Discussion Report

Discussion of Paper Presented by Mr. Norman S. Girwar

The discussion hinged on the theme -- the problems involving the West Indian Sugar Industry with regards to Britain's entry into theEuropean Common Market (ECM) and the identification of investment possibilities in the direction of rationalization. It was noted that, if anything, Britain's entry into the European Common Market had forced the West Indies to examine carefully its agricultural sector as a whole and its sugar industry in particular. The aim of the European Common Market was self-sufficiency and although the European Commission was strongly in favour of admitting sugar from the developing countries, though no quantities were specified, the West Indies had found itself in the position of having to do its own negotiations on the world sugar market. The British Government had made it quite clear that it was not prepared to negotiate for the Region.

What emerged also, was that whatever concessions the West Indies might be able to secure out of the European Common Market, they would by no means be continuing benefits, and as such would have to be considered carefully for its effects in terms of income, employment, and production in our sugar industries.

The possibilities of rationalization or diversification of the sugar industry and its attendant problems of capitalization were considered early in the discussion, and it was generally agreed that diversification in itself was a good thing and that it should be considered in the context of rationalization of agriculture and the development of the agricultural sectors domestically. As Mr. Girwar pointed out, functioning from a monocultural base cannot be a good thing for any country because diversification widens out and strengthens the base from which a country operates.

The discussion then shifted briefly to beet sugar produced in Europe and the possible effects that West Indian sugar may be subjected to by the beet lobby in the ECM. It was pointed out that if the beet lobby grew stronger there might be erosion of expected export sales to that market. The Region would be in a better position with its present quota assured, so as not to affect adversely the level of employment in the sugar industry. But there could be no guaranteed access to the ECM nor could prices be determined since accurate world sugar consumption projections could not be made (although in the last three years sugar production lagged behind consumption which, if continued, would result in high prices).

On the price and quantity problem the Commonwealth countries might bargain for a compromise of the high ECM prices for a large proportion of the 1.4m. tons quota and a lower price for the amount above that proportion. This was not an accepted point of view, since money was not the only consideration. There was also the question of reduction of the labour force and, therefore, it was felt that the quota of 1.4m. should not be reduced. Such a hypothesis, however, could be postulated for the other market (other than the European Common Market), in which the balance of the quota was sold. This strategy, together with the higher price obtained from the ECM, could result in the same level of income. Although this school of thought provided interesting possibilities (for example, the surplus could be sold to China or Russia) the hypothesis might not become a reality.

Supporting the aims of self-sufficiency and economic stability in the area, it was suggested that the same amount of sugar could be produced so as to ensure employment of the labour force, and whatever remained unsold could be de-natured and fed to livestock, thus reducing the high importation into the region of meat and meat products. This was an interesting possibility and even though it was a well known feature in the European Economic Community, for the West Indies it would mean conceding to the principle that our quota of 1.4m. tons could be eroded. The West Indies sugar industry, it was felt, should stand firm on their quota of 1.4m. tons, rather tha

In an attempt to reconcile the heavy investments currently taking place in the sugar industry while there still remained a question mark on sugar as the base of the economy, several factors were advanced as being influential. These included:-

1. the prevailing employment situation;
2. the current high prices on the world's market, and the rising expectation that should soon be able to sell on the these markets; and
3. the disequilibrium existing between world production and world consumption.

Though FAO projections had indicated that there was considerable growth potential in consumption in the Third World countries attributed to population growth, and an increase in sophistication in these societies, the crucial question which remained unanswered was -- when would the imbalances exist and where would the supplies be coming from? Further, there was hardly any other activity to take the place of sugar since the sugar market was no less uncertain than any other market on which the West Indies sold its other tropical products. The Carifta market was still small and since we must export to survive, the prospects for alternate uses of sugar or sugar cane products were increasing much more than the prospects for alternate uses for any of our other tropical products. There would be substantial dislocation of labour, concomitant with the closing of the industry, and Governments should stop leaving research into sugar and its by-products only to companies which have as their aim the production of sugar for Metropolitan countries, and begin experimental work on this crop to suit our conditions.

One speaker contended that simply because the prospects for sugar appeared to be bright was no reason for our continuance in sugar on the same terms. The very history of sugar was one of booms and slumps. He could not imagine why in 1973, inspite of all the vicissitudes of sugar and of all the warnings we have had against excessive optimism in the sugar industry, people were still behaving as though sugar was necessary for the survival of our economies. He suggested that all the lands now under sugar cane be put under pasture and other forms of enterprises to the benefit of the Region. In Trinidad, for example, there was no serious livestock industry and we spent about $10m. on the importation of grain.

Delegates, however, remained divided on the issue of continuing sugar or radically replacing it with other investment projects, but it was felt by all that if sugar should be allowed to stay it must not, and could not stay in its present state. It had to be transformed from within. Agrarian reform was necessary.