

SOC-298-05-EN

Brussels, June 10th 2005

**To the Members of the Sectoral Social
Dialogue Committee in the Sugar
Industry**

***Main conclusions of the meeting of the
Sectoral Social Dialogue Committee in the Sugar Industry
On Friday May 27th 2005***

Dear Sir/Madam,

Please find below the main conclusions of the meeting of the Sectoral Social Dialogue Committee in the Sugar Industry held on May 27th 2005.

Yours sincerely,

Dominique LUND

PARTICIPANTS

<u>COUNTRY</u>	<u>EFFAT</u>	<u>ORGANISATION</u>	<u>CEFS</u>
AUSTRIA	Leopold SMRAKA	ANG	
DENMARK			Peter RASMUSSEN (Danisco Sugar)
FRANCE			Jean Pierre PINASSEAU (French Federation)
GERMANY			Stefan RÖSSING (Verein der Zuckerindustrie)
HUNGARY			Marianne NAGY (Nordzucker - CIE)
ITALY			Giorgio SANDULLI (Assozucchero)
SPAIN			Teresa LUIS RUIZ (BONPHIL) José RIMENEZ DE LA TORRRE (Ebro) Manuel RUIZ HOLST (Spanish Federation)
European Commission	Mrs PARERA NICOLAU (DG Employment) Carlos LOPES (DG Employment)		
European Foundation Dublin	Mrs Sylvie JACQUET		
European Secretariats	<u>EFFAT</u> Harald WIEDENHOFER Eric DRESIN <u>CEFS</u> Dominique LUND Jérôme SHORJIAN		

SECTORAL SOCIAL DIALOGUE COMMITTEE IN THE SUGAR INDUSTRY

Meeting on Friday May 27th 2005

09.00–12.30 -- Borschette Centre

Chairman : Harald Wiedenhofer

1. Commission's Communication on restructuring and employment

Mr Carlos LOPES recalled the content of the Communication from the Commission entitled "Restructuring and employment - Anticipating and accompanying restructuring in order to develop employment: the role of the European Union" adopted on March 31st 2005 and presented by Mr Fernando Vasquez, adviser on restructuring to Mrs Quintin, at the Liaison Forum on April 14th.

This Communication referred in particular to restructuring due to a change in Community policy and/or the opening-up of frontiers within the context of globalisation of the economy, which applied to the sugar industry. It provided for greater coordination of the Community policies that could be implemented within the framework of measures accompanying restructuring and listed the financial instruments aimed at allowing worker adaptation.

The social partners recalled their requests to the Commission (see Annex 1 "transparencies" and Annex 2 "letter to Mrs Quintin") :

- . to be involved in the reinforced sectoral follow-up intended for certain sectors experiencing rapid and far-reaching changes;
- . form part of the "Restructuring" Forum being set up at present;
- . add the sugar industry to the Commission's priorities within the context of the Communication in course of preparation on the sectoral dimension of industrial policy (limited at present to the motor industry, the textile industry and shipbuilding).

They indicated their initial estimates in terms of job losses following the reform of the organisation of the market in sugar. In the event of a 39% fall in the price of sugar over two marketing years, at least 25,000 direct jobs would be affected out of the 60,000 in the EU of 25. It was generally estimated that the loss of one direct job led to the loss of five indirect jobs, i.e. 125,000 jobs in this case. All in all, it was to be feared that a minimum of 150,000 jobs would be lost. This would mainly affect the rural areas. The short period provided for would make it even more difficult to anticipate and manage the accompanying measures.

Carlos Lopes recalled the purpose of the structural funds of providing aid at regional level for vocational training, innovation, the creation of new infrastructures and mobility. ***The DG for Employment was aware that the reform of the sugar regime following the decisions of the WTO called for accompanying social measures on a large scale.*** As regards aid for mobility, Marianne Nagy confirmed that in Hungary this aid would be particularly valuable, with the sugar-producing regions already experiencing a very high level of unemployment.

With regard to the means available, Carlos Lopes reminded the meeting that the budget perspectives for 2007-2013 were to be negotiated shortly by the Member States. The amount of the structural funds available would depend on the level of contributions accepted by the Member States. He wondered already to what extent the special Community crisis funds referred to in the Commission's Communication (§ 2.1.3) could be financed.

He confirmed that the "Restructuring" Forum, which was to meet for the first time on June 23rd, was mainly intended for intertrade social partners, who could invite the sectors if appropriate. The social partners expressed their disappointment and incomprehension in this connection as the Communication also had a sectoral dimension. Past experience had demonstrated that the intertrade organisations were not prepared to pass on sectoral concerns.

Harald WIEDENHOFER underlined that the Lisbon objectives made employment and job creation the main priority in the different Community policies. He hoped that a real impact assessment would be carried out for the sugar industry and that the European social partners would be officially consulted on the necessary accompanying measures. As a priority, these measures had to allow conversion and job creation, so that the sugar industry could serve as an example in the positive accompaniment of restructuring.

Carlos Lopes indicated that his Directorate-General had presented some suggestions concerning accompanying social measures in the sugar industry to the DG for Agriculture within the context of the interdepartmental consultation on the reform of the sugar regime.

Following this debate, the social partners underline that it is advisable to begin action quickly:

- . vis-à-vis the Directorate-General for the Regions, referring for example to the measures taken at the time for the fisheries sector or the iron and steel sector;*
- . to ask the European Parliament to support the requests for accompanying measures;*
- . to take action among local and regional officials to have them pass on the requests by the sugar industry to the Ministers responsible. Firm action by the political leaders of the new countries would be particularly useful within the context of the negotiations on the future budget perspectives.*

Sylvie Jacquet of the Dublin Foundation also underlined the role of the Committee of the Regions in mobilising the creation of synergies at regional level.

2. Presentation of the structural funds and accompanying programmes

As the Directorate-General for the Regions had been unable to send a representative, Mrs Parera-Nicolau, in charge of the structural funds at the DG for Employment, gave a brief overview of the funds available at regional level. *Action was necessary on two fronts : at the Commission and at regional level. The Commission's support could not be obtained until the local authorities had been made aware of the situation, so that they could develop a project before beginning discussions with the Commission.*

From a practical point of view and before the next budget perspectives for 2007-2013 came into effect, the Commission **indicated that there were still unused reserves within the framework of the current perspectives. In this connection, one should urgently contact the regional authorities on a case by case basis.**

3. Request for financing for a project for social management of restructuring in the sugar sector

Eric Dresin presented the social partners' request for financing to the DG for Employment under budget heading 04.03.03.01 for :

- . the organisation of the Conference on June 28th 2005 on the impact and social management of the reform of the sugar regime;
- . an analysis of the accompanying social measures containing examples of good practice in cases of restructuring, conversion examples and, above all, practical information on access to the structural funds (see Annex 3).

This request for financing had been accepted by the Commission on May 26th.

4. Organisation by the partners of a Conference on June 28th 2005 on the impact of the reform of the sugar regime

The Conference on June 28th would bring together all the sugar-beet sector, represented by the CEFS, EFFAT and the CIBE, the Internal Confederation of European Sugar-Beet Growers. It would be attended by around 200 people from the three organisations, along with different European institutions (Commission, Parliament, Economic and Social Committee) and permanent representations. The different aspects of the reform would be addressed there : agriculture, industry, employment. The Conference would be introduced by Mrs Fischer Boel, the Commissioner in charge of agriculture. Mr Vasquez of the DG for Employment would introduce the "Employment" part. Mr Joseph Daul, Chairman of the European Parliament's Committee on Agriculture, would chair the event.

5. Launching of an analysis of the social management of restructuring

Eric Dresin presented the proposed analysis of the social accompaniment of restructuring (see Annex 4). Essentially, it would be a question of providing practical information that was directly usable by operators at local and regional level, particularly as regards access to the structural funds.

An invitation to tender had been sent out to five external consultants. The selection of the tender closest to the European social partners' project was in course. It was based on the award criteria listed in the call for tenders, particularly experience in analysing restructuring and the management of human resources, experience in industrial relations, especially in rural areas, and knowledge of the European sugar industry, the European social dialogue and European dossiers.

The choice of consultant would be made before the Conference on June 28th so that the consultant could start work immediately. A first interim report was planned for the beginning of October and a second report, practically finalised, for the end of November, for official presentation to the Commission at the end of February 2006.

A joint steering group of about five persons from each side would be set up before June 28th to monitor this work.

All the participants stressed the importance of having the conclusions of the analysis concerning access to the structural funds by November, because the regulation on the reform of the sugar regime was to be adopted that same month and companies would then have to take rapid decisions in full knowledge of the facts, probably between November 2005 and February 2006. This part of the study could therefore lose its value if it was available too late. The part of the study concerning the examples of good practice and conversion could be finalised in February.