

Reform of the European Sugar Market

Contribution by Harald Wiedenhofer, General Secretary of EFFAT, at the joint conference of EFFAT, CEFS and CIBE with the European Commissioner for Agriculture and Rural Development, Marianne Fischer-Boel, 28.06.05 in Brussels

There is a great deal at stake in the reform of the sugar regime; above all, it affects people who are concerned about their future. The new proposal presented by the Commission is unlikely to relieve the concerns of the affected workers and farmers – quite the opposite, in fact.

1. A constant topic throughout the discussion is that of differences in sugar prices, but at no point has the question been raised of why sugar production costs in third world countries are lower than in Europe. Costs are lower because the sugar producers have far lower social and environmental costs and because minimum social and environmental standards are not observed in these countries. We, as Europeans, must, of course, help the third world. But we cannot compete with child labour. We do not expect the same wages to be paid in these areas. But we do expect everybody, including the poor countries, to at least comply with the core labour standards of the International Labour Organisation, to recognise trade unions, to enter into collective agreements and to send children to school and not to plantations. We therefore have no choice – against the background of the whole SWAP problem for one thing – but to include imports from the poor countries in any management of quantities in the new sugar regime.

2. The Commission's proposal envisages the creation of a restructuring fund. But how should it work? The Commission rightly misses no opportunity to point to the decisive role played by the social partners in restructuring. However, no word of this is mentioned in its current proposal. Why not? We also ask ourselves what will be left for the affected workers from this fund?

3. By far and away the most important question for us is what will happen to workers affected by factory closures: will they become unemployed or will they be given new jobs? These workers are in need not only of financial compensation and improved employability, they also need new jobs. Unfortunately, there is no mention of this in the Commission's proposal. There is the prospect of ethanol production, but this is far too vague and non-committal; the proposal does indeed envisage the possibility of regional diversification measures, but only from 2008 and only if resources are still available in the fund. We also note the absence of any self-imposed political obligation by the Commission to make resources available from the regional and structural fund for restructuring measures in connection with the reform.

What we therefore urgently need is a programme of employment initiatives and measures to accompany the sugar reform. When workers lose their jobs as a result of political decision-making, the politicians also have a responsibility to open up new employment perspectives for those who are affected.

4. Socially responsible adjustment measures require not only financial resources but also time, and it is exactly this which the Commission's proposal fails to take into account. On the contrary: the Commission's entire concept is founded on the first-come-first-served principle and creates incentives to close factories as quickly as possible. In our view, the planned timing brings with it the danger of an employment tsunami. How new employment opportunities are to be created remains a secret known only to the Commission.

5. This entire radical cure proposed by the Commission is not the result of necessity, as there are alternative proposals from the affected countries of the third world which are compatible with the requirements of the WTO panel. Why do prices need to be cut so quickly and so drastically? This can only have devastating consequences for those affected. Why, for example, could prices not be kept at the old level for a number of years and then reduced? This would give us more time and more resources for reorganisation. Everyone would benefit. I therefore remain unconvinced by the Commission's reasoning on this issue.

If we really want a socially responsible solution, we need

- a more moderate reduction in prices, which could also make more resources available for the restructuring fund;
- employment alternatives and projects for the affected workers, and
- longer transitional periods which will give us the chance to create alternatives for employment in the affected rural regions.

A proposal which needlessly accepts that thousands of jobs will be lost without offering new ones is neither acceptable nor sustainable.

We therefore direct a heartfelt plea to the Commission to work with us, the affected parties, to develop a reform for the sugar market which will not only live up to international expectations but will also set an example of socially just restructuring within the EU. We are prepared to do this, and we very much hope that the Commission is too.