

## **Common organisation of the Market in Sugar and its importance for Employment**

The next negotiations of the Millennium Round will begin at Seattle on 30<sup>th</sup> November 1999. At this time the Trade Ministers of the Member States belonging to the World Trade Organisation will set up the time table of the Round and the subjects to be discussed. It is already confirmed that Agriculture will be one of these subjects. The decisions reached might have repercussions for the European beet/sugar sector, in particular as far as employment is concerned. At the same time the decision to renew the Common Organisation of Market for sugar must be taken before the end of 2 000. With the current trend towards liberalization of world trade, the social partners of the sugar sector draw the attention of decision makers to the necessity of maintaining a proven and effective regulation.

### ***1. Common Organization of the Market in sugar, the basis for sugar production in the European Union***

The Common Organization of the Market (COM) in sugar in the European Union has been in existence for thirty years. It constitutes the basis which ensures the scope for the existence and the competitiveness of European beet growing and sugar production. Since it was introduced in 1967/68, the sugar regime has been reformed on several occasions and each time has been adapted to meet the requirements of the moment. The last major reform was the result of the obligations arising from the Uruguay Round negotiations in 1995. On that occasion, the production quota system and the self-financing of the sector were extended until June 30th 2001.

The political objectives of the COM in sugar referred to in Article 39 of the Treaty of Rome are still valid today (Article 34 of the Treaty of Amsterdam).

The beet/sugar sector has adapted over these last thirty years in line with the development of the COM, thus constantly proving its flexibility. It has enabled the sugar sector to face up to the successive enlargements of the European Union without any difficulties and to take account of economic developments entailing quantitative and budgetary restrictions. The COM in sugar already contains all the mechanisms making it possible to ensure that European producers observe the commitments entered into within the framework of the Uruguay Round.

### ***2. Economic importance of the sugar industry in the European Union***

The annual turnover of the European sugar industry amounts to 10 billion Euro, i.e. a rather significant part of the turnover of the food industry as a whole.

The sugar industry also generates significant value added in different sectors. The turnover related to the transport of beet and products intended for animal feed amounts to over 500 million Euro a year; sugar exports also provide jobs in major European ports.

### ***3. The sugar industry and employment***

The European sugar industry directly employs 52,000 people in 165 factories, including some in less-favoured zones. The sugar industry thus provides 2% of all jobs in the agri-foodstuffs industry and makes an important contribution towards maintaining employment in rural areas.

Apart from 325,000 beet-growers, it also generates some 100,000 indirect jobs in many sectors of the economy such as the transport and logistics, the energy industry, the industrial equipment field, the computer sector and various crafts. All in all, directly or indirectly, partly or totally, the sugar industry provides an income for about a million people.

As the basis for the situation described above, the Common Organisation of the Market in sugar first and foremost allows sugar production to be kept constant throughout Europe. It also allows all the European economic and social players to be protected from the permanent disturbances on the world market, where price levels do not reflect real economic conditions.

For employees in the sugar industry, the functioning of the COM in sugar guarantees high social standards. In particular, this means a stable level of wages and some additional benefits such as pension and sickness pay.

The Common Organisation of the Market in sugar has proved to be an outstanding instrument over several decades, not only for the sugar industry and beet-growers but also for all wage-earners employed directly or indirectly by the sector.

***For all these reasons, the social partners in the European sugar industry are resolutely in favour of the continuation of the sugar regime exactly as it is at present.***