One, last shot

By Meghan Sapp

Brexit means a lot of things to a lot of different people, but no one will get what they're hoping for.

For many, Brexit is seen as one, last shot to save the economy or the empire or the country. Or, at very least, to save themselves. UK refiners see Brexit as a way to pull away from the European Union's meddling and allow them to return to profitability. UK beet farmers feel much the same way, but aren't yet sure how tied to the European market they will be post-Brexit, so they may not be as "free" as refiners are hoping to be.

And then there's the ACP/LDC. The 20 sugar producing countries from Africa, the Caribbean and Pacific who see one small island as their last hope for a return to the glory days of premium sugar prices, prices they benefited from during several decades in the European market but the loss of has been devastating to their industries and their economies. And that's despite some countries like Mauritius and Mozambique investing heavily in refining for direct consumption and diversifying income streams with ethanol and co-generation.

This week, AB Sugar and Tate & Lyle testified in front of the UK Parliament's International Trade Committee to discuss what the future of Brexit will mean for the domestic sugar industry's key players from both the refiner and refiner/grower/processor points of view in regards to trade with the ACP/LDC countries. Gerald Mason of ASR Group/Tate & Lyle told the committee the opportunity to bring back agriculture, development and trade policy into UK control and be able to manage them coherently, rather than in silos as he said the European Union has done, could be an opportunity for those countries as well as the UK.

As Duncan Tate, Vice President for Trading of ASR Group recently told delegates at the 8th African Sugar conference in Nairobi, he expects Europe and by extension the UK post-Brexit to continue paying a premium for African sugar going into the future, especially for sugar that will be destined for outside of Europe, but he also made it clear that the large premiums paid in the past won't be possible going forward.

But the ACP countries aren't giving up. They're lobbying as hard as they can to make sure that post-Brexit is as smooth for them as possible, and preferably in a much-improved situation than where they are now. They've lined out their wish list with a new website that outlines as much including continued preferential access and continued consultation on the future of sugar trade. And hopes, at very least, for a return to premium prices.

Although African sugar markets provide high premium opportunities for direct consumption African sugars, they're high priced for a reason—difficult logistics, high risk and often corruption lies between selling sugar and delivering it. The Caribbean may have it easier in that sense, while Pacific countries will have to fight tooth and nail against efficient competitors like Australia and Thailand.

For countries used to the ease of loading sugar and sending it on its merry way to London or Portugal, doing that sort of heavy lifting has a very sharp learning curve. But with the limited market a post-Brexit UK could provide and the European market itself unlikely to provide sufficiently interesting prices in the near- to medium-term, there's not going to be much other choice.