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BACKGROUND NOTE FOR THE PRESS

EFFAT - CEFS CONFERENCE

Improving employability in the European sugar industry

in the context of restructuring

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Corporate social responsibility in the sugar industry

Since the start of the sugar reform in 2006 about half of the factories have closed, more than 10 000 direct jobs were lost. In February 2003 the European social partners of the sugar industry signed a far reaching Code of Conduct and each year they produce an implementation report (see their joint website www.eurosugar.org).

At the plenary session of their social dialogue committee held in February 2008 they recognized that in the light of the sugar reform and the changing environment, it was no longer possible to guarantee long term employment to employees in the same company. It was then decided to elaborate a project aiming at improving the employability in the sugar industry. This work is related to the standard 7 on “Restructuring” of the Code of Conduct, providing that “*in case of restructuring the sugar industry acts in a socially responsible way. Steps are taken to improve the employability of employees*”.

The employability project has been launched in December 2008 with the financial support of the European Commission. The final result will be presented at the annual plenary session of the sugar dialogue committee planned on 26 February 2010. The current works aim at :

- . agreeing on a joint definition of the employability concept in the sugar industry ;
- . outlining the needs of the sugar industry in terms of skills and competencies
- . highlighting a number of good practice examples within the sugar industry and outside.

With the help of the Code of Conduct the European social partners were able – in the framework of their mandate – to anticipate and manage the sugar restructuring in an atmosphere of trust, mutual understanding and constructive communication. Companies have endeavored as far as possible to support employees losing their job beyond their legal obligations. It should be noted that – even if nobody could have imagined in 2005 the extent of the reform and its human and social consequences – virtually no social conflicts have taken place since then.

New challenges facing the sugar industry

A totally new situation is appearing in the marketing year 2009/10 with :

- . a complete implementation of the sugar regime
- . a total liberalization of imports coming from ACPs and LDCs countries,
- . the EU shifting from a net exporter at the start of the reform to the leading net importer in the coming months.
- . In addition it should be noted that the EU is no longer self sufficient and is now depending of third countries for one quarter of its supplies.

Messages of the European social partners

In its Press release of March 2009 the Commission welcomed the success of the sugar reform as the restructuring process concluded. However the efforts demanded to the sugar industry were considerable with about 6 million tons relinquished in 4 years, the closure of practically half of the factories and the loss of more than direct 10 000 jobs. In order to ensure the real success of the reform it is essential to:

- **Ensure a balanced EU sugar market by a proper market management in particular as regards imports of sugar and sugar products into the EU.** Any additional concession granted in addition to the efforts already made for the sugar reform – through bilateral, regional or multilateral negotiation – might endanger the sustainability of the sugar CMO and have substantial impact on production and therefore employment.
- **Reexamine the allocation of the surplus amount left in the restructuring fund,** which was financed by the sugar profession and should be earmarked for the sugar profession, in order to support the still ongoing restructuring.
- **Make sure that the Commission's external policy remains consistent with the agricultural policy.** This is vital for the survival of the European sugar industry and the ability to its companies to remain profitable and competitive on the market, whilst continuing to offer their employees prospects of employment and employability.

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