

# **CEFS-CIBE-EFFAT CONFERENCE**

**Tuesday June 28th 2005**

(ITUH – Bd. du Roi Albert II, 5 – 1210 – Brussels)

## **Main conclusions**

### **Purpose of the Conference**

(Annex 1 : agenda)

The essential purpose of the Conference was to analyse the impact of the reform of the sugar regime and to reflect on the social measures to accompany restructuring. It therefore comprised three sections : Agriculture, Industry and Employment. It was chaired by Mr Joseph DAUL, Chairman of the European Parliament's Agriculture Committee, for the agricultural and industrial sections, and Mr Harald Wiedenhofer, EFFAT General Secretary, for the "Employment" part.

### **Participants**

(Annex 2 : list of registered participants)

The Conference had been organised by the CEFS and EFFAT, the social partners of the European sugar industry within a sectoral social dialogue committee officially recognised by the European Commission, and the CIBE, representing European beet-growers, with the backing of the European Commission<sup>1</sup>. All the players in the EU sugar-beet sector were thus represented, along with the ACP countries.

The Conference was also attended by numerous representatives of the European Commission (Directorates-General for Employment, Agriculture and Development and the Dublin Foundation), the European Parliament (Agriculture Committee) and members of 12 permanent representations. A number of trade associations and NGOs were also present, giving a total of some 245 people.

The event was covered by different European and trade media.

### **Agriculture Section**

The "Agriculture Section" was introduced by Mrs Mariann Fischer Boel, Commissioner in charge of agriculture, who described the broad lines of the reform of the sugar regime resulting in particular from the conclusions of the WTO sugar panel presented in June 2005 and the liberalisation of the market provided for in the "Everything But Arms" Regulation (see Annex 3). A number of questions were put to her by those attending (see Annex 4). With reference to the request for a ban on triangular trade (or SWAP<sup>2</sup>), she simply mentioned the possibility of acting through the rules of origin and having OLAF intervene if necessary.

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<sup>1</sup> Budget heading DG Employment 04.03.03.01 – Agreement No VS/2005/0166

<sup>2</sup> Possibility of importing sugar at the world market price for domestic consumption and exporting domestic production to the EU at the European market price.

Mr Otto von Arnold, President of the CIBE, indicated the position of the International Confederation of European Sugar-Beet Growers (see Annex 5).

Jean François Sneessens, Professor of economics, analysed the financial impact of the reform for beet-growers (see Annex 6).

Dr Patrick I. Gomes, Ambassador Extraordinary and Plenipotentiary of Guyana, indicated the concerns and suggestions of the ACP countries as regards both the proposed reform and the agricultural and industrial action plan proposed by the Union (see Annex 7).

### **Industry section**

The “Industry” part was introduced by Mr Joseph Daul who described the European Parliament’s approach. The rapporteur, Mr Jean Claude Fruteau, was to begin drafting the Parliament’s opinion during the summer, following the public hearing planned for July 13th in Brussels. In the best case scenario, an initial draft report could be analysed by the Agriculture Committee in September/October, for presentation at the plenary session at the end of November/beginning of December. There was also the problem of translation into the different European languages. Joseph Daul indicated that the Parliament would not be in a position to give its opinion unless the agricultural budget was ensured until 2014 and that the question of SWAP was insufficiently understood. This opinion was not binding in any way but the Council could only adopt the new regulation after it had received the Parliament’s opinion.

Jean Louis Barjol described the functioning of the industrial restructuring fund provided for in the proposed reform of the sugar regime to enable industrialists to give up production if they wished. Financed by the profession, this fund was intended primarily to face up to legal obligations. An article should also be introduced in the Council’s draft regulation facilitating access to the structural funds to make it possible to finance social measures to accompany restructuring that went beyond legal obligations (see Annex 8).

Referring to corporate social responsibility and the sugar industry’s Code of Conduct signed by the European social partners in February 2003, Mr Stanislas Wedrychowski, Secretary General of the Vermandoise company (France), presented a case of reindustrialisation of an industrial site following the closure of a factory. This case illustrated the responsibility that this industrial group had shown in the economic conditions prevailing at the time (see Annex 9). The social responsibility measures to be envisaged within the context of the present reform would obviously depend on the competitiveness of companies and their ability to make profits and on the amount of time that they had.

Olivier Lippens concluded this industrial section by underlining that as it stood at present and in the absence of any quantitative management of preferential imports, the proposed reform of the sugar regime was unable to assure the sustainability of the European sugar industry. SWAP in particular constituted a real Trojan horse to the benefit of Brazil without allowing any genuine development in the Least Developed Countries (see Annex 10)

## *Employment Section*

Mr Fernando Vasquez, Adviser to Mrs Odile Quintin on restructuring, described the main characteristics of the Commission's Communication of March 31st 2005 on restructuring and employment. He underlined in particular the fact that changes in Community policies could have a severe impact on certain industries and that it was coherent for the European Union to assume responsibility for its choice of policies. He also recognised the specific nature of restructuring in the sugar sector, characterised by its extent and the short time planned for its implementation. He described the measures envisaged by the Commission to ensure better coordination of the different departments in charge of the management of restructurings, to facilitate access to the structural funds and to help sectors in a state of crisis to manage the social accompaniment measures. He stressed the proactive attitude of the social partners in the sugar sector and confirmed the Commission's intention to support the actions of the partners in order to enable the sugar sector to ensure that management of this industrial change was as constructive as possible.

Martin Siecker, a member of the Economic and Social Committee and President of EFFAT, placed the accent on the serious consequences that the reform was expected to have as regards employment. He described the conclusions of an impact study recently carried out together in the Netherlands by the two sides of the industry and observed that the price to be paid in terms of human capital was particularly high (see Annex 11).

Marianne Nagy, Chairwoman of the CEFS Working Group on Social Questions, indicated that 25,000 direct jobs would be lost and four factories in 10 would have to close down. 125,000 indirect jobs would be affected, with the loss of one direct job leading to the loss of five indirect jobs in the sugar sector. She observed that the case of the new countries had been considered very little in the impact analysis of the reform. She expressed the hope that the Member States would prepare to help the industry manage this situation, in the knowledge that on certain local labour markets already hard hit by unemployment it would not be easy to help workers find another job. She also referred to the short period that the industry would have to implement retraining or vocational training measures, which could only be conceived over a certain period. She emphasised the importance of facilitated access to the structural funds, which would be essential to allow constructive and responsible management of restructuring. She also stressed the request made to the Commission by the social partners to be involved in all the crisis management processes that were being set in motion. She introduced the consultant selected by the social partners to carry out a study on access to the structural funds in the form of a practical guide and "instructions for use", Philippe Pochet, Director of the Observatoire Social Européen (see Annex 12). This analysis would be conducted with the help of Community financing (see footnote on page 1).

Harald Wiedenhofer, EFFAT General Secretary, concluded the Conference by commenting that the three organisations represented had agreed to highlight a number of imbalances in the present proposal by the Commission, which were liable to have a considerable impact in terms of human capital. He expressed the hope that this proposal could be improved, especially as regards access to the structural funds allowing workers to be offered responsible social accompaniment within the context of the solidarity which had always been at the heart of the European social model (see Annexes 13 & 14).