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Sugar rush

The sugar industry is a lifeline for thousands of people in Mozambique - but the threats from bigger producers and EU reforms could devastate their hopes of trading their way out of poverty. Iva Pocock reports from Mozambique.

There was more gunfire on the Maragra sugar plantation than sugar-growing or processing, during Mozambique's 16-year civil war, which claimed the lives of almost one million Mozambicans.

"We used to run to the fields," says 38-year-old Joanna Abilio, a soft-spoken mother-of-four who lived near the sugar mill throughout the war. "Other people made small rooms above their toilets to hide in. The situation here was very bad. There was only a small number of people to defend the place."

Now, over a decade after the warring sides declared a full ceasefire, Maragra sugar plantation is once again a hive of productive activity and the scars of war have been plastered over during a multi-million dollar refurbishment.

The plantation is the economic hub for some 20,000 people who live in the surrounding region, about 70km north of Mozambique's capital, Maputo. It also supplies housing for its workers and clean water and electricity to the community, and has employed Abilio as the company's community relations officer.

"My whole life has changed because of the sugar company. If you see me now I look younger than a picture of me taken during the war," says Abilio. "Then we had money to do nothing and food was a problem." Unlike the Irish model of sugar production, in which private farmers supply their crop to a processor, the sugar processors in Mozambique also grow much of the raw product.

Around Maragra plantation, sugar cane stretches as far as the eye can see across the Incomati river basin, bounded to the east by massive golden sand dunes, beyond which lies the Indian Ocean. The soil is very rich here, explains Luke Simbini, field operations manager, as we drive along one of the plantation's many dirt roads. But proximity to the river also has its downside.

"Everything was destroyed in 2000 and we had to start again," he says. "The cane was under six metres of water."

The devastating floods were a blow to the owners - Illovo, one of the world's largest sugar companies, based in South Africa, and the Portuguese family who originally set up the plantation in the 1960s before independence - requiring another $15 million (€12.4 million) investment, on top of the $30 million (almost €25 million) already sunk into revamping the plantation just two years previously.

"There were villages here that were cleaned out by the floods," says Simbini, pointing to a small area just inland of one of the dykes that traverse the plantation.

A water-hungry crop, sugar cane needs constant irrigation, but here in Maragra the water table is so high that pumping stations pump more water into the river than they extract for the sugar cane, he explains.

The vast swathes of sugar cane, which grows over two metres tall, are broken by narrower drainage ditches, which run perpendicular to the dirt roads, allowing workers access to the crop. A group of women are just visible from the road, working along the edge of the drainage ditch, in the dense sea of sugar cane.

One of them, Margarite Macia (34), is a seasonal worker and mother-of-four from Maragra. She has worked as a cane cutter during the harvest since the plantation reopened in 1999. As it's off-season she is now weeding between the rows of sugar cane with a hoe. She works from 6am to noon, without a break, although water is always available - one woman's sole job is to dole out purified water from a container. Macia earns just over €27 a month for a six-day week.

Annaterca Armando Sitoe (22) is also weeding. She is a permanent worker on the plantation, and she is picked up from home each morning at 5am, leaving her three-year-old daughter with her uncle. She's also bringing up her 14-year-old brother. Sitoe never went to school and says she likes her job. "It's the only way of making a living."

Illovo sugar, and the South African farmers who lease land from the company to grow cane for the company, rely predominantly on manual labour for planting, weeding, harvesting, fertilising and spraying herbicides.

"We don't use machines so we employ more people, but aircraft are used for applying ripener to the crop," explains Simbini. Workers using chemicals are given full-kit protection - clothing, goggles, mitts and gum boots - and soap is available at the field edge, he says.

During the six-month harvest period, 2,500 people work in the fields, cutting cane by hand with machetes. Before harvesting, clouds of black smoke waft over the plantation when the dry cane leaves are burned off to isolate the sugar cane. It is then processed to light-brown raw sugar in the plantation's mill, which runs 24 hours a day during the peak season, employing 450 people.

The factory manager, Mike Cotter from South Africa, says the company has tried to keep the old guys on, but because of the war there is a generation gap in terms of know-how and operational skills. "It takes a lot of patience to get this thing going."

Patience is also needed to deal with visitors to the plantation. "There was a reconnaissance here for a film about sugar and Denzel Washington visited. The guys went mad!" says Cotter.

THE TALE OF sugar, which for centuries drove the European slave trade between Africa and the Americas, has enduring allure, especially as sugar is no longer the privilege of the rich (who used to be the only ones able to afford the "white gold"), but a ubiquitous ingredient in processed food the world over. From its transatlantic origins it is now a global business - the top five exporters are Brazil, the EU, Thailand, Australia and Cuba.

Mozambique's projected sugar production for this year is 250,000 tonnes - 50 tonnes more than Ireland's total quota, and equivalent to about 1.5 per cent of the EU's total annual production.

"It is expected 140,000 tonnes will go to the domestic market," says Jose Chilengue, executive director of APAMO, the association of Mozambican sugar producers. "In Mozambique we are only competing against illegal imports, as it's a protected market."

The right to prevent imports was hard-won from the International Monetary Fund, which usually rigidly opposes developing countries protecting their home markets. Without this guaranteed market, attracting the foreign investment to revamp Mozambique's four sugar plantations would have been impossible.

The long-term success of these plantations relies, however, on markets elsewhere.

Mozambique currently produces a tonne of sugar for about $300 (€250) but in the general world market it would only make $200 (€165) per tonne, says Chilengue, so at current production costs - paying workers an average of $40 (€33) per month - Mozambique would lose money if it could only sell its sugar into this world market, where prices have been volatile and falling over the last 20 years.

"The only country which is making a profit on the world market at the moment is Brazil," says Chilengue. The South American sugar giant (another former Portuguese colony) is, along with Thailand and Australia, battling for a freer world market in which to sell their low-cost product.

In this climate Mozambique's sugar lifeline is a number of preferential trade agreements with the US, a community of Southern African states and the subsidised European market.

Under the Everything But Arms trade agreement between the EU and the least developed countries, Mozambique can sell up to a quota of 16,000 tonnes of sugar (just four hours of Europe's sugar consumption, according to the development organisation Oxfam) per annum into Europe at a guaranteed price of €632 per tonne. Although tiny, this guaranteed price quota is vital for Mozambican producers.

But the European Commission, under pressure from the World Trade Organisation, is reforming the sugar regime of subsidies and quotas; from next year this price will start to fall and by 2008 the price could be €422 per tonne.

THIS PROSPECT IS of grave concern to Mozambique's sugar producers, who along with anti-poverty organisations such as Oxfam are lobbying the EU for a longer, staggered lowering of guaranteed prices. "The country needs a 'fair trade' period to build up production," said Oxfam president Mary Robinson when she visited Moxambican sugar plantations earlier this year.

Mozambique isn't ready to compete against the likes of Brazil - that is the common refrain of producers and workers, who hope that the EU takes this into account in its latest sugar reform proposals to be published next week.

"My own opinion is that if the EU lowers its price it'll be catastrophic for this region," says Cotter, outside the Maragra sugar mill. His colleague, Simbini, agrees: "We are an LDC (least developed country) and if they cut our throat by only giving us the world price it will affect us greatly. We are still battling here in this part of the world. We need our sugar to be bought. If we get preferential prices honestly we can survive or at least keep our noses above water."

Chilengue of the sugar producers' association says all African/Caribbean/ Pacific countries want the EU to guarantee access and prices for at least another eight years. "In the meanwhile we would also like to have greater access to EU markets because that would help us to be ready for the new situation [of having to compete in a free market]," he continues.

ONE ELEMENT OF European reform the Mozambicans support is the reduction of high subsidies paid to European sugar beet farmers and processors, which they see as unjust.

"Here in Africa we can produce sugar for around $300 (€250) per tonne, but some of the EU countries produce for $700 (€580). Europe should decrease its production, reduce its protection and allow sugar from our poor countries to go in there at good prices," says Alexandre Candido Munguambe, general secretary of Sintia, the national union of sugar industry workers, whose members number 14,000 of the nation's 26,000 sugar workers.

He stresses the importance of the sugar industry to Mozambique, one of the world's poorest countries - the average life expectancy of its 19 million citizens is 45 years; child mortality is 154 per 1,000 female births (in Ireland it's five per 1,000 female births), there are only 800 doctors nationwide and only 15 per cent of the population is officially employed.

"If you consider poor countries like ours, the sugar industry has helped a lot against poverty. There is no other option for the people living where the sugar factories are; there is nothing else," he says.

The country's four sugar plantations are the largest private employer in the country, with a direct workforce of 26,000 people. Only the government employs more.

"We are arguing with the businesses so that they can improve the social situation. But what if the factories close? Who are we going to talk to then?" He again stresses the importance of market access for Mozambique's impoverished workers. "We are looking for wages of $180 (€150) per month, but the companies can't increase salaries because they don't have markets for the sugar."

Wages at the Xinavane plantation, upriver from the Maragra plantation, are also low but workers "are glad this factory is here even though it is hard work and the salaries aren't good," says Michelina Pinto, co-ordinator of Sintia's women's group in the Maputo province. "There is no other option. This is a lifesaver for us."

A small farmers' association about 10km from the Xinavane sugar mill is also considered a life-saver by its members. Since 1998, 67 (mainly women) members have been growing cane on 1.17-hectare plots that are irrigated by a shared pump system overseen by Americo Mite, who returned to Xinavane from his work as a gold miner in South Africa.

Isoura Cossa (65), a grandmother of five, has been involved since the co-operative's inception. Sitting on a reed mat on the bare earth outside her home, where she lives with her daughter-in-law and grandchildren (her son is dead), she stresses the importance of her income from selling sugar to the Xinavane mill.

"We don't have another source of income," she says through two interpreters (from Changane to Portuguese; and from Portuguese to English).

Her hope is that the factory will be able to pay more for the co-operative's cane so that they can extend their productive land. "Then there would be better profit and at least the children could grow up to work on the plantation."

Iva Pocock's trip to Mozambique was funded by the Development Education Unit of Development Co-operation Ireland

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Bitter taste: the subsidy debate

Proposals for radical reform of the EU's sugar subsidy regime will be published next Wednesday by the EU's agriculture commissioner, Mariann Fischer Boel.

Even though sugar cane producers in highly impoverished countries such as Mozambique welcome the prospect of an end to excess subsidised European sugar being dumped on the world market, they say the changed EU regime could devastate their hopes of trading their way out of poverty.

At present Europe buys a small quota of sugar from Mozambique at about three times global market prices. Next Wednesday's proposals are likely to cut these prices dramatically over the next three years. Poor African producers say they need a longer period of inflated prices to allow their sugar industry to consolidate. Without this they will be unable to compete against massive, low-cost producers such as Brazil, Thailand and Australia.

The World Trade Organisation, which promotes free trade, recently upheld a complaint taken by these low-cost countries against the EU's sugar subsidies. Organisations such as Trócaire say the EU Commission should incorporate poor countries' development needs in the reforms.

Irish sugar beet farmers have also been lobbying hard for a more gradual phasing-out of subsidies. They are supported by Minister for Agriculture Mary Coughlan, who said last week's leaked EU proposals were "totally unacceptable". An internal EU document said Ireland would be one of four EU countries which may see its sugar industry wiped out if the cuts go ahead.

In January, 200 factory workers in Carlow lost their jobs when Irish Sugar Ltd closed its processing factory in anticipation of the EU reforms. The move was strongly opposed by farmers, especially those in north Leinster

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Beating the drum for beet

Bad news comes with no sugar coating: protesters outside the Carlow sugar factory in January, during an IFA protest over the announcement by Irish Sugar Ltd to close the factory. EU proposals for reform of the sugar industry to be published tomorrow could wipe out beet farming here, reports Iva Pocock

The smell of sheep and sweat permeates the small room at the back of the Castle Inn in Athy, Co Kildare, where local farmers are gathered to hear the latest on a possible deal between Irish Sugar and the IFA over transport subsidies for bringing sugar beet down to Mallow, now that the Carlow factory is closed.

As the meeting progresses, the temperature and noise levels rise. There isn't an inch to spare in the crowded room, the sound of rock'n'roll from the nearby lounge blasts through the swinging doors each time someone heads for the toilets and, with tempers flaring, voices reach breaking point.

"We'll get less money this year for our beet than last. And that's the truth," shouts one irate farmer, castigating the IFA official over and over for "selling out". When the official explains that under the new system farmers will be paid per tonne of sugar rather than raw beet, there's a ripple of "f**cked" among the men standing cheek by jowl just inside the doors.

And when the chairman of the meeting, Tom Malone, a sugar beet farmer in north Co Kildare, calls "play to the end, if you'll pardon the phrase", one man stands up to leave, saying loudly that it's an appropriate description. "It's all a game. That's all it is."

Afterwards the mood is low. "It's one of the most depressing meetings I've been at in 10 years," says one farmer. "We are negotiating in a market that is collapsing before our eyes."

The Republic's 3,700 sugar beet farmers, like sugar cane producers thousands of miles away in Mozambique, are facing radical change. The EU's sugar regime, which for decades made sugar beet one of the most lucrative tillage crops to grow in Europe, and sugar processing in Europe massively profitable, is finally being reformed as part of the overall reform of the Common Agricultural Policy.

The quotas and guaranteed prices, which pay farmers up to three times the "un-subsidised" world price (€632 per tonne of white sugar as opposed to €157 for the world price, according to the Oxfam International briefing paper, Dumping on the World), are to be reduced; import restrictions on non-EU producers (in the form of tariffs equivalent to around 324 per cent) are to be lifted; and export subsidies worth millions, which lead to dumping of excess sugar on the world market, are to be phased out.

In response to reform proposals published last year by the European Commission, Irish Sugar Ltd - the monopoly buyer of Irish sugar beet farmers' food product (a small amount of leaf food product is sold for cattle fodder) - decided to rationalise by closing its Carlow factory "to ensure the survival of the business".

The fallout was a big blow for 200 factory workers who lost their jobs and for farmers in the locality, who must now transport their crop down to the Mallow factory. Negotiations over the extra cost of hauling beet to Cork led to fraught meetings like that described above.

Michael Dempsey, whose family have been growing beet beside Castledermot, Co Kildare, near Carlow since the 1920s, says there was "anger, frustration and a sense of let-down" at the closure of the factory. "We think [Irish Sugar] are throwing in the towel before the fight has really started," says Dempsey. "There is reform planned but it hasn't come in yet."

However last month an EU source indicated that updated Commission proposals to be published tomorrow would recommend a larger cut in guaranteed sugar prices over a shorter period than was mooted last summer, prompting stockbrokers to predict Irish Sugar Ltd's profits could be hit harder than previously anticipated. And last week a leaked document suggested that Ireland would be one of four EU countries which may see its sugar industry wiped out under these proposals.

The news comes hot on the heels of a ruling by the World Trade Organisation (WTO) appeals body, which found in favour of the world's three largest low-cost sugar producers - Brazil, Thailand and Australia - who had taken a case against the EU over its export subsidisation.

The WTO, which oversees internationally-agreed trade rules, declared that the export of excess European sugar was illegal. The EU argued that this sugar wasn't subsidised, but the WTO said it was cross-subsidised by the high guaranteed prices paid for sugar for sale within member states and the EU as a whole.

The world body also ruled that the practice of giving European sugar processors export subsidies for sugar equivalent to that originally imported from India and African, Caribbean and Pacific countries, was illegal.

"This means that the current EU proposals aren't severe enough to meet the WTO ruling," says Elaine Farrell, secretary of the IFA sugar beet section. The fallout in terms of prices paid to sugar farmers will devastate the industry here, she says.

Irish Sugar Ltd, which traditionally sells on the home market, is now also being pressurised by large European companies, who are aggressively targeting peripheral countries such as Ireland where they recognise producers will find it hard to survive the new regime.

In essence the reforms will be most easily weathered by those European producers with the greatest economies of scale - the big farmers in East Anglia and the Paris basin and sugar companies such as British Sugar, says Dempsey.

Standing by a field of freshly-sprouted sugar beet on his 160-acre Co Kildare farm, Dempsey tries to make sense of the international political and economic forces that influence his earnings. Already modernisation has utterly changed the way he farms - 20 years ago contract workers were hired in for "singling" out few-week-old seedlings; now technology ensures that beet seeds, encased in a powdery-pink layer of fungicides and insecticides, grow all the way to harvest, hopefully with only two weed-killer spraying sessions: a third bites into profits.

"It was the best tillage crop available to farmers. It would make more money than barley or wheat and it fits well into the crop rotation," says Dempsey, who with 17 acres of sugar beet each year is typical of Irish sugar beet farmers.

Untypically, he has visited a sugar cane plantation in Brazil, the country whose massive, low-cost sugar supplies strike fear into sugar farmers from Ireland to Africa. "I always wanted to see South America and having been involved in the sugar beet I said I'd visit a plantation," he explains. Both he and his wife were flabbergasted by the enormity of Brazilian sugar barons.

"We visited a plantation about 200km north of Sao Paolo. It was a private company and they owned 19 sugar mills each equivalent in size to the Carlow factory," says Dempsey. "I asked the question, 'If I arrived over here with my €20,000 could I invest?', and they said not unless they wanted you in - it's owned by a private family." Most of the workers there are collected in a lorry in the morning and brought off around the plantation. "They work all day and live in houses provided by the family. You don't go on strike. If you don't like the house or the work, tough," he says.

The social reality behind Brazil's low-cost sugar leaves Dempsey and many Irish farmers suspicious of the campaign by anti-poverty organisations such as Oxfam and Trócaire, who are calling for a cut in European sugar production, an end to export subsidies and an increase in developing countries' access to the EU market (it currently accounts for about five per cent). The organisations say the EU's sugar regime, financed by European consumers and taxpayers, hampers global efforts to reduce poverty.

Dick Fitzgerald, a large-scale sugar beet farmer in east Cork, who was the Irish representative to the World Association of Beet and Cane Growers for eight years, says he too has seen countries where "you have very wealthy people who own mills and who live in London most of the year".

Former agricultural journalist (now MEP) Mairéad McGuinness says there are issues about who controls the land and the means of production, which have to be taken into account in trying to make global sugar production fairer. "When the Brazilians come lobbying in Europe you can be very sure the peasant farmers are not involved."

In debate over the EU sugar regime's effect on developing countries' efforts to trade their way out of poverty, "the simplistic suggestion that if you remove subsidies you make others better off is just that - simplistic," says McGuinness.

Michael O'Brien, trade policy adviser with Trócaire, says development organisations do not want the complete dismantling of sugar subsidies, as sugar producers in the world's least developed countries (LDCs) currently gain from the high guaranteed prices they receive for the small amount of sugar cane they can sell into Europe. Like Irish farmers, Trócaire and LDCs are calling for the proposed cut in the sugar price to be smaller than European Commission sources indicate.

"We'd also support the maintenance of quotas for LDCs and the improvement of market access. It's a question of having a market that provides room for some domestic production and for LDCs," he says. O'Brien welcomes the WTO ruling on the illegality of EU export subsidies, which, according to Oxfam International, amount to €3.30 paid to European producers and processors for every €1 worth they export.

In a statement following the WTO ruling the EU Commission said it would implement the changes demanded. However Mariann Fischer Boel, Agriculture Commissioner, is being lobbied hard by disparate bodies in Europe and Africa not to move towards the deep market liberalisation demanded by the WTO. If the current proposals go ahead there will be "a concentration of sugar production among the large-scale producers in Europe and countries such as Brazil," says Michael O'Brien of Trócaire.

McGuinness agrees: "Free trade benefits those who are big and who can plunder. There's a treadmill effect of: the better you produce, the more you produce, the more you have to produce just to stand still. Free trade benefits those in control, not the small producers."

In world trade regulations the WTO is in control and Europe is now being whipped into line but farmers' organisations EU-wide aren't happy, and it now seems certain that the EU Council of Agriculture Ministers will block the proposals Fischer Boel announces tomorrow.

The IFA has the Minister for Agriculture Mary Coughlan's assurance that the Government will oppose any cuts in subsidy and quota which would make sugar production in Ireland unviable.

"We will accept some cuts but only enough so that we have an industry going forward," says Farrell of the IFA.

To the suggestion that in a globalised sugar market, Irish sugar beet's day has come, farmer Michael Dempsey says: "An industry has evolved here over the last 150 years. You can't just throw it on the scrap heap and say 'good luck', because there are more than farmers involved. You can't just abandon it."

Series concluded