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DUE TO THE LACK OF A SECTORAL DIMENSION THE GLOBALISATION ADJUSTMENT FUND IS INACCESSIBLE FOR THE EUROPEAN SUGAR INDUSTRY

The Commission's proposal

The proposal for a Commission regulation provides for intervention by the Globalisation Adjustment Fund (EGF) in the case of major structural changes due to the globalisation of the economy, demonstrated by:

. a massive increase of imports into the EU;
. a progressive decline in market share in a given sector;
. relocation to the benefit of third countries.

The criteria for access to the EGF proposed by the Commission are as follows:

. redundancies affecting at least 1,000 people in a company (including redundancies among suppliers and subcontractors) in a NUTS III region[1] where unemployment is higher than the Community or national average.

or:

. redundancies affecting at least 1,000 people, over a 6-month period, in one or more companies in an agri-foodstuffs sector, representing at least 1% of regional employment in a NUTS II region[2].

Application to the sugar sector

The sugar sector is faced with massive restructuring due to a change in the legislation within the context of globalisation of the economy. The new sugar regime taking effect as from 1st July 2006 will entail a fall in production of about 35% over 4 years. This reform will probably lead to **the loss in the EU of 25 of at least 25,000 direct jobs out of 60,000 and around 125,000 indirect jobs, over a relatively short period, essentially in rural areas.**

The reform of the sugar regime has been made necessary by the loss of the sugar panel at the WTO and the signing of preferential agreements such as "Everything But Arms", providing for complete liberalisation for sugar from the least developed countries as from July 2009. These different factors will give rise to a massive increase in sugar imports concurrently with a decrease in exports, leading to an obligation to reduce Community production and favouring sugar production outside the EU.

The criteria defined by the Commission concerning employment would not, however, be accessible because they do not take the sectoral dimension into account.

[1] NUTS III: 1,214 regions with 150,000 to 800,000 inhabitants.
[2] NUTS II: 254 regions with 800,000 to 3 million inhabitants.

In effect, the sugar industry is essentially made up of SMEs employing an average of between 80 and 120 people (direct jobs). To reach 1,000 direct and indirect redundancies in a company at regional level (applying the multiplication factor of 3.5 for indirect jobs proposed by the Commission), it would be necessary for the company to make 300 people redundant. This cannot happen in any case whatsoever in the European sugar industry. Nor can the possibility of reaching 1% of employment in a NUTS II region (i.e. 8,000 to 30,000 people) be envisaged.

In a concern for coherency between the allocation level and the criteria laid down, the sectoral dimension of the industry must be taken into account

It would thus be extremely regrettable for a fund specifically created to help employees affected by the globalisation of the economy to return to the labour market to be conditioned by inaccessible criteria for medium-sized companies, whereas its modest allocation level (500 million Euros a year) could well correspond to the needs of an industry such as the European sugar industry.

The social partners in the European sugar industry,
with their rich experience of social dialogue for over 30 years
and anxious for the restructuring of their industry
also to be synonymous with re-entry into the labour force,
urge that the criteria for access to the EGF
go beyond the level of the company or the region
and also take account of an industrial sector as a whole
within the context of globalisation of the economy.

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