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Prime Minister and Minister for Finance, Strategic Planning, National Development & Statistics, Public Service, Peoples Charter for Change and Progress, Information, iTaukei Affairs, Sugar Industry and Lands and Mineral Resources

**REMARKS AT THE 24TH ISO/WABCG CONSULTATIONS**

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International Coffee Organisation Mon. 25 Nov., 2013

22 Berners Street, LONDON 0900 Hours

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The Executive Director of the International Sugar

Organisation, Dr Peter Barron,

Mr. Chairman,

Mr. Sharma,

The President of the World Association of Beet and Sugar Growers,

Distinguished Delegates,

Ladies and Gentlemen.

Bula vinaka and a very good morning to you all.

It is a great pleasure for me to be in London to once again address the global sugar community in my capacity as Chairman of the ISO Council.

This informal consultation between the ISO and the World Association of Beet and Cane Growers brings together the most senior representatives of the cane and beet industry from around the world.

It’s developed into an important tradition - an ideal way to begin the ISO Londonsugar week – as we all confront our many challenges but also the opportunities that lie ahead to develop our industry.

We all benefit from these discussions. Cane and beetgrowers get the latest economic updates and perspectiveson the world’s sugar and biofuels markets. And we all have the opportunity to discuss policy and learn from each other’s experiences.

We must always bear in mind that we are here to improve the living standards of the millions of ordinary people around the world – whether they are cane or beet growers – who depend on sugar for their livelihoods.

May I be permitted to make an observationbased on my term as chairman of the ISO Council.

There are still too manypolitically-driven interests in sugar, too much regional and individual competition and self-interest. Some may argue that it is merely a reflection of the intensely competitive nature of the modern global marketplace. Countries and regional groupings are bound to exercise whatever muscle they have in their own interests.

But I passionately believe that the organisations that represent sugar growers – those men and women whose sweat and toil is the backbone of this industry – need to safeguard the interests of everyone, irrespective of where they live or the economic muscle they wield.

We need a holistic approach to the industry’s challenges, we need unity of purpose in our deliberations, we need to think beyond our individual interests. And we especially need to defend the vulnerable – those of our fellow global citizens working in the sugar industry who are most exposed to its vagaries and for whom life is a daily struggle.

In my own case, of course, as the Prime Minister and Sugar Minister of Fiji, I naturally think of the 200,000 Fijians who are dependent on our own sugar cane industry for their livelihoods.

I am pleased to say that we have taken an industry that was highly politicised, riddled with self-interest, inefficient and – by general consensus - heading for collapse and have achieved a dramatic turnaround. We are producing better cane resulting in more sugar, putting more money in the pockets of our growers and diversifying our industry into ethanol production. They said it couldn’t be done but we have done it. But we have done it not only with a program of radical domestic reform, but in valued partnership with the global industry and our trading partners.

If anything, my term as Chairman of ISO Council has convinced me of the need for more engagement, more cooperation, more understanding of each other’s positions and points of view. In particular, we must do more to assist those sugar-producing nations who are struggling to adapt to changes in the global marketplace. The ordinary men and women who grow cane or beet look to us as much as they do to their own governments to safeguard their interests as best we can – to make access to markets fairer, less restrictive, to share the latest research with them and assist them to modernise and compete.

Common sense dictates that the global economic pie obviously needs to get bigger for everyone to get a bigger slice. But it is unconscionable for the industry as a whole to accept a situation in which some growers get a disproportionately bigger slice while others fall further and further behind.

I say all of this with the utmost confidence in the ISO to deliver better outcomes for the sugar industry as a whole. Over the past twenty years, the ISO has evolved from an almost irrelevant commodity organisation with a questionable future into the largestintergovernmental commodity organisation in the world. We now have 87 member countries, including, most recently, Sri Lanka, which joined us a couple of months ago.

At the same time, the World Association of Beet and Cane Growers has grown in influence and statue as the most visible grassroots representative of the sugar and ethanol supply chain. Only by the closest possible cooperation in today’s complex global trading environment can we achieve the most appropriate economic, social, political and legal framework to take our industry forward. We need to listen to each other more. We need to learn more. We need to come up with solutions to our common problems that are achievable, sustainable and affordable. And that’s what these deliberations are all about.

We face a particularly challenging era, with the current world sugar surplus,producingdownward pressure on sugar prices. The bears, not the bulls, are roaming the marketplace, however much our domestic reforms, as in Fiji, may be putting more income in growers’ pockets.

At the same time, our growers face rising costs. Never before have they faced such intense pressure to be more efficient, more productive and diversify. And all this with the added challenge posed to sugar crops by climate change, which is an issue that the ISO has recently investigated closely.

As the leader of a Pacific Small Island Developing State, I cannot allow this occasion to pass without making the following plea to the industrialised nations: For God’s sake, please act now to finally set the appropriate carbon emission targets to arrest rising global temperatures. The melting of the ice caps and the consequent rise in sea levels threatens the very existence of some of our Small Island Developing States. We cannot do anything. You can. Do it or history will judge you extremely harshly for your negligence and selfishness.

And then there are our political and economic challenges, especially the constant struggle for market share. From the recent abolition of sugar production quotas in the EU from 2017, to new regional and free trade agreements involving sugar, our industryis being obliged to adapt to changeon an almost constantbasis.

Aside from our challenges, of course, are some great opportunities, notably the continued rise in demand for sugar worldwide, particularly in the developing countries of Asia and Africa. According to ISO projections, Asia will remain the engine room of global growth, accounting for a hefty 70% - or more than 20 million tonnes – of extra global consumption between now and 2020. It is a huge market and offers us all some exciting possibilities.

At the same time, we see wonderful opportunities arising from the use of sugar crops to produce renewable biofuels and bio-based products. The notion that sugar could eventually be not just a food but an important source of energy could never have been imagined by previous generations. But technology and need have collided to produce not only a wonderful alternative energy source but a wonderful economic opportunity for us all.

All over the world, sugar producing countries are developing their potential to extract bio-energy from their crops, including biofuels like ethanol, cane-bagasse electricity cogeneration and bio-chemicals.

Certainly in Fiji, we have seized the opportunity to extract bioenergy from our own cane. We have a developed program to produce ethanol to meet some of our energy needs and reduce our dependence on imported fuels, which currently runs to a billion dollars a year. The potential for savings in our relatively modest economy is nothing short of revolutionary, as it is for all developing sugar producers who embrace this unprecedented opportunity to maximise the value of their crop.

So in conclusion, Ladies and Gentlemen, whatever the challenges we face at the moment, our middle to long term prospects remainreasonably positive. As producers of the raw material required for our sugar and biofuel industries, you play a critical role in their long term viability and success.

As you can see from our program today, our expert speakers will be covering the full range of issues currently facing us and I wish you a constructive and fruitful day. Thank you once again for joining us for these informal consultations and for being such reliable and constructive partners.

Vinakavakalevu. Thank you.

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