

SECTORAL SOCIAL DIALOGUE COMMITTEE FOR THE SUGAR INDUSTRY

Plenary Session

Friday 26 February 2010 – 11.00 - 17.00

Bâtiment Charlemagne – Rue de la Loi 170 – 1040 – Brussels

Chaired by

Norbert KAILICH – Harald WIEDENHOFER

CONCLUSIONS

PARTICIPANTS

| <u>COUNTRY</u> | <u>EFFAT</u> | <u>ORGANISATION</u> | <u>CEFS</u> |
|------------------------|---|--|--|
| BULGARIA | Slavcho PETROV | FITU-FOOD | - |
| CZECH REPUBLIC | - | - | Richard VIT (Agrana) |
| FRANCE | Jean Paul BRULIN Régis DEGOUY Jean Michel DESMECHT Guillaume TRAMCOURT | CFE-CGC FGA-CFD FGA-CFD FGTA-FO | Jean Pierre PINASSEAU (French Federation) |
| GERMANY | Manfred FISCHER Hans HAFKE Hans Günther JANSSEN Bernd MAIWEG Wolfgang WIESENER Michael GRAMM | Gewerkschaft NGG Gewerkschaft NGG Pfeider & Lange/NGG Gewerkschaft NGG Gewerkschaft NGG Hans-Böckler Stiftung/NNG | Norbert KAILICH (Südzucker) Stefan LEHNER (Verein der Zuckerindustrie) Stefan RÖSSING (Verein der Zuckerindustrie) |
| GREECE | - | - | - Themis CHRYSICOPOULOS (Hellenic Sugar Industry SA) |
| ITALY | Pierluigi TALAMO | IULA-UIL | Giorgio SANDULLI (Assozucchero) |
| LITHANIA | Linas SIUIPYS | | |
| THE NETHERLANDS | | | Chr. H. KRAAIJMES (Suiker Unie) |
| POLAND | Stanislaw LUBAS Arkadiusz PODOLAK Tomasz SZCZESZEK Tomasz WIRKUS | Polski-Cukier Nordzucker Nordzucker Polski-Cukier | - |
| SLOVAKIA | | | Andrej KOEBOEL (Agrana) |
| SPAIN | Jorge ANTONIO TOME Miguel A. ARROYO Félix FEO CASARES Alberto DE FRUTOS Sebastian SERENA EXPOSITO | CC.OO CC.OO CC.OO FTA-UGT FTA-UGT | Alberto SANCHEZ (Azucarera Ebro) |
| UNITED KINGDOM | Floyd MAJOR | UNITE (British Sugar) | |
| GUESTS | | | Ilaria SAVOINI (eurocommerce) |

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| EUROPEAN COMMISSION | Carlos LOPES (DG EMPL) Frank SIEBERN THOMAS (DG EMPL) Doris FISCH (DG AGRI) | | |
| EUROPEAN SECRETARIATS | <u>EFFAT</u> Harald WIEDENHOFER Eric DRESIN Désirée ASKER | | <u>CEFS</u> Marie Christine RIBERA Dominique LUND Oscar RUIZ Patrick PAGANI |

The plenary session was jointly chaired by, in the morning, Harald Wiedenhofer (EFFAT) and, in the afternoon, Dr Norbert Kailich (CEFS).

Opening the meeting, the Chairman welcomed Mr Frank Siebern Thomas (European Commission – DG Employment).

Frank Siebern Thomas recalled that a new college of Commissioners had been appointed, under the direction of President Barroso. A meeting had taken place that very day between the departments and the cabinet of the new Commissioner responsible for social affairs, Mr Laszlo Andor. The Commission had consulted the social partners concerning the future “EU 2020 strategy”, which was to follow on from the present Lisbon strategy. A formal proposal would be presented to the Heads of State and Government on the occasion of the Spring Summit planned for the end of March. A new “Social Agenda” would be proposed at the end of 2010. The Commission would also publish a Communication on the functioning and objectives of the European social dialogue under the Lisbon Treaty in April.

Frank Siebern underlined the importance of the European social dialogue, which created an area for consultation favouring joint action and allowing negotiation. He welcomed the joint work of the sectoral committee for the sugar sector: the only sector to simultaneously offer a joint site, to present a report every year on implementation of the Code of Conduct on corporate social responsibility, and regularly to create pragmatic and concrete working tools accessible to all (health and safety, structural funds, employability).

He recalled that the social and economic impact of Community policies was taken into account within the framework of coordination with the Commission’s other Directorates-General and that DG Employment was prepared to support sectors if necessary and, if appropriate, organise sectoral or intersectoral meetings with other Directorates-General. In any case, DG Employment would invite the social partners in the sugar sector to present their new tool on employability at a future meeting of the Liaison Forum.

I – SOCIAL RESPONSIBILITY IN THE EUROPEAN SUGAR INDUSTRY AND THE “EMPLOYABILITY” PROJECT

1. Seventh report on implementation of CSR

Dominique Lund presented the broad lines of the seventh report on implementation of the Code of Conduct on corporate social responsibility: economic and political context, management of restructuring, implementation of the Code of Conduct (See Annex 1). She

stressed the need for a coherent approach among the different Community policies, be it a matter of agricultural policy, external trade or the Community strategy on the environment and climate. A number of specific aspects of the report would be addressed in greater detail by the speakers making presentations in the afternoon (climate change, bilateral, regional and multilateral negotiations, rules of origin).

It was agreed that in future the detailed report on implementation of CSR would be presented every two years. This would allow the partners to examine in greater depth some specific developments concerning the Code of Conduct and the “Employability” project, which would continue to be presented every year: updating of the examples of good practice, latest events, etc.

2. Finalisation of the “Employability” project

Jean Pierre Pinasseau recalled that the “employability steering group” was co-chaired by himself and Thomas Buder, who could not attend the present meeting and was excused. He described the background to the “Employability” project and the different stages in its development (See Annex 2). He also provided more detailed information on the “skills” part of the project, underlining the necessity to lifelong improving of competencies in the frame of a reciprocal commitment by employees and employers wherever economically and socially possible. Skills are at the heart of this working tool: skills currently required in the sugar industry, skills that should be developed, skills common to different trades.

Dominique Lund mentioned the administrative context of the project, which was being implemented with the support of the Commission, presented its overall structure and explained the logic followed in the examples of good practice, which were mainly intended to serve as a source of inspiration.

On behalf of the social partners, she gave special thanks to Mr Jean François Lebrun, Head of the Unit “Working Conditions, Adaptation to Change”, which had agreed to preface the joint project.

Eric Dresin presented the functioning of the online interactive tool, on the basis of the French version: good internal and external practices, success/employability factors, possible recommendations, skills, financing possibilities in each producing country, lexicon. The finalised computerised working tool in three languages (French, English and German) would be placed on the “Eurosugar” site in March.

The representatives of the Spanish, Italian and Polish delegations expressed their wishes for the project also to be translated into their languages so as to increase the possibility of it being used directly by employees in their own language. Carlos Lopes (DG Employment) suggested that the delegates concerned make their request by e-mail to EFFAT or the CEFS, which would pass it on to the Commission when the final administrative report was presented to it. The Commission would then advise as to the financing possibilities.

Harald Wiedenhofer concluded the presentation of the project by expressing his support for this request for translation into three additional languages.

II – EUROPEAN SUGAR INDUSTRY: REFORM OF THE SUGAR REGIME AND SOCIAL CONSEQUENCES

Marie Christine Ribera, CEFS Director-General, described the situation on the sugar market and the latest developments (See Annex 3). She mentioned the consequences of the reform in terms of rationalisation and diversification. She underlined the new balances on the market: from being a net exporter, the EU had become a net importer, and prices on the world market had reached a very high level. In a context of shortage of supply on the world market and a record harvest in the EU, the latter had been authorised to export an additional 500,000 tonnes of non-quota sugar, whilst complying with the rules laid down by the WTO. Welcoming this flexibility, Mrs Ribera recalled the need for coherence among the different Community policies, particularly with regard to agriculture and external trade. The concessions granted by the EU within the framework of bilateral or multilateral negotiations or enlargement must not impair the sustainability of the industry and its ability to remain profitable and competitive.

Mrs Doris Fisch (DG Agriculture – Sugar Unit) described the vision of DG Agriculture and commented on the information provided at the last meeting of the Management Committee for Sugar, held at the end of January, on the restructuring fund. With reference to the unused balance in the fund, amounting to 640 million Euros, she indicated that Regulation No 1204/2009 of the 4.12.2009 put back to 30.9.2011 implementation of the measures adopted within the framework of the national restructuring plans and diversification programmes. After that date, the unused amount would be paid back into the CAP budget (See Annex 4).

Harald Wiedenhofer drew attention to the difference in perception between the Commission and the social partners. In the Commission's view, the reform of the sugar regime had been a success because it had made it possible to attain the planned objective of reducing Community production by 6 million tonnes. Conversely, for the social partners this reform had led to the loss of around 16,500 direct jobs during the campaign and of a hundred thousand direct and indirect jobs in total. Furthermore the European Union had become dependent on third countries for part of its domestic consumption and worries remained as regards the future CAP in 2013. Nobody today could say that the restructuring had finished. Whilst environmental standards were taken into account in the Commission's analysis, what about social standards? Norbert Kailich emphasised the essential need for the Commission to take into consideration the different aspects of economic, environmental and social durability, so as to ensure a real future for the European industry.

III – MAJOR ECONOMIC CHALLENGES FACING THE EUROPEAN SUGAR INDUSTRY

1. Climate change and the European emission trading scheme

Oscar Ruiz (CEFS) described the broad lines of the European emission trading scheme envisaged by the Commission in order to reduce the total emissions of the major consuming industries by 2020 (See Annex 5). If it was applied as it was, this scheme – designed for

“classic” heavy industry – would lead to an exorbitant annual cost for the sugar industry estimated at between 1 million and 2.5 million per factory. The CEFS was endeavouring to have the specific characteristics of the sugar industry recognised, particularly intensive use of energy but only during a seasonal period limited to a few months a year and in rural areas with self-generation of heat and electricity. It was essential for the criteria for the allocation of emission quotas to take these specific characteristics into account. A sugar industry position and an argument were in course of preparation and would be accessible in March. The support of EFFAT in due course could prove to be very useful.

2. *Bilateral and multilateral negotiations*

Within the context of the Doha Round, which was taking a long time to be concluded, Patrick Pagani drew attention to the desire of the sugar sector to see the results obtained so far definitively consolidated and respected in future negotiations, allowing in particular the benefit of a longer period of falling customs tariffs (See Annex 6).

He then went through the different bilateral agreements in course of negotiation. Particular attention had to be paid to the discussions in course with certain Central American countries and the Andean Community (Colombia, Peru) which could be concluded under the Spanish Presidency. The concessions granted, providing for an annual percentage increase in quotas, would be added to, in particular, the growing imports expected from the ACP countries and the LDCs, entirely liberalised since 1st October 2009.

Any further concession granted in the context of external trade would tend to go beyond the commitments entered into in the reform of the sugar regime and could have a negative impact on the sustainability of the sugar CMO.

3. *Revision of the GSP rules of origin*

Dominique Lund indicated that the revision of the rules of origin applicable to the Generalised System of Preference was being finalised (Annex 6). The Commission’s final proposal was currently the subject of a last interdepartmental consultation before its legal verification. If everything went well, adoption should take place as from April, for it to come into effect on the 1.1.2011. The main requests made by the CEFS had been met: mixing sugar with any other substance was considered to be a minimal operation which could never confer origin. The same applied to flavouring. Nor did refining confer origin. Regional cumulation was prohibited between an LDC with privileged status (unlimited access with no customs duties) and a large sugar-producing non-LDC. If no modifications were made before adoption, the GSP rules of origin would be reasonable for the sector.

IV – WORKING PROGRAMME OF THE SOCIAL PARTNERS FOR 2010

The social partners validated the working programme and action programme proposed for 2010 (See Annex 7).

V – A.O.B.

Norbert Kailich recalled that the next plenary session was to take place on the last working day in February 2011. He thanked all the participants, along with Mr Lopes for his constant support for the social dialogue in the sugar sector.