

SUBJECT

T14/81

26 January, 1981.

The Rt. Hon. Margaret Thatcher, M.P.,  
Prime Minister of Britain,  
London,  
United Kingdom.

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. .... T14/81

Dear Prime Minister,

I wish to follow up the letter you will have received from the Prime Minister of Mauritius, on behalf of all the ACP Raw Sugar Suppliers under the Lome Convention, conveying our very serious concern at the implications of the announcement by Tate and Lyle of their intention to close their Liverpool refinery on the security of our sugar market in the United Kingdom.

My purpose in writing is to emphasise, on behalf of the Government and the Sugar Industry of Fiji, the considerable importance which we place on the continuing assured access to the United Kingdom of Fiji's full quota under the Lome Convention.

The United Kingdom is the single biggest and the most important market for our sugar. As the Sugar Industry is the mainstay of our national economy, with sugar exports constituting 75% of all our earnings from abroad, the future economic well-being of Fiji is directly dependent on the maintenance of our traditional sugar market outlet in the United Kingdom. Indeed, the assurance of secure and continuing access to the United Kingdom market, on fair and reasonable terms, which Fiji has enjoyed under both the Commonwealth Sugar Agreement and under the Lome Convention has been the firm foundation on which our Sugar Industry has been able to develop and expand and so improve the welfare of the entire population of Fiji.

We are greatly indebted to the British Government for this assurance of access on fair and reasonable terms. Because of the overriding importance we attach to our sugar market in the United Kingdom, we have always endeavoured to fulfill our full supply obligation under the Commonwealth Sugar Agreement and its successor, the Lome Convention. We have done this even during years when due to fluctuating production we have had difficulty in fulfilling all our contractual supply obligations overseas, and also despite the particular disadvantage of high shipping costs Fiji suffers relative

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to other raw sugar suppliers to the United Kingdom market because of its distance from the United Kingdom. In fact, in 1975, in order to ensure the successful conclusion of negotiations between the EEC and ACP countries, Fiji amongst other ACP sugar suppliers, undertook to sell to the United Kingdom, over and above its agreed quantity in the Sugar Protocol of the Lome Convention, an additional quantity of 25,600 metric tons to meet the then shortfall in sugar supply in the United Kingdom, and we willingly did this at the expense of, and at the risk of continuing assured access of our sugar exports to, other equally important overseas markets.

You will, therefore, understand why we in Fiji, along with the other ACP suppliers, view with very great concern the threat to our traditional outlet in the United Kingdom posed by the reduction in raw cane sugar refining capacity with the closure of the Liverpool refinery.

In all the negotiations the developing Commonwealth Raw Sugar Suppliers and then the ACP countries have had with the British Government from 1971 onwards, that is prior to the United Kingdom's entry into the EEC and subsequently within the context of negotiations with the European Economic Community itself, it has always been clearly understood that side by side with, and in addition to the collective guarantees and commitments given under the Lome Convention by the Community as a whole, there was also a parallel commitment by the British Government for the preservation of the traditional outlets in the United Kingdom for the agreed quantities of raw sugar from the ACP suppliers. In confirmation of this, successive British Governments, both prior to Britain's entry into the EEC and since then, have given repeated "bankable" assurances of a firm commitment on the part of the United Kingdom that there would be a secure and continuing market in the United Kingdom, on fair terms, for the full ACP quotas under the Lome Convention.

When, for instance, in March 1979 I personally called on the then United Kingdom Minister of Agriculture to convey, on behalf of the ACP countries, our concern and fear that the unlimited expansion of beet production in the United Kingdom could seriously jeopardise the security of continuing assured access to the United Kingdom for the full ACP sugar quota under the Lome Convention, your Government readily assured ACP

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suppliers not only that it would fully honour its obligations under the Lome Convention but also that proposals in a White Paper pertaining to the expansion of beet production within the United Kingdom did not represent the adoption of policies which ran counter to preserving the traditional outlets for ACP sugar in the United Kingdom market.

As the Prime Minister of Mauritius has fully explained in his letter, our present fears are that if the Liverpool refinery is closed, the traditional market for the full ACP quotas will, in fact, no longer be maintained.

In the circumstances, we would greatly appreciate an unequivocal statement by your Government that it will honour the assurances and undertakings which successive British Governments have given to ACP suppliers that traditional outlets in the United Kingdom market for the full quantity of ACP raw cane sugar under the Lome Convention would be assured and maintained.

Yours sincerely,

(K. K. T. Mara)  
Prime Minister