



Social Dialogue in the EU Sugar Industry

Brussels, 28 February 2014

Draft report of the Plenary meeting

The meeting was co-chaired by **Mr. Harald Wiedenhofer** (EFFAT) and **Dr. Norbert Kailich** (CEFS)

1. Welcome and introduction

Dr. Norbert Kailich welcomed all participants and introduced Ms Dauphinelle Clément from Employment, Social Affairs and Inclusion DG.

The agenda of the plenary meeting was then approved by all participants.

2. Approval of the minutes of the Plenary Meeting of 24 October 2013

The minutes of the working group meeting of 24 October 2013 were approved.

3. Review of the work programme 2013 (Document attached)

Mrs Estelle Brentnall presented the work accomplished by the social partners in 2013, which was then approved by all participants.

4. Presentation of the XI Implementation CSR report of the Social Partners in the EU Sugar industry (2013) (Document attached)

Mr. Oscar Ruiz presented the report in its new format and encouraged all participants to continue sending good practices to the Secretariats. All participants agreed upon the content and new look of the report.

Mr. Stanislaw Lubas intervened to report that as far as the principle of fair pay in the CSR code of conduct is concerned, there are discrepancies of remuneration packages within a same group between plants in Germany and Poland. As far as Solidarnosc is concerned, Poland is still endeavouring the application of the principle of equal treatment to become a reality and is making an appeal to the Employers' representatives to conclude a national collective agreement in Poland on wages on the most favourable terms.

Dr. Norbert Kailich responded that he took this appeal seriously and explained that European Works Councils were appropriate fora to discuss such critical issues and efficient tools to organise social dialogue generally.



Mr. Harald Wiedenhofer was grateful for Solidarnosc to put to the fore this issue of fair treatment and to discuss it frankly. There is clearly a lack of satisfaction about the situation in Poland. The Polish colleagues know that their German colleagues have good collective bargaining agreements and they legitimately feel that they have been left somewhat behind. This important issue needs to be further discussed to help Poland.

Mr. Tomasz Szczeszek stated that as part of NSZZ Solidarnosc, they have repeatedly raised the issue of fair remuneration packages at European Works Councils but that the Employers did not appear receptive. Mr. Szczeszek appealed to both EFFAT and CEFS to help the process.

Mr. Thomas Pietzka stressed that the German colleagues were ready to give practical support to any campaign for fair pay to help the Polish colleagues. Mr. Pietzka stressed that all workers needed to speak with one voice and to ensure that there was no wage competition to the lowest common denominator.

Ms Dauphinelle Clément from DG EMPL intervened to thank Mr. Lubas for his intervention and the following constructive dialogue between the social partners. She hoped that progress will be made on this point and that an up-date will be provided at the next working group meeting.

5. Work Programme 2014 (Document attached)

Mrs Estelle Brentnall presented the work programme for 2014. All participants adopted it.

Mr. Patrick Pagani, on the issue of the reform of the common market organisation for sugar commented that a balanced and responsible management by the European Commission of the sugar quotas was needed up to 2017, to ensure no further detrimental socio-economic impact on the sector.

6. New EU sugar sustainability partnership: the social aspects (Document attached)

Mr. Oscar Ruiz presented the progress made so far with the sustainability partnership initiative. Mr. Ruiz in particular emphasised that the secretariats will need from all participants to:

- Check the old practices on the joint website (www.eurosugar.org) and provide up-dates;
- Attend the plenary meeting of the social working group to be held on 21 March at CEFS premises;
- Comment on the draft good practices table that will be circulated in due course.

7. Support for the right of social partners to conclude agreements

The agenda was changed to cater for a contingency matter.

Mr. Harald Wiedenhofer explained that the social partners of the hairdressing sector, UNI Europa and Coiffure EU, asked for our support for the right of social partners to conclude agreements that are then made legally binding by the EU in line with Article 155 TFEU.



Mr. Wiedenhofer further explained that it appears that the Commission is blocking the request of the social partners in hairdressing to transform their agreement on occupational health and safety into law.

Mr. Oscar Ruiz stated that this mattered for us because this particular hairdressing agreement could be used to set a concerning legal and political precedent. The result would be recognising that the Commission has the right to decide on whether it proposes a social partner agreement to the Council for adoption as law. Mr Ruiz stressed it undermined the autonomy of the social partners, the right for making social partner agreements legally binding, and the EU' s social dimension as such.

All participants agreed to support the social partners in the hairdressing sector and both EFFAT and CEFS secretariats will draft a common supporting letter to that effect.

8. EU sugar sector post-2017: quo vadis? Without a level playing field, can it remain sustainable and competitive in a globalised market?

8.1. Presentation by Mrs Marie-Christine Ribera “post 2017: can the sector remain competitive in a globalised market?” (Document attached)

8.2. Intervention by Mr. Romano, DG Agriculture

Mr. Romano made general comments on the level of world prices compared to EU prices. Mr. Romano further commented on temporary market measures and gave assurances that after 2017, tariffs will still be there to avoid the EU sugar market being flooded by imports and in any case the Commission will have sufficient tools to regulate the market should prices go down too low.

8.3. Discussions

According to Mr. Romano the EU sugar industry is today very competitive. Some non-EU countries are even concerned that the EU could export more in the future. Quotas were expected to finish in 2015; we have 2 more years. Sugar shouldn't only have defensive positions since there will be opportunities to export without limits.

Mr. Francisco Javier Fernandez Gonzalez expressed his concerns over the number of jobs lost since 2006 and the pressures to remain competitive in a context of ever lower prices. He indicated that the Commission speech is a bit reassuring but disagreed about whether we had gain two more years or rather if we had lost 3 years (i.e. the European Parliament had asked to prolong the quota system until 2020) to prepare for a whole new market dynamic.

Mr. Thomas Pietzka stressed that when mentioning the “relativity” of prices, both environmental and social standards need to be taken into account.

Mr. Romano stated that prices in the EU were higher than world prices and that the current prices level were becoming more reasonable than in previous years.



Mrs Marie-Christine Ribera emphasised that the world price was not a relevant reference to compare with the EU intra-market price in particular since the major world exporter, Brazil, is currently not capable of covering costs if selling at World market prices. Furthermore, any decrease in the price of sugar is never transmitted by food producers to the final consumers. She finally reminded the Commission that sugar is the only sector in CAP where revenues are shared with farmers.

Mr. Thomas Buder commented on free trade agreements and their socio-economic impacts.

Mr. Patrick Pagani expressed concerns over a surplus situation in the EU intra-market and sought reassurance that there would be no EC intervention through temporary measures for the current marketing year in allowing further imports in such situations.

Mr. Romano reminded the participants that prices were set by the market. Mr. Romano added with regard to the comments on international trade that the Commission was not empowered to take a final decision in any bilateral agreements.

Mr. Sylvain Darley asked Mrs Ribera if any projections had already been made about any potential restructuring after 2017 and asked whether there was any guarantee for stable and sustainable prices.

Mr. Barry Firth asked Mrs Ribera about CEFS position on sugar taxes.

Mrs Ribera responded that clearly the industry will have less time to adapt and it is not appropriate that the Commission is putting on the table already for this marketing year, exceptional measures that would put more pressure on producers even before 2017. Unfortunately it is unknown whether this new era will bring about further restructuring. The quotas system is a useful buffer against excessive volatility (fluctuating prices and volumes) and ensures price stability along the value chain. Further, sugar industries negotiate prices with their commercial partners in advance (long-term contracting), hence the seemingly disconnect between prices now and then. Beet prices paid to growers are above the average prices to take into account strict environmental standards. In addition, higher prices allow investment in essential and innovative tools and infrastructure. As far as sugar taxes are concerned, Denmark for instance implemented such a tax scheme to later realise that this was counter-productive and did not reach public health targets. Sugar can be part of a healthy diet and it is not wise to single out one ingredient when the reality in terms of nutrition and obesity problems is far more complex.

Mrs Ribera further clarified that she did not imply that our market would be flooded by imports. It also commented on international trade stating that the Commission has also a responsibility in negotiating trade agreements strategically. The arguments are there for our EU trade negotiators to refuse some ambitions from countries like Thailand considering how liberalized our market is compared to theirs. Dr. Norbert Kailich intervened to ask Mr. Romano how the Commission saw its responsibilities in that context.



Mr. Romano reiterated that the Commission negotiated agreements but did not take any decision.

Mr. Stanislaw Lubas intervened to highlight that the 2006 CMO reform saw the loss of thousands of jobs in the sector and the wider sugar cluster. A free market should mean that all stakeholders are on the same level playing field and should not compete to lower environmental and social standards. He reminded that, as shown in Mrs Ribera's presentation, the major sugar producing countries (such as Brazil or the US) are supporting their sugar industries.

Mr. Harald Wiedenhofer reminded the participants that the sugar industry was much more sustainable now but other countries are becoming less liberal and more protective with regard to their sugar sectors. Agriculture should not be sacrificed on the altar of international trade, in particular in a global context of climate change and societal vulnerabilities. Support was needed from the Commission. Mr. Wiedenhofer closed the discussions and thanked all participants for the debate.

Ms Dauphinelle Clément from DG EMPL thanked all participants and Mr. Romano for his intervention and constructive dialogue with the social partners. Regarding the fact that DG Trade and DG Enterprise had failed to send anyone to represent them it was agreed to write a complaint letter from the social partners to those DGs indicating that they should not underestimate the importance of social partners and social dialogue. CEFS and EFFAT Secretariats will prepare a draft letter.

9. Demographic analysis of the EU sugar industry workforce

Mrs Estelle Brentnall explained that both secretariats were waiting for the input from a large group without which the results would not be truly representative. As a consequence, both secretariats have agreed upon a new deadline for the draft final report which now should be ready by the first half of 2014. In the meantime participants are encouraged to provide both secretariats with more qualitative information.

10. Conclusions

Mr. Harald Wiedenhofer closed the meeting and thanked all participants.

Next meetings as follows:

- Working Group meeting 10 November 2014
- Plenary meeting 26 February 2015 (i.e. the last working **Thursday** of February)

Annexes: see PowerPoint presentations attached (x5)

- I. Review of the work programme 2013
- II. 11th Annual Implementation report CSR Code of Conduct
- III. Work programme 2014
- IV. EU sugar sustainability partnership
- V. EU sugar sector post 2017



Final list of participants-Sugar social dialogue committee working group meeting 28 February 2014:

<u>NAME</u>	<u>ORGANISATION</u>
Dauphinelle CLEMENT	EUROPEAN COMMISSION
Felice ROMANO	EUROPEAN COMMISSION
Harald WIEDENHOFER	EFFAT
Estelle BRETNALL	EFFAT
Stefanie SERGEANT	EFFAT
Sarah LEFEVER	EFFAT
Oscar RUIZ	CEFS
Marie-Christine RIBERA	CEFS
Carmen CARUCCIO	CEFS
Fiona HAMILTON	CEFS
Rolf WIEDERHOLD	NGG
Franz VOGEL	NGG
Thomas PIETZKA	NGG
Thomas BUDER	PRO-GE
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UNITE

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