amazon forest and the Pantanal areas.

Investment went into the production of sugarcane destined to produce sugar, ethanol and chemical products based on ethanol, as well as the production of energy from bagasse. There had been heavy investment in agricultural research, through Embrapa. In addition, Brazilian entrepreneurs, together with the Brazilian Government, had signed a commitment strictly to fulfil and respect social legislation, in order to improve the quality of life of those who worked in the sugar and energy sector.

Brazil had increased its sugar and ethanol production due in part to the efforts made by a number of international investors. For example, Shell had recently signed a partnership agreement with the largest sugar and ethanol producer. President Lula had been happy to welcome investors, in order that Brazil could co-operate in helping to supply sugar and ethanol globally.

Brazil hoped to be able to co-operate in terms of providing technology, and believed that the agro-energy market should be developed without prejudice to food production – generating development in the poorest parts of the planet and creating an adequate distribution of income.

Ethanol production did not simply complement sugar production; it introduced balance in the sugar market. At an economic level, ethanol and sugar were different markets. The sugar market was not elastic; however, the ethanol market was. Ethanol therefore helped to establish balance in the economies of those countries which depended heavily on sugar production and, he suggested, it was extremely useful for the member countries of the ISO, regardless of their level of economic activity.

[*A video on ethanol production was then shown.*]

NIGERIA (Hon. Minister Josephine Tapgun) reported that Nigeria had produced a ten-year master plan for self-sufficiency in sugar, which was being considered by the Federal Executive Council. Once approved, the Sugar Council would be implemented.

They also appreciated the launch of the West Africa Sugarcane Project. As a country, Nigeria would do everything possible to make sure that it was a success.

JAMAICA (Amb. Derick Heaven) said that Jamaica had been involved in the production of sugar for 500 years, starting under Spanish colonial rule and later under the British plantation system. The island had become not only a major producer but *the* leading exporter of sugar in the world. The industry had achieved its highest level of production in 1965, when 516,000 tonnes of sugar had been produced from 4.7 million tonnes of cane, reaped from approximately 60,000 hectares. At that time, there had been 18 factories in operation.

In 1900, there had been 140 sugar mills; there were currently six – four of which, until two years earlier, had been owned by the Government. As a deliberate policy, the Government had decided that the sugar industry was to be entirely privately owned and had embarked on a programme of privatization. Last year, the sugar industry had produced its worst possible operation, producing only 121,000 tonnes of sugar from a total of 22,000 hectares of land.

The sugar industry in Jamaica was the second-largest single employer of labour, employing approximately 40,000 people directly during the cropping season and another 30,000 outside that period – this from a total population of 2.7 million. It was estimated that about 200,000 earned their income, directly or indirectly, from the sugar industry.

Sugarcane was grown on approximately 40,000 hectares, or 40% of the land. Almost all the parishes in Jamaica produced sugarcane. However, it would be wrong to attempt to assess the importance of the sugar industry based on the contribution to GDP, as the industry played such a central role in many other aspects of Jamaican society. In particular, Jamaica's rural economy, social stability and security depended on the existence of a viable sugar industry. The industry also had the highest level of vertical integration in Jamaica, from agriculture to manufacturing, and also employed a wide range of professionals at different levels.

The divestment programme that the country had embarked on had resulted in all the sugar factories now being in private hands. The last divestment, which had taken place recently, had involved the transfer of the two largest mills in Jamaica to Chinese interests. The Chinese company, Complant, would take possession of the mills in a few weeks' time. It had already started to assume control of the idle sugar lands, with a view to planting cane and, at the end of the present crop, would start the repair and refurbishment of the two mills.

Part of the company's business plan called for the establishment of a refinery and the manufacture of ethanol. Presently, 10% of gasoline in Jamaica currently used imported ethanol but it was expected that in the very near future that ethanol would be from local production. Part of the Chinese proposal was to establish an ethanol plant. The other two divested factories were currently owned by local Jamaican interests.

Jamaica also had an enviable reputation for the quality of its rum. The molasses needed for the product largely came from local manufacture. Unfortunately, the demand for molasses

had had to be supplemented with some imports, but the proposals also envisaged self-sufficiency in molasses in the near future.

The target was 4 million tonnes of cane, 200,000 tonnes of sugar, with molasses as a by-product to be available to the rum industry. The industry faced challenges currently, based on the need for investment capital – which was the prime motivation for the divestment. Part of the requirement for the divestment was that they would bring in the necessary capital to be able to upgrade not only the factors but also the fields, in order to be able to ensure the necessary throughput.

One of the problems faced by the industry over the years was that a sugar entity had very high fixed overheads, and the absence of cane throughput pushed up the cost of production. The fields needed to be replanted and modernized and it was hoped that, based on the business plan that had been submitted, the new owners would be able to achieve all of this.

The industry was rural-based and in many rural areas there was no other show in town. It was therefore critical that the industry continued. However, it could not continue as 'social welfare'; it had to be a sound business.

It seemed that Jamaica's was the only EPA that had been signed with the European Union/CARIFORUM, which allowed them continued access to the European market under certain concessionary terms. The European market therefore continued to be of great importance to them. There was also a large domestic demand for sugar and a not-so-large allocation from the United States.

The marketing of Jamaica's sugar did not present a problem; what was necessary, however, was to make sure that it could be produced at a cost that allowed them to continue to operate.

MOROCCO (Mr Khalid Benchekroun) [*Interpretation*] said that, five years after the privatization of the country's sugar enterprises, the group Cosumar had acquired most of the main sugar factories. There was both cane and beet – about 4 million tonnes a year – some of which was made into sugar, the rest being refined from imported raw sugar.

Regarding the industrial aspect, various projects to update plant had been undertaken in the last few years. The investment budget had been $410 million. The first project had been to extend and modernize the Casablanca refinery, which had more than 150,000 tonnes of throughput annually. Its capacity had been increased to 300,000 tonnes.

Subsequently, they had updated and modernized the equipment in the workshops in which sugarloaf was made. In Morocco, the sugarloaf was seen as part of their tradition and very much a part of their way of life. The making of sugarloaves, which had previously been manual, had been automated and mechanized and, by 2012, would be fully operational in the country.

Investments had also been made in the transport of white sugar, in milling, compression, drying and freezing for the sugarloaves. More than 1,000 people worked in the two sugarloaf fabrication facilities.

Other projects in the privatized sugar factories were in improving throughput, making sure that all were producing the highest quality white sugar; in modernizing the reception of sugarcane; in saving energy by providing a bagasse-fuelled heater; and in providing a certification process.

Improvements were being made to packaging and to upgrading the 'look' of their sugar. They were also diversifying, with various speciality sugars in both dark and white sugar.

[Slides are available from the Secretariat on request.]

CHAIRMAN [*Interpretation*] thanked the speakers for their presentations and drew the item to a close.

ITEM 8 ISO SEMINAR AND OTHER ISO EVENTS

CHAIRMAN [*Interpretation*] reported that the 19th ISO Seminar had been held on 30 November and 1 December 2010. It had been an excellent event. He invited the Executive Director to report.

EXECUTIVE DIRECTOR said that the 19th ISO Seminar had been a great success, breaking all records. There had been 424 registered delegates from 69 countries. The speakers had been outstanding and had made a big contribution to this impressive participation, he suggested. It had also broken records in financial terms. The estimated net profit was about £160,000. This represented 14% of the Organization's annual budget.

In 2011 the 20th ISO Seminar would be held on 29-30 November, again in the East Wintergarden, Canary Wharf, and preparations would begin the following week.

The sixth ISO Egypt conference would take place in Aswan on 5-8 March 2011. The programme had been emailed to Members and hard copies had been circulated at the Seminar. He took the opportunity to thank Mr Hassan Kamel Hassan for the co-operation and support he always provided to the event and also to the London Seminar.

The ISO-DATAGRO conference would take place on 18 May 2011 at the Waldorf Astoria Hotel, back to back with the New York Sugar Dinner.

Council **noted** the report.

ITEM 9 ***REPORT BY THE CHAIRMAN OF THE MARKET EVALUATION, CONSUMPTION AND STATISTICS COMMITTEE (MECAS)***

CHAIRMAN [*Interpretation*] invited the Executive Director, as Chairman of the MECAS Committee, to report.

EXECUTIVE DIRECTOR informed Council that the ISO had held the 36th meeting of the MECAS Committee on 2 December 2010. The first item considered had been the *Market Outlook*.
During their last meeting in Marrakech in May, the ISA price had been about 17¢/lb. Three weeks previously, prices had reached a new 30-year high of 30.2¢/lb. The market had then witnessed a severe downward correction. Uniquely, in the course of 12 months since November 2009, the market had witnessed two major price peaks as well as a severe drop in February-May, when the ISA price had collapsed to less than 14.5¢/lb.

Meanwhile, what were the fundamental factors behind the roller-coaster run of the world market prices? For the MECAS Committee meeting the Secretariat had prepared the first revision of the world sugar balance for 2010-11 (October-September).

World sugar production was expected to reach a record 169 million tonnes raw value. World consumption was now put at 167.7 million tonnes. There was therefore a small statistical surplus in the order of 1.3 million tonnes. A sharp recovery in India's output and considerable production shortfalls in western and eastern Europe, due to unfavourable weather conditions, had become the major supply features of 2010-11. The global export availability and import demand looked to be neatly balanced in both the white and the raw sugar segments of the market.

The current *Quarterly Market Outlook* provided preliminary thoughts on the market fundamentals for 2011-12. First tentative indications showed a modest global surplus of about 2.5 million tonnes. It had to be noted, however, that the low level of stocks was expected to mitigate any bearish pressure of the projected surplus. A lot of stocks had to be replenished. In a nutshell, the fundamentals themselves were neither bullish nor bearish – which, given the situation, he believed was quite a good sign.

Apart from sugar balances, the *Outlook* had also discussed the increasing influence of currency movements, domestic sugar prices, raw material prices and commodity prices on the world sugar fundamentals. For instance, the currencies of Argentina and Guatemala had depreciated against the US dollar, giving them exchange rate competitiveness. Wholesale domestic prices were at a record level in many countries, including in Brazil, China and Russia, where ex-mill prices were now around US$ 1,000/tonne. Interestingly, in the EU domestic sugar prices were much lower, at around US$ 700/tonne.

Agricultural commodity prices, including sugar, cotton, maize and wheat, had increased significantly over the past few months, rehearsing a comeback of the boom seen in 2008.

The *Outlook* also contained a *Special Focus* on Brazil. Sugarcane prices were increasing in most large exporters, from Brazil to India, but in Brazil cane prices were capped by relatively low ethanol prices. Therefore, the incentives for cane supply growth were less obvious than it may seem. The ISO estimated that sugarcane output in Brazil would grow in the following

year, but at a slower rate, due to a lower number of new mills – only eight, compared to about 20 in the boom years from 2006-08. However, demand for sugar would continue to be high and cane allocation to ethanol should go down as a result.

Global fuel ethanol production and consumption in 2011 was forecast to reach 90 billion litres, a growth rate of 5%, lower than in the previous years, when there were double-digit growth rates.

Production and consumption growth in the United States was forecast to fall to 1%, as the country approached the 15 billion gallon threshold set by government legislation – the so-called 'blending wall'. In the European Union, commissioning of new production facilities underlay strongly growing production. India's ethanol production and consumption was forecast to grow considerably. Finally, the volume of global fuel ethanol trade in 2011 was still not likely to recover fully from the slump which occurred in 2009 and 2010. Next year would therefore be a decisive one for the world ethanol market.

On alternative sweeteners, HFCS consumption in the United States was forecast to fall modestly again in 2011, but it would rise in Mexico. Stevia consumption would continue to rise – Stevia seeming to be the new 'darling' amongst the intensive sweeteners – backed by new alliances forged with the sugar industry. Regarding molasses, production would probably rise in 2011 but so would demand, because the supply of competing ingredients for both animal feed and ethanol had become tighter. As to regional trade agreements, the EU and Malaysia had launched negotiations on a comprehensive free trade agreement in October.

The Secretariat had then presented three studies to the meeting, the first study being *World Sugar Demand—Outlook to 2020* (MECAS (10)17). Projecting world sugar consumption growth over the future was a very challenging task. The ISO consumption model had first been developed in 2004. In the 2010 paper, the ISO consumption model was considerably updated and revamped. As in the past, they had measured the impact of income, population and domestic prices on sugar consumption growth. The study had confirmed that income growth was the most powerful driver of sugar consumption in emerging markets in Asia and Africa, and that population was the most powerful driver in the mature markets of the Americas, Europe and the Middle East.

In addition, the 2010 study also looked at the impact of direct and industrial consumption, changes caused by the age structure of the population, prices of substitutes, et cetera. Their new sugar projections also took into account the differences in consumption growth in net exporters compared to net importers.

The 2010 version of the ISO consumption model also allowed the forecasting of sugar consumption by country rather than just by region. The rates of growth would be quite different across countries. India would consolidate its position as the world's largest sugar consumer at about 33 million tonnes by 2020, but China would overtake the European Union as the world's second-largest consumer by 2016. Nigeria, Indonesia and Pakistan would rise in the world rankings, while consumption growth in Japan and the Russian Federation would be much lower and lose ranking positions. Therefore, the paper had revealed a significant shift in the balance of world sugar consumption, which was of immense value for the planning of the world sugar industry.

The second study was *Industrial and Direct Consumption of Sugar—An International Survey* (MECAS (10)18). In a new study, the ISO Secretariat had surveyed how important direct consumption and industrial use of sugar were in the overall disappearance of sugar. The Secretariat had presented data collected from about 30 countries and the European Union over a period of five years, starting from 2005. The countries in the survey represented all geographical regions and included both developed and developing countries, and also net exporters and net importers of sugar. Taking into account the high level of coverage in terms of both volumes of sugar consumption and geographical distribution by the collected sample, the calculated shares of particular segments of the domestic market could be considered as a general global indicator, illustrating the allocation of direct and industrial consumption worldwide. This allowed them to draw a number of interesting observations and conclusions on the current situation and recent changes in the structure of sugar consumption.

In the developed economies with mature and saturated sugar markets and a high level of per capita consumption, most of the sugar was consumed indirectly. However, there was no correlation between the level of per capita consumption in an individual country and the share of industrial use of sugar in the total deliveries to the domestic market. It could be assumed, therefore, that the dynamics of industrial consumption also depended on the capacities of the local food industry. At the global level, the growth of industrial indirect consumption through sugar-containing products was particularly fast, with the drinks industry keeping its leading role as an individual user of sugar.

The third and last study was *Ethanol Prices and Drivers—A Survey* (MECAS (10)19). Although there was a lack of a reference price for ethanol worldwide, there was a clear link and arbitrage opportunities between the world's largest producers and consumers of fuel ethanol – the United States, Brazil and the European Union. Key drivers impacting price levels and dynamics in the three major players were crude oil and gasoline prices, market size and structure, government incentives and price-setting arrangements, as well as feedstock price variability. In addition, the role of ethanol inclusion mandates and the blenders' credit in the United States were assessed.

The world ethanol trade had been driven to a significant degree by arbitrage windows, which arose when there were sufficient price differentials between the three major players. For instance, the US had emerged as the lowest-cost origin and an arbitrage window had opened between the US and the European Union. Ethanol prices in three other countries with far smaller fuel ethanol blending programmes were also examined, namely Colombia, Thailand and India.

Looking forward, attention was drawn to the possibility of a differential fuel ethanol trade developing, according to relative carbon footprints.

The Chair had then provided a verbal report on the 2010 Work Programme. The implementation of the 2010 Work Programme was now complete. They had delivered the six studies and the ongoing publications. At the end of the meeting, a guest speaker, Mr Martin Todd from LMC Consultants, addressed the meeting on the topic, *Cost of Production - Key to Economic Success*.

Council **noted** the report.

ITEM 10 CONSIDERATION OF THE DRAFT 2011 WORK PROGRAMME FOR THE MARKET EVALUATION, CONSUMPTION & STATISTICS COMMITTEE

CHAIRMAN [*Interpretation*] stated that Article 33 stipulated that each year Council would consider a draft Work Programme for the MECAS Committee, with estimated time requirements. The 2011 Work Programme had been circulated to Members in document C(10)04 of 12 October 2010.

The Administrative Committee had considered the document at its meeting on 2 December. He therefore invited the Chair of the Administrative Committee to report to Council.

RUSSIAN FEDERATION (Ms Irina Medvedeva) reported that the Committee had noted the remarks and suggestions made by Members and had agreed that study 2011/3 be dealt with as a matter of priority over the other studies. The Committee had also to recommend to Council approval of the MECAS 2011 Work Programme contained in C(10)04.

Council **approved** the MECAS Work Programme for 2011.

ITEM 11 DISTRIBUTION OF VOTES FOR 2009 UNDER ARTICLE 25 FOR BUDGETARY PURPOSES

CHAIRMAN [*Interpretation*] reported that, in accordance with Article 25, Members would hold 2,000 votes with no Member holding less than six votes.

Document C(10)05 Revised of 3 December 2010 contained four tables showing the Bases and Votes Calculations, the penultimate column of Table 4 listing the votes allocation for the payment of contributions to the Administrative Budget for 2011.

Some countries had lost their membership rights and had not been allocated any votes for budgetary purposes, i.e. **Ecuador, Mexico, Ukraine and Cameroon**; therefore, others had to bear the burden of their votes. He invited the Executive Director to comment on the situation

EXECUTIVE DIRECTOR first wished to convey a very positive message. At the present time, the Organization had received 97% of the 2010 contributions. He therefore took the opportunity to thank Members for their strong support and their prompt payment. Other commodity organizations envied the ISO in this regard, he added.

Regarding the four Members mentioned – Ecuador, Mexico, Ukraine and Cameroon – who together owed about £134,000, a revised document had been circulated containing the redistribution of Cameroon's six votes. This did not represent a big change, but hopefully Cameroon would pay its arrears in the near future.

He again thanked the Russian Federation for the efforts made in trying to obtain the outstanding contributions from Ukraine. He had the impression that things were moving in a more constructive direction.

The document was **noted**.

ITEM 12 FINANCIAL AND ADMINISTRATIVE MATTERS
(a) FINANCIAL SITUATION TO DATE

EXECUTIVE DIRECTOR reported that Annex I of document Memo(10)27 of 25 November 2010 showed that the Organization had a healthy cash balance of £910,000 and, after estimating the income and expenses to 31 December 2010, they hoped to have an estimated cash available of £728,200 at the end of the year. If the Iranian contribution was received before the end of the year – which was very likely – the figure would be £763,400.

This was a very comfortable financial situation and was clearly in excess of the net working capital requirement of £250,000 for 2010.

Council **noted** the report

(b) BUDGET AND PER VOTE CONTRIBUTION

CHAIRMAN [*Interpretation*] drew attention to draft Administrative Budget for 2011 contained in document C(10)03 of 4 October 2010. The draft budget had been considered by the Administrative Committee at its meeting on 1 October 2010, and he invited the Chair of that committee to speak to the item.

RUSSIAN FEDERATION (Ms Irina Medvedeva) reported that at its meeting of 1 October 2010 the Administrative Committee had agreed to recommend to Council the approval of the draft budget for 2011 contained in Admin(10)02, subject to an adequate transfer from the reserve to establish the contribution per vote at £527.

Secondly, the committee had noted that the **European Union** had approved the 2011 budget *ad referendum*, subject to the final adoption of the 2011 EU budget.

Council **approved** the draft 2011 budget and the contribution per vote for the year.

ITEM 13 REPORT BY THE CHAIRMAN OF THE ADMINISTRATIVE COMMITTEE ON MATTERS NOT SEPARATELY LISTED IN THE AGENDA

RUSSIAN FEDERATION (Ms Irina Medvedeva) said that the Administrative Committee had no other matters to report.

ITEM 14 APPOINTMENT OF THE CHAIRMAN AND VICE-CHAIRMAN FOR 2011

MOROCCO proposed the nomination of Mr Mohamed Muya (Tanzania) as Chairman for 2011.

SOUTH AFRICA seconded the proposal.

There being no other nominations, Mr Mohamed Muya was **elected** unopposed.

TANZANIA (H.E. Peter Kallaghe) accepted the chairmanship of the ISO Council for the year 2010-11 on behalf of Mr Mohamed Muya, Permanent Secretary of the Ministry of Agriculture, Food Security and Co-operatives of the United Republic of Tanzania, who was recovering from surgery. He was expected to be well soon and he had sent his best regards.

Tanzania valued its membership of the ISO and looked forward to many years of close collaboration. Tanzania was in the group of small sugar producers, a net importer of sugar and a sub-Saharan developing country. They recognized that there were many other member countries of the ISO who were equally ideally positioned and able to discharge the role of Chairman; nevertheless, the honour had been bestowed on Tanzania. Thanking the Organization for its trust, he promised that Tanzania would do all in its capacity to serve the objectives of the ISO during its tenure and asked for Members' continued co-operation and support in making this a reality.

EU proposed the nomination of Dr B.C. Gupta of India as Vice-Chairman for 2011.

THAILAND seconded the proposal.

There being no other nominations, Dr B.C. Gupta was **elected** unopposed.

INDIA (Dr B.C. Gupta) expressed gratitude to the Council for having bestowed such an honour on his country. On behalf of Prime Minister Dr Manmohan Singh and Agriculture and Food Minister Mr Sharad Pawar, India sent her compliments to all Members of the Council.

India could be considered as having a swinging sugar balance but was looking forward to having the use of ethanol as a stabilizer in the sugar industry in the near future. They were also looking forward to the use of beet for the production of sugar. He was sure that they would have the co-operation of other countries and would be welcoming Members to India in future.

On behalf of the Secretariat, **EXECUTIVE DIRECTOR** expressed his congratulations to the elected officers and wished Permanent Secretary Muya a speedy recovery. They looked forward to seeing him presiding at the next meeting of Council.

In congratulating Dr Gupta, he said that the Organization was very proud that India, as one of the big players, had taken on the role of Vice-Chairman of the Council. He was certain that both officers would guide them safely through whatever lay ahead and assured them of the Secretariat's support.

He then thanked the outgoing Chairman Mr Mohammed Fikrat from Morocco, who had done an outstanding job. It had been a great pleasure to work with him, and they would never forget the wonderful hospitality extended to them during the Council meeting in Marrakech. It has been the highlight of the year. Mr Fikrat had been a very wise Chairman, helping to sort out problems even before they arose.

[*Mr Mohammed Fikrat was then presented with the Past Chairman's badge, amidst applause.*]

CHAIRMAN [*Interpretation*] expressed himself to have been very touched by Dr Baron's gesture, but his kindness was not surprising, he said, adding "We live in a sweet world". Everything had gone smoothly and sweetly.

[*In English*] He said that the Organization's team was small but very big in terms of efficiency. It had been a great pleasure to host the Council in Marrakech and hopefully there would be another opportunity to host meetings in the future.

The Organization provided the opportunity for its Members to create stronger ties and, as they had heard earlier from Brazil, more avenues for co-operation. Sugar was a very important sector, providing win-win situations within countries and also between countries – in terms of the environment, society and the economy.

ITEM 15 ELECTION OF THE ADMINISTRATIVE COMMITTEE FOR 2011

CHAIRMAN [*Interpretation*] reminded Council that, in accordance with Article 18, the Administrative Committee should consist of 18 members of whom "10 shall in principle be the 10 largest financial contributing Members in each year and 8 Members shall be elected from the remaining membership of the Council".

He invited the Executive Director to proceed with the appointment and election of the 2011 Administrative Committee.

EXECUTIVE DIRECTOR reminded Council that the 10 largest contributors who were automatically members of the Administrative Committee were:

> Australia, Brazil, Cuba, Egypt, EU, India, Republic of Korea, Russian Federation, South Africa and Thailand.

Eight countries were elected from the remaining membership. Members of the Council were then invited to assign their votes in the election of the Administrative Committee.

The following Members were **duly elected**:

> Argentina, Dominican Republic, Guyana, Mauritius, Morocco, Nigeria, Swaziland and Switzerland.

The membership of the Administrative Committee for 2011 was therefore **approved** as follows:

> Argentina, Australia, Brazil, Cuba, Dominican Republic, Egypt, EU, Guyana, India, Republic of Korea, Mauritius, Morocco, Nigeria, Russian Federation, South Africa, Swaziland, Switzerland, Thailand.

EXECUTIVE DIRECTOR emphasized the importance of the Administrative Committee. Membership of the committee should be taken very seriously, he said, particularly when Members were elected with the votes of other countries – countries which they then represented on the committee, which effectively was the 'powerhouse of the Organization'.

He expressed the hope that those who had been elected would attend meetings of the committee, in order to fulfil their duty vis-à-vis those countries which had given them their vote.

ITEM 16 APPOINTMENT OF THE CREDENTIALS COMMITTEE FOR 2011

Council **approved** the reappointment of the following Members to the Credentials Committee for 2011: Cuba, Kenya, Nigeria, Tanzania and Thailand.

ITEM 17 OBLIGATION TO SUPPLY STATISTICAL DATA - ARTICLE 32(2)

CHAIRMAN [*Interpretation*] stated that, under Article 32(2) of the International Sugar Agreement, Members had an obligation to supply all available statistics and information to enable the Organization could discharge its functions under the Agreement. Unfortunately, many Members failed to provide the data regularly or at all.

He invited the Executive Director to speak to the item.

EXECUTIVE DIRECTOR pointed out, as he had done in previous Council meetings, that one of the four main objectives of the current Sugar Agreement was to facilitate trade by collecting and providing information on the world sugar market and other sweeteners.

When a country joined the ISO, it undertook only two obligations. The first was to pay the contribution and the second was to make available statistics and information on sugar and sweetener production, consumption and trade. In other words, providing statistical information was not merely a gesture on the part of Members; it was a legal obligation under the Agreement.

Unfortunately, this was not taken as seriously as it should be. The ISO's competitive edge in providing high-quality and independent economic research and market analysis would be eroded if Members did not fulfil their responsibilities. Accurate statistical data was essential for the Organization.

Very few countries complied with the statistical rules, namely Colombia, Mauritius and Thailand. Worse, however, was that there were 21 countries which had not sent any statistics for 2009. They were –

> Barbados, Belarus, Cameroon, Chad, Congo, Côte d'Ivoire, Croatia, Ecuador, Ghana, Guyana, Honduras, Iran, Malawi, Pakistan, Panama, Paraguay, Serbia, Trinidad & Tobago, Tunisia, Ukraine, United Arab Emirates.

He appealed to those Members to alert their responsible authorities and to request that those statistics be forthcoming. The questionnaire that was sent out was a relatively simple one to complete.

From next year, there was to be a new publication, the *Ethanol Year Book*, for which statistics were also required. Here too, there was a questionnaire to be completed,

hopefully by the end of January, in order that the first edition would be ready for the next Council meeting in May.

Council **agreed** that Members should be urged to supply their statistical data, in compliance with their obligation under Article 32.

ITEM 18 ANY OTHER BUSINESS

i) Tempus Project update

EXECUTIVE DIRECTOR explained that the Tempus Project was financed by the EU, in co-operation with Assiut University, Egypt, and the ISO. The programme was now complete and the curricula for technical studies in sugar science were ready; they simply awaited the assent of the Minister of Education in Egypt, which was imminent. The last dissemination workshop is to be held in February 2011, following which the results of the project would be made available to all ISO Members, for use as a benchmark against their own university curricula for agricultural students.

ii) Commonwealth Scholarship Programme 2010

Five Member countries had put forward candidates for the programme, none of whom had been successful. This had not been due to lack of qualification but rather to a lack of finance. However, they had been encouraged to reapply the following year, hopefully with greater success.

iii) Update on the Common Fund for Commodities/ISO projects

The CFC was in a very difficult situation at the present time. It faced a great deal of criticism and some of its critics had gone so far as to say that the Fund should be abolished. Others had said that it should be merged with other, bigger organizations; and yet others had said that the Fund should improve its performance.

He had recently attended the governing council meeting of the CFC in Abuja. The chairman of the governing council was Mr Djikalou from Côte d'Ivoire. Also present had been the Executive Director of the Cocoa Agreement who, together with Dr Baron, had made a very strong statement in defence of the Common Fund, underlining the fact that it was an extremely important instrument in helping the developing countries. They were clearly in favour of strengthening procedures where possible, in order to make improvements, but did not wish to see the Fund disappear or be swallowed up by a larger organization. If that were to happen, it would lose its identity completely and would not be visible as a commodity-financing institution.

A decision on the future of the Fund was to be taken in the following November. He encouraged Members to talk to those who were responsible for the Fund in their own countries, emphasizing the importance of supporting the Fund's future existence. It was an essential element of their work and they would be the poorer without it, he suggested.

NIGERIA (Hon. Minister Josephine Tapgun) thanked Dr Baron for attending the CFC meeting in Abuja and gave an assurance that they wanted the CFC to become stronger and certainly did not wish to see it become extinct.

She also expressed appreciation for the support of the ISO in the implementation of the sugar project in Nigeria. However, she made an appeal for continuing co-operation, in order that the project continued unhindered – because they needed "all hands to be on deck" in order to develop their sugar industry.

CÔTE D'IVOIRE (Mr Saint-Cyr Djikalou) [*Interpretation*] thanked Dr Baron for having participated in the Abuja meeting. The governing council of the CFC had set up an *ad hoc* working group, whose task was to discuss the role, the mandate and the long-term financial viability of the Fund. They had met in October and the board had made a recommendation to the governing council.

He stressed that by 2012 the Common Fund would have run out of resources and would not be able to continue. The board had therefore asked the *ad hoc* working group to continue its work, particularly with regard to the Fund's financial viability. A committee of governors, chaired by India, had been established in order to decide on the programme of work. The agricultural and commodity sectors worldwide were being approached, in order to explain the importance of the Common Fund. Commodity organizations had to understand how very important the Common Fund was and that, if the Fund were to disappear, many of them would be faced with problems.

CHAIRMAN [*Interpretation*] thanked Côte d'Ivoire for the clarification and suggested that, given the importance of the Common Fund for Commodities, they invite Mr Lindsay Jolly to make a presentation.

Common Fund for Commodities - An Update – ANNEX II

MR LINDSAY JOLLY (Secretariat) reported on the Organization's activities in co-operation with the Common Fund for Commodities.

CHAIRMAN [*Interpretation*] thanked Mr Jolly for his presentation.

iv) Distribution of documents

EXECUTIVE DIRECTOR drew attention to a memo of 16 November in relation to the distribution of ISO documents. Delegates would no longer receive hard copies at the meetings. The documents would be sent out electronically in advance and Members should bring them to the meetings themselves.

ITEM 19 DATE AND PLACE OF THE NEXT SESSION

On behalf of the United Republic of **TANZANIA**, H.E. Peter Kallaghe invited the Organization to hold its 39th Council session of 31 May to 2 June 2011 in Arusha, Tanzania. Arusha was situated in the northern part of Tanzania and was the capital of the East African

Community. It was also known as the 'Geneva of Africa' because it hosted many international meetings.

If the invitation was accepted, he gave an assurance that the organizing committee would work tirelessly with Tanzania's authorities to put in place convenient travel protocols for delegates and officials. They looked forward to seeing Members in Arusha and hoped that they would find time to mix business with pleasure by visiting many of Tanzania's tourist attractions.

[*A video on Tanzania was then shown.*]

CHAIRMAN [*Interpretation*] thanked Tanzania for the kind invitation. [*Applause*] They looked forward with impatience to the meeting in Arusha and to seeing what wonderful things Tanzania held in store for them.

EXECUTIVE DIRECTOR announced that the next Council meeting would be held in Arusha, Tanzania, on Tuesday 31 May to Thursday 2 June 2011.

On Friday 7 October 2011 there would be an Administrative Committee meeting, the only agenda item being the budget for 2012.

In London on Monday 28 November 2011 there would be an ISO-WABCG meeting. The 20th ISO Seminar would be held on 29 November and 30 December. On 1 December, MECAS and the Administrative Committee would meet, followed by a Council meeting on 2 December.

Council **noted** the proposed dates.

The decisions of the Council were read by Mr Sookia.

CHAIRMAN drew the session to a close at 12.40 p.m.

Chairman: M. Mohammed Fikrat (MOROCCO)

List of Delegates Attending the Thirty-eighth Session of the International Sugar Council (Friday, 3 December 2010 – London)

COUNTRY	NAME
ARGENTINA	
Delegates	Mr Juan Carlos Di Sciullo Ministry of Agriculture, Buenos Aires
	Mr Cesar Campoy Counsellor, Argentine Embassy, London
AUSTRALIA	
Delegate	Mr Matthew Koval Minister Counsellor, Australian Mission to the EU, Brussels
BARBADOS	
Delegates	Mr Carl Simpson Senior Agricultural Officer, Ministry of Agriculture, Bridgetown
	Mrs Kendra Gibbons First Secretary, Barbados High Commission, London
BRAZIL	
Delegates	H.E. Amb. Marcos Pinta Gama Permanent Representative of Brazil to International Organizations in London
	Mr Manoel Bertone Secretary of Production and Agri-Energy Ministry of Agriculture, Livestock and Food Supply, Brasilia
	Mr Cid Caldas Director of the Sugarcane and Agri-Energy Department Ministry of Agriculture, Livestock and Food Supply, Brasilia
	Sec Pablo Braga Costa Pereira Permanent Representation of Brazil to International Organizations, London

CÔTE D'IVOIRE

Delegates

Mr Saint Cyr Djikalou
Permanent Representative of Côte d'Ivoire to International Commodity Organizations, London

Ms Nathalie Asse
Adviser, Permanent Representation of Côte d'Ivoire to International Commodity Organizations, London

Ms Marie-Claude Degni-Segui
Legal Adviser, Permanent Representation of Côte d'Ivoire to International Commodity Organizations, London

CROATIA

Delegate

Mr Miroslav Božić
Director
Ministry of Agriculture, Fisheries & Rural Development, Zagreb

CUBA

Delegates

Mr Carlos Alfaro
Economic Counsellor, Cuban Embassy, London

Mr Francisco Escandell
Cubazucar Representative, London

Mr Mario Díaz Muñoz
Director, Cubazucar, Havana

Mr Juan Alberto Kelly
President, CAISA, Havana

DOMINICAN REPUBLIC

Delegate

Mr Faustino Jiménez
Executive Director, INAZUCAR, Santo Domingo

EGYPT

Delegates

Mr Hassan Kamel Hassan Noaman
Chairman
Egyptian Sugar and Integrated Industries Company, Cairo

Mr Rafat Saad Mohamad
Managing Director, Technical Affairs
Egyptian Sugar and Integrated Industries Company, Cairo

Mr Hassan Horaiz
Third Secretary, Commercial, Egyptian Embassy, London

EL SALVADOR

Delegate

Ms Beatriz Alfaro
Counsellor and Consul General
Embassy of El Salvador, London

ETHIOPIA

Delegates

Mr Habtom Abreha
Minister Counsellor, Embassy of Ethiopia, London

Mr Haileselassie Subba Gebru
Head, Legal Affairs and International Organizations
Embassy of Ethiopia, London

EU

Delegates

Mr Gabor Zsugyelik
DG AGRI, European Commission, Brussels

Mr Pascal Grégoire
Senior Economic Advisor, Embassy of Belgium, London

Ms Leena Seppa
Senior Officer, Ministry of Agriculture and Forestry, Helsinki

Mr Cyril Schweizer
France AgriMer, Montreuil Sous Bois

Ms Laura Albanese
Economic Attaché, Italian Embassy, London

Mr Stephen Harris
Sugar Policy Advisor, DEFRA, London

FIJI

Delegate

H.E. Mr Pio Tikoisuva
Fiji High Commissioner, London

GHANA

Delegate

Mr Ramses Cleland
Minister, Political and Economic Affairs
Ghana High Commission, London

GUATEMALA

Delegates

H.E. Acisclo Valladares Molina
Ambassador of Guatemala, London

Mr Mario Yarsebski
International Trade Manager, Sugar Association of Guatemala
Guatemala City

Henning Droege
Commercial Attaché, Embassy of Guatemala, London

GUYANA

Delegates

H.E. Mr Laleshwar Singh
High Commissioner for Guyana, London

Mr John Ireland
Commercial Representative, Czarnikow, London

HONDURAS

Delegates

H.E. Mr Ivan Romero-Martinez
Ambassador of Honduras, London

Ms Andrea Argueta-Schieb
Minister Counsellor, Embassy of Honduras, London

INDIA

Delegates

Dr B.C. Gupta
Secretary to Government of India
Department of Food and Public Distribution, New Delhi

Mr Balvinder Humpal
Second Secretary, High Commission of India, London

Mr Abinash Verma
Director General, Indian Sugar Mills Association, New Delhi

Mr Vinay Kumar
Managing Director
National Federation of Cooperative Sugar Factories, New Delhi

JAMAICA

Delegate

Amb Derick Heaven
Executive Chairman, Sugar Industry Authority, Kingston

KENYA

Delegate

Mr Solomon Odera
Acting Chief Executive Officer, Kenya Sugar Board, Nairobi

MAURITIUS

Delegate

Mr Géo Govinden
Overseas Representative, Mauritius Sugar Syndicate, Brussels

MOROCCO

Delegates

Mr Khalid Benchekroun
Président, Association Professionelle Sucrière, Rabat

Mr Abdel Hamid Chafai El Alaoui
General Secretary, Association Professionelle Sucrière

MOZAMBIQUE

Delegate

Mr João Jeque
Executive Director, Mozambican Association of Sugar Producers (APAMO), Maputo

NIGERIA

Delegates

Ms Josephine Tapgun
Honourable Minister of State
Federal Ministry of Commerce and Industry, Abuja

Mr Usman Bello
Executive Secretary
National Sugar Development Council, Abuja

Mr Ummahani Ahmad Amin
Special Assistant (Technical) to Minister of Commerce and Industry, Abuja

Ms Omololu Ope-Ewe
Assistant Director
Federal Ministry of Commerce and Industry, Abuja

PANAMA

Delegate

Mr Ramón Abadi
Commercial Attaché, Embassy of Panama, London

PHILIPPINES

Delegates

Mrs Maria Regina Martin
Administrator
Sugar Regulatory Administration

Mr Francisco Varua
Executive Vice President
Philippine Sugar Millers Association

Mr Jesus Barrera
Legal Officer, Philippine Sugar Millers Association

Mr Francisco Noel Fernandez
Minister, Embassy of the Philippines, London

RUSSIAN FEDERATION

Delegates

Ms Irina Medvedeva
Deputy Head, International Organizations Division, Department of Trade Negotiations, Ministry of Economic Development, Moscow

Mr Dimitry Kalmikov
Commercial Advisor, Russian Trade Delegation, UK

SOUTH AFRICA

Delegates

Ms Imameleng Mothebe
Director, Agro Processing
Department of Trade and Industry, Pretoria

Mr Mukesh Trikam
Executive Director, South African Sugar Association, Durban

Mr Bongani Linda
South African Sugar Association, Durban

Mr Rolf Lütge
Vice Chairman, South African Sugar Association, Durban

Mr Wolfe Braude
International Affairs Manager
South African Sugar Association, Durban

SUDAN

Delegates

Ms Alla Doud
Business Development Officer
Kenana Sugar Company, Khartoum

Isam Elobeid
Kenana Sugar Company, Khartoum

SWAZILAND

Delegates

H.E. Dumsile Sukati
High Commissioner for Swaziland, London

Dr Michael Matsebula
Chief Executive Officer, Swaziland Sugar Association, Mbabane

Ms Nqobile Dlamini
Trade Attaché, Swaziland High Commission, London

SWITZERLAND

Delegate

Mr David Braun
2nd Secretary, Swiss Embassy, London

TANZANIA

Delegates

H.E. Peter A. Kallaghe
High Commissioner for Tanzania, London

Mr Castor Ligallama
Chairman, Sugar Board of Tanzania, Dar Es Salaam

Mr Mathew Kombe
Director General, Sugar Board of Tanzania, Dar Es Salaam

Mr Fadhili Mbaga
Executive Secretary, Tanzania Sugar Producers Association, Dar Es Salaam

Dr George Mlingwa
Director, Sugar Board of Tanzania, Dar Es Salaam

THAILAND

Delegates

Dr Prasert Tapaneeyangkul
Secretary General, Office of the Cane and Sugar Board
Ministry of Industry, Bangkok

Ms Supatra Thanaseniwat
Deputy Permanent Secretary
Office of Permanent Secretary, Bangkok

Ms Piyanart Wattanasiri
Director
Bureau of Trade Measures, Ministry of Commerce, Bangkok

Ms Chareeporn Jarusuwanpoom
Trade Officer, Ministry of Commerce, Bangkok

Mr Rangsit Hiangrat
Director, Cane and Sugar Industry Policy Bureau, Office of the Cane and Sugar Board, Ministry of Industry

TRINIDAD & TOBAGO

Delegate

Ms Nikesha Smith
2nd Secretary, Trinidad & Tobago High Commission, London

TUNISIA

Delegates

Mrs Ellafi Saoussen
Office du Commerce de la Tunisie, Tunis

Mrs Raoudha Azouz
Director, Office du Commerce de la Tunisie, Tunis

TURKEY

Delegates

Mr M. Azmi Aksu
Chairman, Turkish Sugar Authority, Ankara

Ms Jale Leblebici
Secretary General, Turkish Sugar Authority, Ankara

Mr Haci Mehmet Sönmez
Member of the Board, Turkish Sugar Authority, Ankara

VIETNAM

Delegates

Mr Nguyen van Loc
Vice President, Viet Nam Sugar Association

Mr Doan Xuan Hoa
Agricultural Officer, Ministry of Industry, Hanoi

ZIMBABWE

Delegate

Mr Steve Frampton
General Manager, Zimbabwe Sugar Sales, Harare

OBSERVERS

THE GAMBIA

H.E. Elizabeth Ya Eli Harding
High Commissioner for The Gambia, London

Mr Alphu Jain Marong
Permanent Secretary, Ministry of Agriculture, Banjul

INTERNATIONAL ORGANIZATIONS

WORLD ASSOCIATION OF BEET & CANE GROWERS

Mr Alexis Patry
Secretary, WABCG, Paris

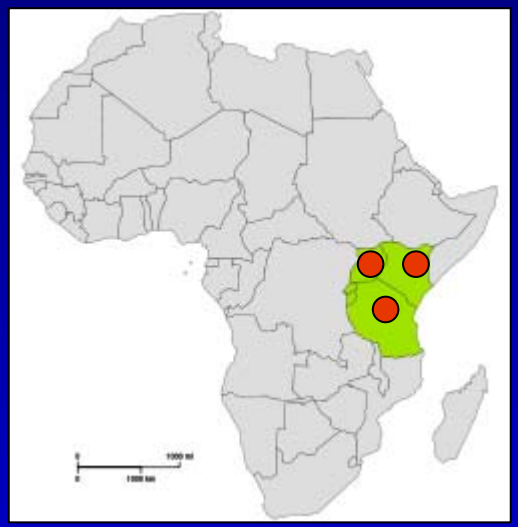
Projects Supported by the Common Fund for Commodities

Sugar

ISC-Report-38 – Annex II

Sugar Development Projects

CFC/ISO/29: East African Sugar Development



East African Sugar Development

CFC/ISO/29

- PEA: Sugar Board of Tanzania.
- Tanzania, Kenya, Uganda.
- 5 year project.
- Total Cost USD 4.2 mln.
- CFC financing of USD 2.3 mln.
- Counterpart: USD 1.8 mln.

East African Sugar Development

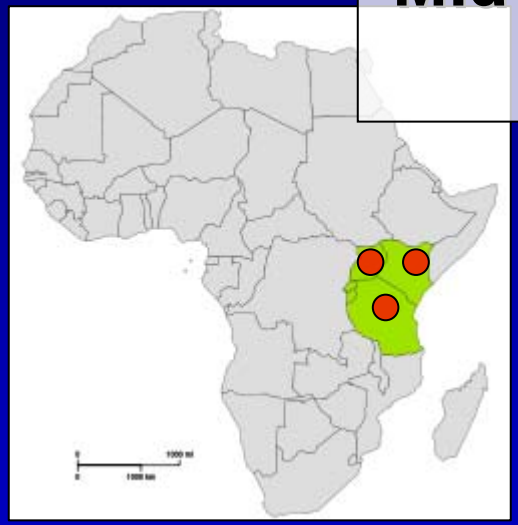
CFC/ISO/29

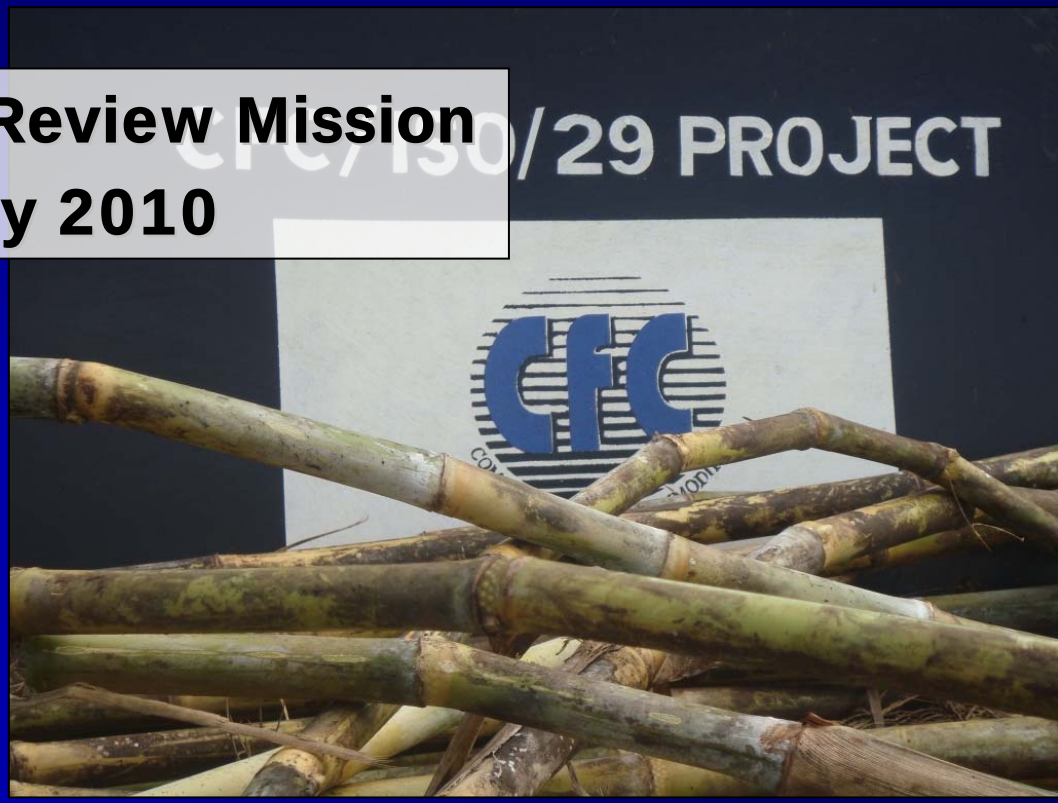
- Designed to improve productivity of cane production in the East African Community through a 5 year cane variety importation programme.
- Supported by a clean cane initiative aimed at growing and distributing treated seed cane to smallholder cane growers.
- Acquisition and transfer of technology and best practice to cane research staff, agronomists and outgrower managers, as well as smallholders.

Sugar Development Projects

CFC/ISO/29: East African Sugar Development

Mid-Term Review Mission
July 2010





East African Sugar Development

CFC/ISO/29

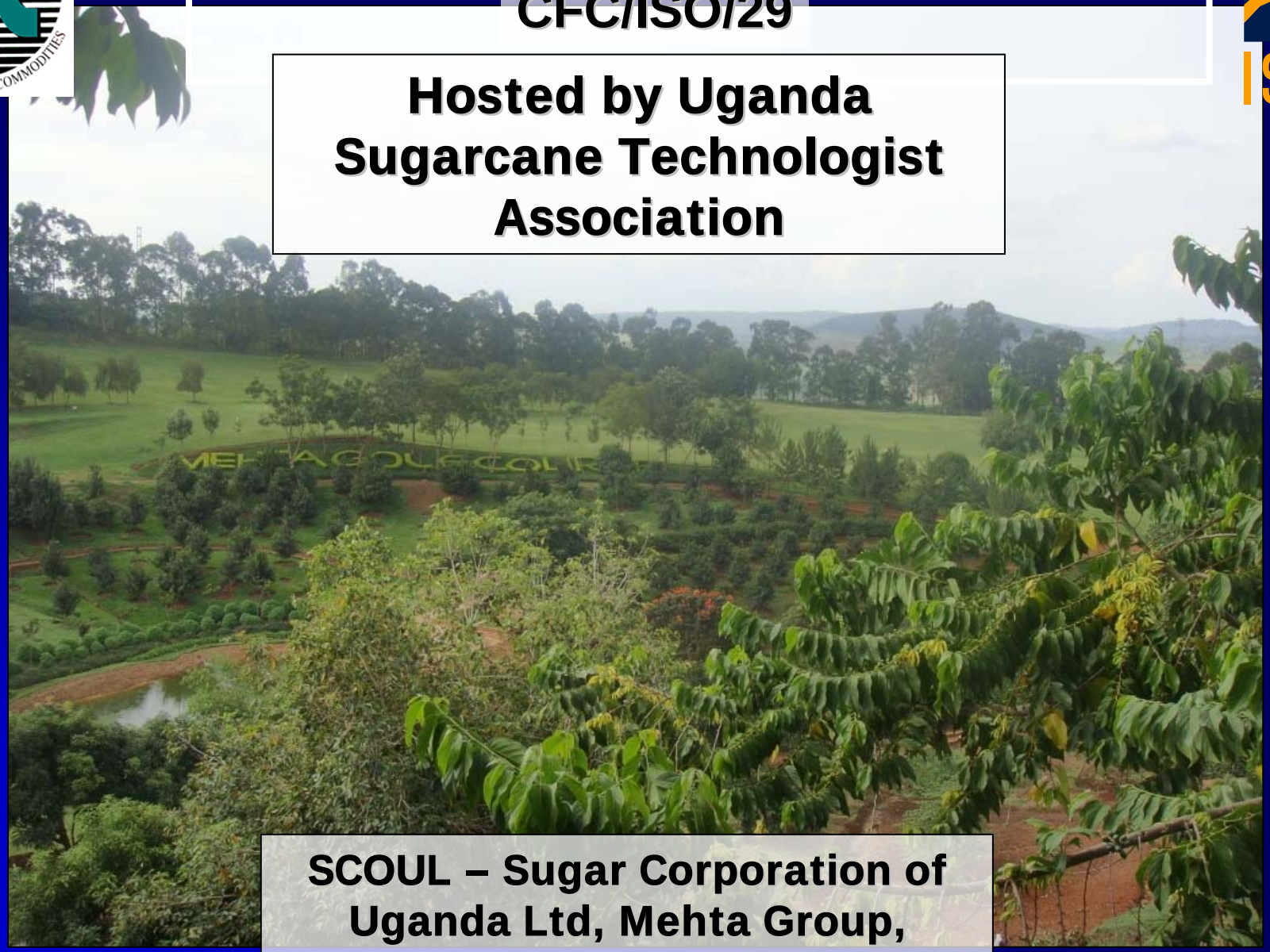
Mid-Term Review Mission

July 26th-31st, 2010

East African Sugar Development

CFC/ISO/29

Hosted by Uganda Sugarcane Technologist Association



SCOUL – Sugar Corporation of Uganda Ltd, Mehta Group, Lugazi

East African Sugar Development

CFC/ISO/29

- Mission consisted of presentations and discussions, as well as visits to key project sites in the participating countries.
- Focus was on project achievements to date vs targets and on the main challenges and the way forward.

East African Sugar Development

CFC/ISO/29

East African Sugar Development

CFC/ISO/29

Progress

- Project remains on track and the MTR meeting recommended a continuation of the project with the same objectives and scope.
- Quarantine facilities established in year 1.
- Agreements with suppliers of elite sugar cane varieties – extended to Fuzz.
- Cane variety improvement management committee set up.
- The East African Cane Improvement Network (EACIN) crucial to project success.

East African Sugar Development

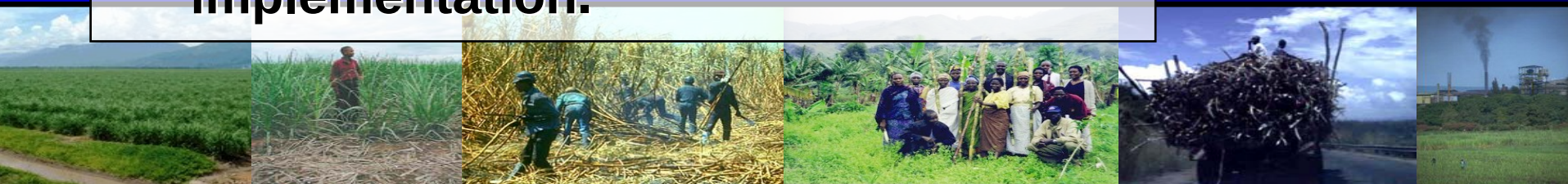
CFC/ISO/29

- Regional quarantine agreements between the 3 project countries established – elite varieties to be sent from Tazania to Kenya and Uganda.
- Smallholder Sugarcane Manual completed/workshop conducted.
- Training programme for extension/outgrowers officers.
- Farmer Field Schools to commence.

East African Sugar Development

CFC/ISO/29

- Reworked budget and work programme agreed for remaining term of project.
- Collaboration between project partners is excellent.
- Consultants bring wide experience and are a critical driving force in the project.
- CFC/ISO conveyed congratulations to the SBT and all members of the Project Team for ongoing successful implementation.



East African Sugar Development

CFC/ISO/29

SCOUL sugarcane estate variety trials

East African Sugar Development

CFC/ISO/29

SCOUL outgrower variety trials

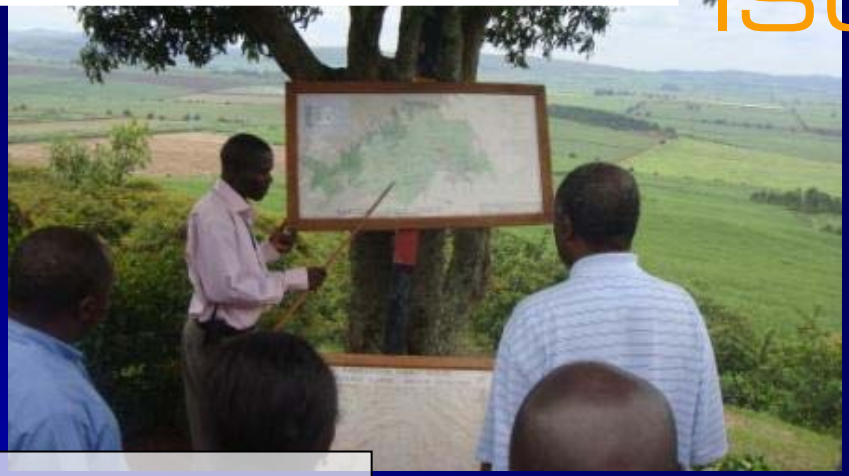
East African Sugar Development

CFC/ISO/29

Kinyara Sugar: Madhvani Group

East African Sugar Development

CFC/ISO/29



Madhvani Sugar Estate

Sunhemp

East African Sugar Development

CFC/ISO/29

Madhvani Sugar Estate

Cane Variety Trials

East African Sugar Development

CFC/ISO/29

Madhvani Sugar Estate
Seed Cane Nurseries

East African Sugar Development

CFC/ISO/29

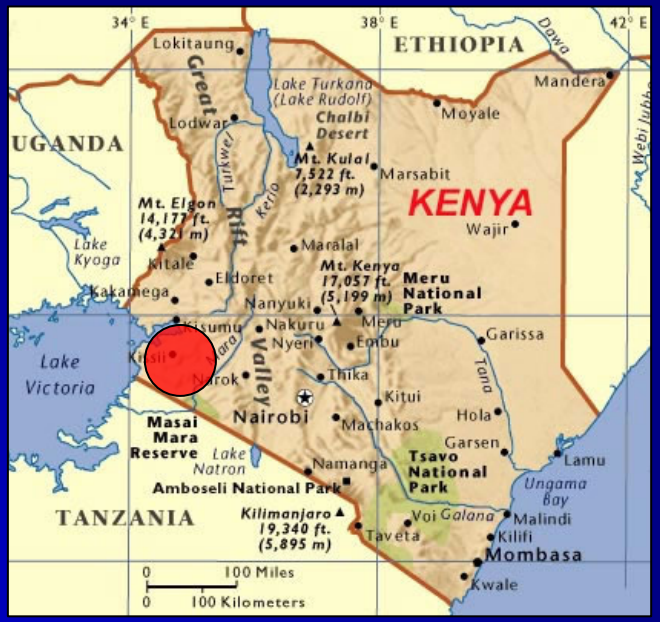
Over 4,000 outgrower farmers supplying sugar cane

East African Sugar Development

CFC/ISO/29

East African Sugar Development

CFC/ISO/29



Kamgudho Farmer Research Group

East African Sugar Development

CFC/ISO/29

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CFC/ISO/29

East African Sugar Development

CFC/ISO/29

East African Sugar Development

CFC/ISO/29

Pest and disease resistance are key criteria for elite cane varieties

East African Sugar Development

CFC/ISO/29

Dr Chambi

Sugar Research Institute

Tanzania

East African Sugar Development

CFC/ISO/32

East African Sugar Development

CFC/ISO/32

New Project :

Development of Sugarcane Variety Improvement and Seed Multiplication Programme for Nigeria and Cote d'Ivoire

Objective:

To improve the long term profitability of the sugar industry by improving productivity by giving sugarcane growers access to high yielding sugarcane varieties adapted to local conditions, but also recognising principles of ecologically sustainable development.

East African Sugar Development

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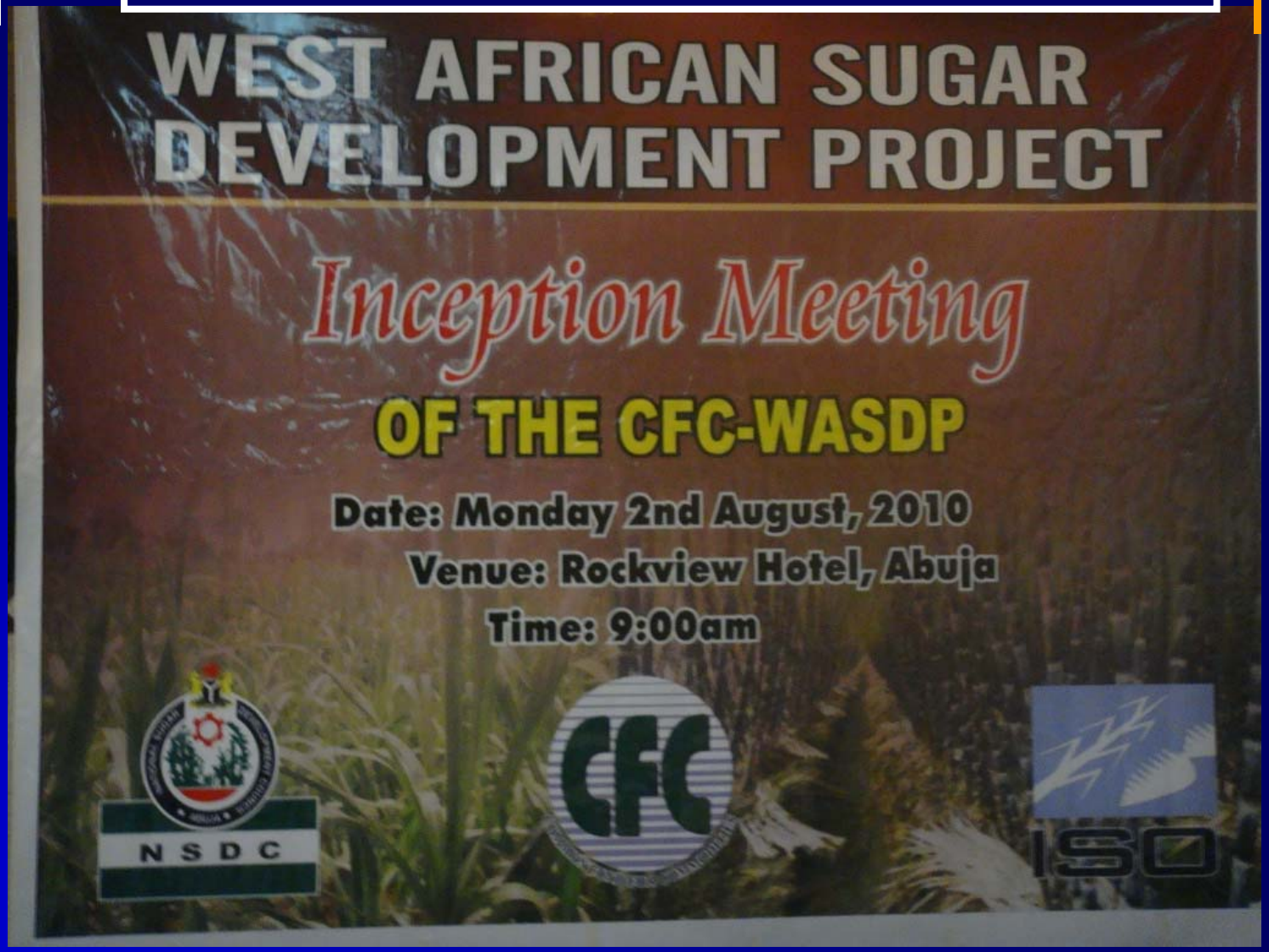
- Approved July 2008.
- Funding approval by Executive Board of the CFC granted January 2010.
- 5 year project.
- Total Cost USD 2.14 mln.
- CFC grant of USD 1.49 mln.
- PEA: National Sugar Development Council of Nigeria.

East African Sugar Development

CFC/ISO/32



East African Sugar Development

CFC/ISO/32

Official Opening presided over by the Chairman of the NSDC, Alhaji Mohammed Shaaba Lafiagi

Special Guest of Honour – the Governor representing Nigeria on the CFC Executive Board and the Permanent Secretary Federal Ministry of Commerce and Industry – Dr A.K. Mohammed

East African Sugar Development

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Inception Meeting

- Attended by Collaborating Institutions from Nigeria and Cote D'Ivorie, representatives of farming organizations and supporting public sector institutions.
- Objective: Assess arrangements for implementation of the project, review proposed work programme and budget, review the institutional and administrative arrangements.

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Dr Lateef Busari

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- Key activities first year:
- Acquisition of 40 elite cane varieties from Brazil, Mauritius and other sources.
- Land acquisition and preparation for mother nurseries.
- Capacity Development for Scientists and Technicians.
- Hiring of Project Consultant.

Dr Latiff Busari

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Chewing Cane

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Mini Sugar Plant

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CFC/ISO/32

Projects Supported by the
Common Fund for Commodities

ISO Development Programme & Anticipated Projects

- Increase Productivity
- Diversification
- Supply Chain Management

Projects Supported by the Common Fund for Commodities

CFC has financed 7 Regular Projects and 6 smaller Fast Track projects representing a pool of resources of approximately USD 17 mln of which CFC has contributed around USD 9 mln.

Sugar
Development Projects