

EU) EU/AGRICULTURE: Sugar sector professionals want to keep funding not used up in restructuring funds

Brussels, 29/10/2009 (Agence Europe) - The EUR 600 million not used up in the restructuring fund is currently being eyed-up. During a conference on Wednesday 28 October in Brussels about how to improve employment in the sugar sector, professionals from the latter called for this funding to be used to help them to better manage the restructuring that has followed. Those involved in this sector are concerned that the new challenges appearing on the horizon, such as total liberalisation of imports from less developed and ACP countries and Doha Round negotiations could lead to a significant fall in import customs duties.

Harald Wiedenhofer, the Secretary General of the European Federation of Food Agriculture and Tourism (EFFAT) pointed out that since the beginning of the Common Market Organisation (CMO) sugar reform in 2006, around half the sugar plants have closed and more than 10,000 directly linked jobs were lost (50,000 workers were indirectly affected). Wiedenhofer believes, however, that the sector is not entering a period of tranquillity either, because of the "restructuring on the agenda". He requested that the EUR 600 million that has not been spent in restructuring aid be made available to sugar sector professionals for social assistance measures, such as aid for training. According to those working in the sector, this restructuring aid was financed by the sugar industry and belongs to them. This opinion is not shared by Alessandro Albani, from DG Agriculture at the European Commission for whom, "restructuring aid was financed by the consumer and not by the sugar industry". He said that sugar beet prices had been lowered and industry's profit margins had grown but consumer prices remained stable over a two-year period. Mr Albani stated that, "consumers who paid for sugar at the EUR 631/tonne reference price over a two year period had financed the tax that had acted as the restructuring fund". He added that, "I'm sorry but it's not exactly true to say that the sugar industry has financed the fund and the fund therefore belongs to the industry". If it needs to be

paid back, it should go to the consumers, he said. Albani also affirmed that this fund would be put in the common pot in the agricultural budget and perhaps used by the European Commission to tackle the milk crisis. He also recognised that Mariann Fischer Boel, the Commissioner for agriculture, had been called on by ministers to use this EUR 600 million for different purposes. There is a particular lack of money for the recovery plan (EUROPE 10007, Ed).

Sugar sector workers also fear that they will be “sacrificed on the alter of WTO negotiations”, explained Wiedenhofer. According to a joint EFFAT and CEFS (Comité européen des fabricants de sucre) social partners are calling on the Commission and political decision-makers to “ensure market management that is able to maintain the balance in the European sugar market, particularly with regard to sugar imports”. They also say that any additional concession made in bilateral, regional, multilateral negotiations are, “likely to endanger CMO sugar sustainability and have repercussions on production and subsequently, jobs”. Before the reform, the Union was a net exporter but is currently becoming one of the biggest importers in the world. The EU is not self-sufficient and is now depended on third countries for 25% of its supply.

Marie-Christine Ribera, the CEFS Director General pointed out that the EU is currently negotiating a bilateral agreement with Ukraine, followed by others with India, MERCOSUR, (including Brazil), the Andean Community and Central America. Ms Ribera explained that, “we are involved in WTO negotiations where we expect a fall in import duties for sugar of between 60-70%”. She said that all the additional quantities they saw arriving on the Community market had not been taken into account in the 2006 agreement on CMO sugar reform.

Mr Albani replied that the new political and trade commitments, such as the one with MERCOSUR, had to be integrated into the sugar CMO and that the Commission would try and keep a balance. He said that in the future, they could not say whether ministers' policy would apply after 2015 (reform of the sugar sector is expected to happen in the 2014/15 tax year when they

speak out on future reform. In an attempt to reassure workers and business leaders in the sector, Mr Albani concluded that by 2014, "there shouldn't be any particular concerns about jobs". He said that the restructuring fund had produced its effects and, "we are in a production situation that is better performing than four years ago" (before the reform), "we are in a rather calmer situation when it comes to the social consequences of reform". 147 sugar refineries had closed since 2000 (80 since the 2006 reform) and there were only 104 in 2008 out of the 251 that existed in 2000.

European sugar production is currently 13.5 million tonnes (as opposed to 18.3 million tonnes before the reform) and, according to Commission estimates, production is expected to remain between 13-

14 million tonnes at the end of the reform (2014/15). Imports went from 2.1 million tonnes in 2005/06 to 3.9 million tonnes in 2009/10 and are forecast to reach between 4.5-5.5 million tonnes in 2004/15. Restructuring funds helped get rid of 5.8 million tonnes of sugar and production is now concentrated in 6 EU countries (France, Germany, Poland, United Kingdom, Netherlands and Belgium). (L.C).