CORPORATE SOCIAL RESPONSIBILITY

CODE OF CONDUCT OF THE EUROPEAN SUGAR INDUSTRY

Ninth implementation report (year 2011)

28.2.2012

INTRODUCTION

The Code of Conduct on corporate social responsibility in the sugar industry, signed on 7 February 2003, states that EFFAT and the CEFS are to monitor the progressive implementation of the Code and regularly update the examples of good practice within the framework of their sectoral dialogue committee. To this effect, EFFAT and the CEFS have undertaken to carry out a joint evaluation of implementation of the Code at European level each year, in February, in the form of an annual report covering the previous calendar year.

The first report on implementation of the Code was presented at the plenary session on 27 February 2004. Since then an implementation report has been presented on the last working day of February in 2005, 2006, 2007, 2008, 2009 and 2010. The present report constitutes the ninth implementation report, covering the year 2011, and will be presented at the plenary session of the sectoral committee for the sugar sector on 28 February 2012. These different reports can be accessed on the joint site "www.eurosugar.org".

I – ECONOMIC AND POLITICAL CONTEXT

I.A – CURRENT SUGAR REGIME & NEW CAP PROPOSALS AFTER 2013

The current sugar regime was fixed by the 2006 sugar reform resulting mainly from external pressures (Everything But Arms agreement and loss of the sugar panel at WTO), with a four year transition period ending in 2010. The sugar reference price was accordingly cut by 36 %, the quota production decreased by one third with the abandonment of nearly 6 million tons, the exports were limited to the WTO ceiling of 1.37 million tonnes, compared to the 6-8 million tonnes previously exported, imports from third countries increased considerably. **From net exporter the EU became net importer, depending on supplies from third countries to meet 15 % of its domestic needs**. The sugar regime was incorporated in the "single CMO".

A new challenge is now arising since, on 12th October 2011, the European Commission issued legislative proposals for a new reform of the Common Agricultural Policy (CAP) for the period after 2013[1]. Regarding the sugar sector, **the Commission proposed the complete liberalization of the current regime, implying the end of the quotas system by 30.9.2015.**

The sugar partners support the "*CEFS Position on the EU sugar regime after 2014/15*" issued in October 2011[2], highlighting the industry response to the 2006 reform, as well as significant recent developments occurred since 2006, recalling the position of the sugar sector regarding the current sugar regime and presenting recommendations for the future sugar regime, as follows :

[1] See DG Agri website http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/index_en.htm

[2] See Annex 1 : CEFS position on the EU sugar regime after 2014/15

Extract from the CEFS position on the EU sugar regime after 2014/15

"Industry response to the 2006 Reform

*1. **In 2006, the European Common Market Organisation (CMO) for sugar was radically reformed**[3]The overall objective was to develop a sustainable market balance by removing inefficient production, provide import opportunities for developing countries, and improve efficiency and to become more market orientated.*

2. The European sugar industry responded positively to this challenge by rationalising and improving efficiency. An ambitious restructuring scheme was introduced, which reduced European quota production by 5.8 million tonnes, and led to the closure of 60% of its factories[4]. Within 3 years, the EU went from being the world's second largest exporter to one of its biggest importers.

*3. The radical nature of the reforms included **a 4 year transition period ending in 2010**, which was necessary to enable the European industry, importers, and the market to adapt to the new situation.*

4.** In the context of the present CMO, the sector has been able **to improve its competitiveness.

Recent developments

5.** Since 2006, global developments have fundamentally changed the supply and demand dynamic in the sugar market. **World sugar prices and costs of production outside the EU have soared**, and as a consequence **importing to the EU has become much less dependable**, **and at times economically unattractive. Even so, EU sugar industries have throughout this evolution fulfilled the CMO reform's main goal of delivering secure sugar supplies at reduced prices to European customers. Imports have proved to be less reliable.

*6. With increasing emphasis on **food security** and a desire to avoid amplification of the volatility of world sugar prices into the EU market, increased focus is now being placed on **domestic production, especially when import deficiencies occur**. In 2011 special measures had to be introduced which allowed European producers to release non-quota sugar in stock to the EU food market[5], as recommended by the European Court of Auditors' Report 6/2010 on the sugar reform, to fulfil European market requirements.*

7.** The Doha Development Round appears to have stalled implying that **more regional and bilateral trade agreements will be concluded. [...]

CEFS current position on sugar regime resulting from the 2006 reform

[...]

- ***Imports policy**. The EU should pursue a responsible trade and imports policy, which is consistent with the outcome of the 2006 reform and recognises the substantial investments made by the European industry to improve efficiency and rationalise. It should also recognise the existing trade preferences granted in particular to the ACP and LDC developing countries which supply the EU. With regards to other imports, the EU should pursue a responsible imports policy for sugar including a sustainable fixed level of imports tariffs and adequate protection against extreme volatility.*
- ***EU supply management**. For sugar and isoglucose, an effective supply management system is needed in the new CMO, including an appropriate 'safety net' to protect the EU from increasingly volatile global market*

[3] For recall the sugar reference price was cut by 36 %, the quota production was cut by one third, the exports were cut from 6-8 million tonnes to the WTO ceiling of 1.37 million tonnes, imports increased considerably, from net exporter the EU became net importer.

[4] This percentage of factory closures is calculated over 10 years

[5] The release of 500,000 t of out of quota sugar was allowed by the Commission, even if the EU producers could offer more.

conditions and to enable the EU to achieve its goals for food security and sustainability. The relevance of this recommendation has been underlined by recent market developments[6].

➢ ***Freedom to export**. The EU should have the same freedom to export as any other trading region in the world. The G 20 and other international bodies recently called for the elimination of export subsidies. If the EU would unilaterally decide as a contribution to follow that route, this would be decisive for sugar exports.*

➢ ***Beet supplies**. The relationship with growers is key for the sector, and it is important to maintain a legal framework to define the principles of the contractual partnership with growers. Within this framework, growers and processors should have the flexibility to agree detailed terms best suited to their local conditions.*

➢ ***CAP budget contribution**. The sugar CMO is now budget neutral. There is consequently no justification for maintaining the production charge, which does not apply in any other CAP sector. The production charge should be removed in the review of the EU financial perspectives for 2013-20"[7].*

Social partners position on the new sugar regime proposed after 2014/2015

The complete liberalization of the sugar sector, including quota abolition as soon as 2015, would obviously have **a considerable social impact**, even though the 2006 reform achieved in 2010 already implied the loss of 22,000 direct jobs, 110,000 indirect jobs and the closure of 80 factories in only 4 years.

As mentioned above, the social partners support the CEFS position and demand that the "process of change initiated by the 2006 reform can continue "*albeit at a pace which the European industry and other stakeholders can respond to - starting with the current system"*[8]. They agree with *"a process of continuous improvement after 2015 to contribute to the EU's long-term objectives of greater competitiveness"*[9]. However they are opposed to a complete liberalisation as from 2015 and advocate that the current common market organisation for sugar is extended until 2020. They agree with the industry recommendations regarding the next sugar regime, in particular regarding the two following topics[10]:

. *EU supply management/deficit market: from a net exporter before the 2006 reform, the EU became a net importer depending on third countries for 15 % of its domestic needs. The next sugar CMO must include instruments to combat the extreme volatility of sugar prices on the world market, creating instability on the whole food chain with a risk of shortage on the EU market[11].*

. *Safety net to provide additional supplies: some regulatory measures used in the last two years to balance the EU market on an exceptional basis should be consolidated into the Single CMO. This is in particular true for the release of out-of-quota sugar with a trigger mechanism in case of undersupply of the EU market. **The EU sugar production should be the first recourse in case of shortage**. Up to 90 % of European sugar consumption requirements should be supplied from domestic production.*

The social partners insist on the fact that – **according to a recent LMC International Study conducted for CEFS with regard to "Support measures in the sugar sector around the world"** - "***all major sugar producing countries have implemented support mechanisms for their domestic industries** designed to protect them against the volatility of world sugar markets and in many cases to raise self sufficiency levels to improve domestic supply security".*

The social partners do not understand why the EU should foresee a complete deregulation of the EU sugar market at a time when all other main sugar producing countries take measures to guarantee

[6] Given the exceptional high level of world prices, there have been less imports than expected from LDCs/ACPs – See below Part I.B.a)
[7] Extract from the CEFS Position on the sugar regime after 2014/15 – October 2011 (See Annex 1)
[8] See Annex 1 CEFS Position
[9] See Annex 1 CEFS Position
[10] See detailed recommendations in Annex 1
[11] Regarding the extreme volatility of world market sugar prices, see the 2010 CSR report (Part I.A c) as well as current CSR Report Part I.B.a)

secure market supplies in a predictable way. **They ask for consistency with what other countries do everywhere in the world.**

To avoid any potential shortage, they also insist on the fact that the release of out-of-quota sugar must have the priority over extra imports from third countries. A shortage situation was faced in 2010/11 due to imports from LDC/ACP countries lower than expected. In 2011/12 the production is anticipated to be much higher due to unusually favourable weather conditions and the fact that the campaign started earlier. Out-of-quota sugar will be available for use on the EU market and should be used as a priority.

Regarding the capacity to export, the partners were also pleased to note that the request to increase the out-of-quota export volume up to the WTO ceiling (1.37 million tonnes) was accepted by the Commission for the current campaign.[12]

State of play at institutional level and expected role of the social partners

Following to the Commission new legislative proposals to reform the current CAP for the period after 2013 and the current sugar regime as from 2015, discussions already started with the Member States at Council level and with the European Parliament. When the Commission presented its proposal, CEFS reacted[13]. When it was presented to the Council of Ministers, eight sugar producing countries expressed their concerns regarding the future sugar regime[14]. Only seven Member States did not object, among which five non producing countries[15]. Several MEPs also underlined the possible consequences on employment, particularly in rural areas, and their wish to see the current system maintained after 2015. **The approval of the different regulations and implementing acts is expected by the end of 2013, with a view to having the CAP reform implemented by 1.1. 2014.**

On 15th November 2011, **the International Confederation of European Beet Growers** published a press release expressing the beet growers concerns over the "radical legislative proposal on the future of the sugar CMO" and requesting the extension of the current regime up to 2020.[16]

The ACP and LDC countries also expressed "*their profound concerns and dismay at the Commission proposals in respect of the elimination of sugar quotas in the context of the CAP reform*" underlining that "*the elimination of sugar quotas as from 2015 disregards the EU market reality, the economic development objectives of the EU's commitments to their countries as well as the CAP objective of food security. Indeed these proposals seriously jeopardize the EC market balance and the future of the sugar industries of the ACP/LDCs*"[17].

The social partners of the sugar industry will conduct all concerted actions judged helpful with the sugar Profession to support a process of continuous improvement after 2015 with a view to contribute to the EU's long term objective of greater competitiveness and to obtain a phasing out of the planned liberalization until 2020.

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[12] See Annex 2 : Letter to Mr Dacian Ciolos of 26.9.2011

[13] See CEFS Press release of 12.10.2011 on following website
http://www.comitesucre.org/dm/e2e5e013199f5a887876e8d6bd3115f6/d7660.pdf

[14] Austria,Belgium, Finland, France, Lithuania, Romania, Slovakia

[15] Ireland, Latvia, Lithuania, Malta, Slovenia

[16] See Annex 3 – CIBE Press Release – 15.11.2011

[17] See Annex 4 : ACP/LDCs Press Release of 18.10.2011

I.B - TRENDS IN EXTERNAL TRADE POLICY HAVING AN EFFECT ON THE REGIME

In 2011 it became clear that the WTO multilateral negotiations had stalled and it appeared that no global agreement could be expected in the short term. Consequently the number of bilateral and regional agreements negotiated by the EU is constantly increasing. The outcome of these negotiations could bring damaging consequences for the employment of the EU sugar sector.

a) Regional agreements

Liberalisation of imports from the ACP countries and the LDCs

Since 1st October 2009, Community imports of sugar from the ACP countries[18] and the LDCs[19] have been completely liberalised, in accordance with the "Everything But Arms" regime[20] and the denunciation of the "Sugar Protocol", included in the former Cotonou agreements. The Economic Partnership Agreements (EPAs) now govern relations between the EU and the ACP countries, divided into six regions. Council Regulation EC/1528/2007 of the 20.12.2007 (OJ L 348/1 of the 31.12.2007) sets out the general agreements concluded for sugar and products containing sugar.

In 2011 the level of imports from the ACP/LDC countries was lower than expected. In addition to some logistic problems, one of the main reason was that the price offered on the world market was much more attractive than the EU price (For example in February 2011 the EU average white sugar price was 505€/t while the world one was 592€/). This situation was not expected when the current sugar CMO was reviewed since – before the reform – the EU intervention price was on average much higher than the world market price. However it is widely documented that important investments are currently made in ACP/LDCs countries (particularly Sudan, Ethiopia, Zimbabwe but also Laos/Cambodia) and in short-medium term exports from these countries to the EU will most probably increase.

It remains essential for the sugar sector that an appropriate management and monitoring of imports is maintained, with the application when necessary of all the foreseen safeguard clauses to ensure continuously a balanced and reactive market.

Mercosur

After a stop, the EU-Mercosur free trade negotiations resumed in May 2010. Even if currently negotiations at not so advanced, the sugar partners have major concerns regarding this agreement with a region which comprehends Brazil, the first world sugar producer and exporter representing almost 60 % of world exports. Sugar partners requested that, **as it was the case in previous negotiations, sugar and sugar products remain completely excluded from any concession and no TRQ should be granted**. Brazil already has a potential preferential access of nearly 700 000 t, and it can already export to the EU 20 % of

[18] ACP countries: African, Caribbean and Pacific
[19] LDCs: Least Developed Countries
[20] GSP Regulation No 732/2008 of the 22.7.2008 OJ L 211/1 of the 6.8.2008 – Section III – Article 11

all preferential imports of sugar as such (in 2011 they were higher). Brazil is also able to considerably influence the evolution of world sugar prices on the world market just by increasing or reducing its sugar production and consequently modifying its export volumes[21]. Granting further concessions would expose EU consumers to more volatility, putting at risk the food security and sector's sustainability. The European Commission Joint Research Centre prepared an Impact Assessment study on the potential consequences of this agreement for the EU agriculture. In the worst cases scenarios, with an EU-Mercosur agreement and DDA conclusion, the EU sugar production would be considerably affected with a reduction of more than 12% which would correspond to minus 5.71 EUR bln. value for the sector.

Central America, Colombia, Peru

Negotiations with Central America and Colombia/Peru concluded by the Commission include concessions on sugar. A zero duty tariff rate quota was granted for 276 000 tonnes (sugar and sugar products) plus a perpetual annual increase in percentage. **Such a provision is considered as deeply destabilising for the EU market**. The concession granted represents nearly 2 % of EU consumption and more than 2 % of the remaining EU quota production. Commission's objective is to implement these agreements in 2012 after a final agreement by the Council and the European Parliament. Once the concessions will enter into force, they will already change the current supply pattern of the EU sugar market and considerably increase its supply. Therefore social partners ask that in coherence with the current sugar reform and with the multilateral negotiations, any **additional concession should enter into force as late as possible and in any case after the future sugar regime** is installed.

b) Free Trade Agreements : main ongoing negotiations

The EU is negotiating FTAs with all parts of the world entailing the risk of further concessions on sugar, unbalancing the EU sugar market and causing a shrinking of EU production with consequences on European employment. The negotiations EU-Ukraine have reached the very final phase and an agreement on agriculture was recently found. The EU agreed an additional import Tariff Rate Quotas (TRQ) on the EU sugar market of 30.000 tonnes. The EU will have generally the same access on the Ukrainian market. In the discussions with Canada, there are further risks on imports coming from this country. Furthermore Canada is asking relaxation of Rules of Origin. Discussions with India are relativly advanced and the Indian counterparts would like to have more exports of sugar to the EU. The same is happening with South Africa which would unduly like to take advantage of the temporary decreasing exports of the ACP/LDCs to the EU.

c) Preferential rules of origin

Rules of origin are of particular importance in the context of ongoing FTA and regional negotiations. The rules applied in trade agreements until 2011 were rather safe. A new situation occurred with the negotiation in course with **Canada,** which is requesting more flexibility. Canada in particular refers to the GSP Regulation on rules of origin enforced on 1.1.2011[22], which was specifically designed for developing countries and not for use with developed countries. They are for instance asking to increase the authorized level of non

[21] In 2009 Brazil represented 50 % of world exports and exported 75 % of its production (ISO Statistics 2010)
[22] Regulation EU/1063/2010 – OJ L 307/1 of 23.11.2010

originating sugar in the final product for a number of sugar products[23]. GSP already authorized until 40 % of non originating sugar, i.e. nearly half of the product. They are asking the same level and for some products an unlimited level. Even if such a request is accepted on an exceptional basis for political reasons and because Canada is a small sugar producer, the risk is that this outcome could create a precedent for other negotiations.

In the same way, **sugar users** are claiming a relaxation of rules of origin in all current and forthcoming negotiations for some sugar products[24] on the pretext that in 2011 there was a shortage of sugar on the EU market. The customs headings mentioned might be very sensitive with a potentially high level of sugar content. This request is of course of a political nature, since the levels authorized for these sugar products are already nearly half of the product. The shortage issue has to be solved by regulatory measures in the frame of the sugar CMO. This is part of the users' arguments to try and obtain the abolition of the sugar quotas by 2015.

Finally a review of the **Paneuromed** rules of origin is in course providing for an extension of the current cumulation system in Euromed countries to the Balkan countries. Since TRQs are applied to a number of Balkan countries like Serbia or Croatia, there is a risk of circumvention through the Euromed countries. The Commission rightly proposed to take the same kind of measures as in the Regulation applying to GSP countries[25]. The mixing of sugar with any material will for instance never confer the origin (minimal operation). The same is true for refining (change in 4-digit heading). The authorized level of non originating sugar is limited to 20 % in weight. These measures are helpful to limit the risk but do not directly address a possible circumvention by the way of cumulation. The sugar sector should therefore follow the development of this negotiation with much attention.

I.C – GREEN GROWTH AND COMPETITIVENESS
BIO-BASED ECONOMY

Food production and agriculture are increasingly part of a comprehensive and ambitious objective called the bio-based economy. Innovation and finding new outlets for existing processing chains is at the heart of the competitiveness boost that the bio-based Economy can bring to the European food chain.

Members of the EU Primary Food Processors association (PFP), of which CEFS is a main member and actor are the largest users of domestic grains, starch potatoes, sugar beet and oilseeds in the EU. As they add value to bulk commodities, they have to deal with large volumes of agricultural raw materials sourced mainly from the EU with imports from third countries. They provide the link between agricultural production and final products (secondary processors in the food and non-food sectors). Besides food and feed several PFP members increasingly produce bio-based products and ingredients for pharmaceuticals, detergents, plastics, lubricants, fuels, paintings, cosmetics, textile and other industrial products. This is the reason why they feel their contribution to achieve the goals of the bio-based economy is of major importance.

[23] For instance : Chocolate and other food preparations containing cocoa (heading 1806) – Sugar confectionery (1704) – Pastry, cakes, biscuits and other baker's wares (1905)

[24] 1704 – 1806 - 1905

[25] See Annex 5 - CEFS position of 18.5.2011 on the Paneuromed Agreement

The CAP as a tool to promote the emergence of a bio-based economy in support of the EU's food chain and rural development.

In the context of the new Commission proposals regarding the CAP after 2013[26] (Rural development), PFP is currently reflecting on the potential evolution of a bio-based economy. Current reflections are summarized below.

"By ensuring the emergence of a bio-based economy the EU CAP can promote economic development ('green growth'), increase employment opportunities in rural areas, increase resource efficiency (use of agro-waste, replacing petrol-based products), reduce agricultural markets volatility (increased number of outlets for agri-products) and secure further sources of revenues for farmers." [...]

"PFP factories are often bound to rural areas and their positive impact (increased demand for jobs and ancillary services, driving upgrades in infrastructures, etc) is therefore felt particularly strongly in those areas.

While welcoming the inclusion of the bio-economy among the proposed priorities for EU rural development in Article 5(5) of the EC proposal on rural development, PFP calls in particular for a more clear and specific support to the emerging bio based economy with regard to the following aspects:

- Support for the valorisation of agricultural residues: 1.22 Billion tons of agricultural residues are available each year in the EU according to a recent study.[27] If only a fraction of those residues (17.5% according to that study) were used in bio-refineries to produce sustainable bio-based products, this could generate 1 million jobs during the next decade, in particular in rural areas. In addition, it would reduce EU emissions and dependence on fossils fuels. Several ideas on how to concretely support this process are, for example, to financially support farmers in order to collect those residues and to finance the construction of the necessary infrastructure to bring residues from the field to bio-refineries.

- Projects in the form of economic clusters where primary processing factories/bio-refineries, farmers and other stakeholders become partners in order to create virtuous circles ('closed loops') for their products and their residues should also be supported.

- Supporting the development of infrastructures linked to the processing of agricultural raw materials even if the output of those processes is not an agri-food product. That support could take the form of up front payments, favourable financing arrangements and direct aids.

- Research and development: innovative technologies and processing techniques in order to produce sustainable bio-based products originating from agricultural raw materials. That could be done, in particular, via the support to pilot and industrial-scale demonstrations projects in order to bridge the gap between fundamental research and commercial exploitation of those innovations".

[26] Draft Regulation on support for rural development by EAFRD – SEC 2011/1153/1154
http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/com627/627_en.pdf

[27] Bloomberg New Energy Finance Study (April 2011)

I- D – IMPLEMENTATION OF DISCRIMINATORY FOOD TAXES IN EU MEMBER STATES

In order to discourage the consumption of certain foodstuffs and in the hope of decreasing obesity rates, an increasing number of Member States have been taking initiatives aiming at enacting tax measures on food products based on the content of certain nutrients (e.g., fat, sugar, etc.).

For instance, In Hungary, the government enacted a tax law targeting in part products (e.g., soft drinks, confectionery, bread, pastry, ice cream) based on their "added sugars" content. The amount of the tax is given per product kilogram/liter and is to be levied on both imported and domestic products. The tax is payable by the operator placing the products on the Hungarian market for the first time (i.e. producer or importer). The Hungarian Parliament also just voted for an amendment to increase, as from January 1, 2012, the current tax rates for almost every product category already taxed and for some new products. In Denmark, the tax on saturated fat entered into force on October 1, 2011, and in addition to this food tax on saturates, the new Danish government will increase the rates for other products as from January 1, 2012. The measure will affect sugary products (soft drinks, ice cream [diet ice cream will also see a rate increase], chocolates, sweets and possibly other products), coffee, tea, and wine. Taxes on soft drinks and sugar products have also been at the centre of discussions in France and Finland, and are also being more or less discussed in Ireland, Romania.

These taxes stigmatize certain products and nutrients (including sugars) by drawing a clear distinction between so-called "healthy" products/nutrients and "unhealthy" products/nutrients. With respect to sugars most particularly, these measures are discriminatory and fail to take into account the fact that obesity is complex and due to multiple factors, and that the major cause of obesity is the imbalance between the energy intake from food and drinks and the energy expenditure through physical activity.

Given the fact that Member States have a right to enact these types of tax measures, the actions that can be undertaken at EU level are more limited than the actions that can be undertaken at national level before food tax measures are passed into law. In the EU context, article 110 to TFEU prevents discriminatory internal taxation measures (by prohibiting direct or indirect discrimination of similar products from other Member States, and by prohibiting discrimination of products from other Member States even if they are not similar but if in the mind of consumers, one product can be substituted for the other). The Commission has the burden to prove that the tax is likely to have a protective effect, and this is a challenging achievement to accomplish.

The EU industry has complained to the Commission about the discriminatory nature of the Hungarian tax, and has provided concrete examples of discrimination. The process however takes time. Before officially asking a Member State to delete its national tax law, the Commission must be legally sure that it would have a chance to see its request granted by the European Court of Justice.

The increase of tax measures risk making the industry reformulate products more (to escape these taxes), although companies that have so far claimed that reformulating is difficult are likely to see their credibility affected if they start reformulating more now that their products are under the threat of being taxed. In addition, retailers may use the tax measures imposed on selected products as a pretext to increase the price of food products in general (whether taxed or not).

CEFS, as part of FoodDrinkEurope and of the association for the European Primary Food Processors Association (PFP), is involved **in communicating messages against these tax measures on the ground that they are discriminatory and ineffective**.

I – E -HIGH LEVEL FORUM FOR BETTER FUNCTIONING OF THE FOOD SUPPLY CHAIN

CREATION OF AN AGRO-FOOD SECTORAL DIALOGUE COMMITTEE

As a result of the Recommendations of the High Level Group (HLG) on the competitiveness of the Agro-Food industry adopted in July 2009 and of one recommendation of the Commission Communication on a better functioning of the food supply chain in Europe published in October 2009[28], the Commission decided at the end of July 2010 to establish a High Level Forum for a Better Functioning of the Food Chain (the Forum on HLF). This HLF should assist the Commission with the development of the industrial policy in the agro-food sector, following the recommendations of the HLG and the Commission Communication. Representatives from the sugar industry as well as from the EFFAT were appointed to participate to these works.

In July 2009, the HLG on the Competitiveness of the Agri-food industry set up by the Commission adopted Recommendation N° 18 stating tha t "*The High Level Group members recommend the European sectoral social dialogue as a tool of good governance. Upon joint request of the European social partners, the European Commission could examine their representativeness with a view to assess the feasibility of creating a Social dialogue committee in the agro-food industy*". The reason was explained as follows: "social dialogue is one of the pillars of the European social policy and is recognised as a tool of "good governance".The main objectives for the European social dialogue are: a better understanding to facilitate consensus, better capacity to promote the sectoral interests and capacity to act together. **Even though such a dialogue has been already successfully achieved in the sugar sector, it has not achieved yet for the entire food industry**."[29]

In this context, on 7 September 2011, FoodDrinkEurope and EFFAT officially requested the creation of a European social dialogue in the EU Food and Drink sector by sending a joint letter to Commissioner Laslo Andor, in charge of Employment and social Affairs[30]. A letter was also sent to Commissioner Antonio Tajani, in charge of industry. The first plenary meeting of the new sectoral social dialogue committee (SSDC) will take place on 23 January 2012. The rules of procedures of this SSDC will be jointly signed at that time. FoodDrinkEurope and EFFAT will be the only representative of the both sides of the Food and Drink Industry for the next two years. The autonomy of the sugar dialogue is however preserved. The rules of procedure also foresee that this dialogue should not lead to any counterproductive action within the food sector. The planned work programme should mainly focus on ensuring competitiveness and sustainable employment in the food and drink sector as well as the follow up of policy developments affecting the food and drink sector.

[28] COM 2009 591 final

[29] HLG on the competitiveness of the agro-food industry - Final report of the sherpa sub-group deliberations – 17.3.2009

[30] Annex 6 - See letter to Commissioner Laslo Andor

MAIN CONCLUSIONS ON PART I OF THE REPORT
Current sugar regime

The European sugar industry responded positively to the sugar reform of 2006 by rationalising and improving efficiency, which entailed the closure of more than 80 factories. After a four year transition period necessary to adapt to the new situation, the sector has been able to improve its competitiveness.
However, since 2006, a number of developments have fundamentally changed the supply and demand dynamic :

- ⇨ **From being a net leading exporter, the EU has become a net importer, depending of third countries for 15 % of its needs**
- ⇨ **world sugar prices have increased considerably in a context of extreme volatility on the world market**
- ⇨ **the imports expected from ACP/LDCs have decreased in 2010 and 2011 because world market prices were more attractive i.e. higher than on the EU market.**
- ⇨ **consequently in 2010 & 2011 the EU experienced a period of tight supply. Available tools within the sugar CMO were used such as the release of out-of-quota sugar to allow European producers to ease market tensions.**
- ⇨ **At the same time – due to the fact that multilateral negotiations at WTO had stalled – the EU multiplied the negotiation of regional and bilateral agreements everywhere in the world, granting further import TRQs which could unbalance the current EU sugar market, and entail economic and social consequences.**

The social partners :

- ⇨ **demand - in the context of food security, that the priority is given to domestic production, especially when import deficiencies occur. The EU sugar production should be the first recourse in case of shortage. The release of non quota sugar must have the priority over extra imports from third countries.**
- ⇨ **recognize the trade preferences granted to ACP/LDC, which should not be eroded by further concessions granted in Trade agreements**
- ⇨ **however ask for a responsible EU Trade policy, respecting the new sugar balance set up after the reform, committing not to consider the EU sugar market as the adjustment factor with respect to unpredictable additional imports granted in FTAs.**
- ⇨ **ask for the same freedom to export as any other trading region in the world. The current situation where the sugar industry has to face restrictions on exports while new additonal duty free imports are continuously imposed is not sustainable in the long term.**

Future sugar regime planned after 2014/15

- ⇨ **The social partners globally support the CEFS Position on the EU sugar regime after 2014/15 issued in October 2011.**
- ⇨ **They are opposed to the abolition of the quotas system as soon as 2015, which would entail a new considerable social impact, even though the 2006 reform already implied the loss of 22,000 direct jobs and 110,000 iindirects jobs in only 4 years and the closure of 80 factories.**
- ⇨ **They demand that the process of change can continue at a pace which all stakeholders can respond to with a view to sustainable long term objectives of greater competitiveness. The current market organization should be extended until 2020.**
- ⇨ **They underline that, according to a recent LMC study conducted for CEFS, all producing countries in the world have implemented support mechanisms for their domestic industries with a view to protect them against the volatility of world sugar market and improve the domestic supply security. They ask for consistency with what other countries do everywhere in the world.**

II – MANAGEMENT OF RESTRUCTURING &ECONOMIC CRISIS
II.A - MONITORING OF FACTORY CLOSURES

The social partners have been monitoring factory closures on the basis of public information, press releases and information received through trade union representatives for EFFAT and human resources managers for the CEFS. Essentially, they base themselves on public information provided by companies. Below – as on the 31.12.2011 – is the trend in the situation for marketing years 2005/2006 (adoption of the reform) through to 2011/2012:

a. *Trend in factory closures since 2005/2006*

Source: CEFS statistics 2011 (EU 25)[31]

www.cefs.org

	2005/2006 (Reference year- Adoption of the reform)	**2006/2007**	**2007/2008**	**2008/2009**	**2009/2010**	**2010/2011**
Number of factories	182	152	133	104	102	102
Closures	(7 compared to 2004/05)	30	19	29	2	- **Factories closed between 2005/06 and 2010/11 = 80**
Countries	Ireland, Lithuania, Netherlands Poland	Austria, Czech Republic, Germany, Ireland, Italy, Poland, Slovakia, Spain, Sweden	Czech Republic, Denmark, Finland, Germany, Greece, Hungary, Latvia, Poland, Slovakia, Slovenia, Spain, United Kingdom	Belgium, France, Germany, Hungary, Italy, Netherlands, Poland, Portugal, Spain	Poland, Spain	-
Relinquishment sugar quotas	-	Ireland, Italy, Portugal, Spain, Sweden *(1.149 Mio t)*	Czech Rep., Finland, Greece, Hungary, Italy, Latvia, Portugal, Slovakia, Slovenia, Spain *(0.678 Mio t)*	Belgium, Denmark, Germany, Spain, France, Italy, Lithuania, Hungary, Netherlands, Poland, Portugal, Slovakia, Slovenia, Sweden, **Accumulated relinquished sugar 31.1.2009: 5,230,331**	Spain	-
Decrease of direct jobs during the campaign	49 824	40 317	35 079	29 560	27812	26458 **Jobs lost between 2005/06 and 2009:10 : 22 012**

[31] These statistics do not include Bulgaria and Romania with a view to better show the evolution in the EU 25 starting from the reference year of adoption of the sugar reform.

b. Relinquishment of quotas

Between 2006/07 and 2009/10 (4 marketing years), 5,230,331 tonnes of quota sugar were relinquished, along with 222,316 tonnes of isoglucose and 320,717 tonnes of inulin, i.e. a total of 5,773,364 tonnes.

The relinquishment of sugar quotas can be broken down as follows:

PERCENTAGE	COUNTRY
100%	Bulgaria, Ireland, Latvia, Portugal, Slovenia
At least 50%	Greece, Hungary, Italy, Slovakia, Spain
45%	Finland
19-25%	Belgium, Czech Republic, Denmark, France, Germany, Lithuania, Poland, Slovenia
14-15%	Austria, Netherlands, United Kingdom
4%	Romania

II.B - ECONOMIC AND SOCIAL IMPACT

a) Concentrations – New activities

These tables show that **all the regions of the EU have been affected by the reform**: Northern, Southern, Central and Eastern Europe. Restructuring is proving to be even more difficult given the fact that it is taking place **in rural areas** where unemployment is already present and where there are few opportunities in terms of employment.

A number of countries which were previously producers have already shut down production completely, especially **Bulgaria, Ireland, Latvia, Portugal and Slovenia. Bulgaria and Portugal became only refiners.**

The number of sugar companies in EU 25[32] fell from 67 in 2005/06 to 46 in 2009/10, i.e. one third of companies. To remain competitive, the industry has had to carry out further mergers and continue with its concentration (for instance : merger of the Danisco sugar branch with Nordzucker giving birth to Nordic Sugar A/S, merger of Azucarera Ebro with British Sugar. In 2011 in France Cristal Union with the "Groupe Vermandoise"). **A number of companies are reorienting their activities**, be it a question of refining (France, Italy, Portugal), biomass or ethanol production (Belgium, France, Germany, Italy) or additional activities or diversification (France – Tereos, cereals, alcohol, starch) or even in some cases activities totally different from their previous ones (Italy – agro-food and retail).

b) Heavy job losses

According to above statistics, over the same period in EU 25 (2005/06-2009/10), **80 factories have disappeared (i.e. 45 % of factories since the start of the reform), leading to the loss of 22,012 direct jobs during the campaign**. It is generally acknowledged in the sugar industry that the loss of one direct job gives rise to the loss of five indirect full-time or part-time jobs (transport, logistics, IT, etc.). Some 110,000 indirect jobs would then be concerned during the campaign.

[32] Bulgaria and Romania are not included in the above statistics on development of factory closures

MAIN CONCLUSIONS OF PART II OF THE CSR REPORT

In the context of restructuring, there was no "ready-made" solution at European level. Each case had to be analysed separately. Countries were responding in different ways to the challenges posed, according to national priorities geared towards employment, rural development, etc. Ultimately, it was not possible to have a European intervention model since the specific aid granted depended above all on the volume of quotas relinquished to the Commission.

In Italy – following to the closure of 15 sugar factories out of 19 – at the very beginning in 2006, a specific agreement linked to the reform of the sugar regime was concluded at national level and it has been renewed each year and updated until now. Different projects have already been put in place according to the national restructuring plan, both to reconvert the dismissed factories towards different activities (see above paragraph on new activities), or to improve already existing packaging capacity, logistics and commercialization, increasing and/or maintaining employees.

Unfortunately, unexpected obstacles coming from the local authorities (no concession of authorizations) or due to the government itself (lack of adoption of the expected decree, scheduled by September 2011, issuing favourable legislation supporting biomass energy production), together with the recent request of the Commission to dismantle all the silos near the dismissed factories (since the Italian Government and Sugar Companies had opposed to this requirement), have been creating difficulties in the full implementation of the restructuring plans, causing the loss of several employment opportunities.

On the latter point, Italian trade unions (FLAI-CGIL, FAI-CISL and UILA-UIL) jointly with the Italian sugar Employer Federation Unionzucchero have adopted a common position in June 2011 requesting the EU Commission and the Italian Government that the silos are maintained in place as they have been part of the reconversion negotiations among social partners and it makes no economic, environmental or social sense to destroy them as they would have to be rebuild to fulfill the needs of the reconverted operations (logistic, commercial or packaging activities) and a significant number of jobs is attached to their use.

Such request - to maintain some of the silos amongst the ones which were used in Italy until 2005 - has been issued by all the Italian Companies and the Trade unions (together with the national Government) convinced this is the correct implementation of the Reg. 320/2006/CE.

In the other countries the social partners have negotiated a social plan and administrations have checked the compatibility of these plans with the European regulatory provisions. In general, the social plans comprised a redeployment panel, financial compensation, retraining and early retirement. The balance between these different elements varied considerably from country to country depending on the national legislative and economic environment.

It should be noted that, in its reply to the 2010 Report of the Court of Auditors[33], for the first time, the Commission fully acknowledged the role of the European social partners in the management of the restructuring as well as the adequate implementation of the CSR Code of Conduct. This has to be understood as a recognition of the positive outcome of the sectoral committee's works conducted for years by the social partners in the context of restructuring (implementation of the CSR Code of Conduct, interactive web based tool on access to structural funds, interactive web based tool on employability, numerous debates on anticipation and management of the restructuring in the frame of the plenary meetings and/or specific conferences).

[33] See the 2010 CSR implementation report on « eurosugar.org »

III – IMPLEMENTATION OF THE CODE OF CONDUCT IN 2011

III. A - MINIMUM STANDARDS

As is done every year, a survey has been carried out on the implementation of the CSR Code of Conduct in 2011 by the different delegations. This survey confirmed that the CSR process is developing constructively within each delegation, taking account of the necessity to favour a constant adaptation to change in the post-restructuring period following to the sugar reform, with a view to ensure the sustainability and viability of companies. All the measures are being taken at all levels in a systematic manner, integrated in the life of the company to go beyond the different minimum standards, particularly as regards health and safety (Standard 3 of the Code of Conduct), vocational training (Standard 2) and restructuring (Standard 7).

Health & Safety is considered as a priority in all delegations. New initiatives or actions were taken in different delegations, as a guideline on personal protection in one company[34], the organization of a conference regarding H&S in the sugar industry at national level in another country[35] with presentations of specific actions conducted. Stress-related actions are mentioned in some companies.

In the frame of vocational training, apprenticeship still plays an important role in a number of countries, helping young people to improve their skills on the labour market. More generally, the development of employability in the sugar industry remains a major topic in the context of continuous industrial change which will be reactivated with the planned change of the sugar regime included in the reform of the CAP post 2013. A specific web based interactive tool on “employability” was designed to this effect in 2010 and is publicly available on the “eurosugar.org” website. The attractiveness of the sugar industry is also considered as an important issue, addressed by delegations in different ways, as specific co-operations with universities and/or technical schools. One company developed specific actions to address the need of high qualified staff (see the example of good practice).

III. B. NEW EXAMPLES OF GOOD PRACTICE

Norzucker AG in Germany presented two examples of good practices regarding:

- a specific programme aimed at training future managers and developing a high potential. The programme includes modules of self management, team leadership, as well as corporate governance.
- the introduction of a company-wide competency management aiming at identifying and developing employees’ skills with a view to ensure competent management, succession planning and employee’s development.[36]

[34] Germany
[35] France
[36] See Annex 7 – Examples of good practice

III. C. UPDATE OF THE JOINT CEFS-EFFAT BROCHURE ON THE SUGAR EUROPEAN SOCIAL DIALOGUE

The joint brochure on Corporate Social Responsibility and social dialogue in the European Sugar Industry was first issued in 2004. This brochure presents the main characteristics of the social dialogue in the sugar industry as well as the CSR Code of Conduct, the examples of practice, the main outcomes of the social dialogue, trade and employment data. Although the technical support allowing an easy update was lost, a solution was found with the support of the French federation. The 2011 electronic update of the brochure is now available on "eurosugar.org" (Tab "Who are we ?").

III. D. JOINT WORK : TRADE POLICY AND IMPACT FOR EU JOBS

In the context of Impact Assessment, EFFAT and CEFS are preparing a note on the consequences of the EU trade policy on employment in the Union and potential risks involved when sourcing raw materials in third countries with the help of different sub-companies. Examples of trade agreements having a potential impact on the EU sugar industry will be mentioned. When completed for different agro-food sectors by the EFFAT, this analysis will be widely circulated to the Impact Assessment Unit of DG Employment and the different Commission services concerned.

III – E - ISO 26 000 GUIDANCE- UN FRAMEWORK ON BUSINESS & HUMAN RIGHTS ASSESSMENT OF THE CSR CODE OF CONDUCT

The European social partners have committed to assess the CSR Code of Conduct in the sugar industry in the light of the ISO 26 000 Guidance on social responsibility published at the end of 2010, and the new UN framework on Human Rights, called Ruggie's framework, issued in March 2011. After a first in-depth technical assessment, **it appears that the sugar Code of Conduct is rightly addressing practically all ISO core subjects as well as all ISO practices either in a direct way through the eight minimal standards or indirectly through the numerous examples of good practice implemented in the sugar companies.**

Regarding "ISO 26 000 core subjects", since the aim of the sugar Code of Conduct was to promote social development and respect for fundamental rights, "labor practices" and "human rights" are actually developed in a more concrete and complete way than recommended by ISO. "Fair operating practices" are rather well covered, even in a general manner, and illustrated by joint projects, as the project on "employability" and the numerous examples of practices, in particular in case of factory closures. "Organizational governance" and "Community involvement" are partly covered by joint recommendations regarding for instance the apprenticeship, and numerous examples of good practices, as for instance the cooperation between companies and schools/universities. Environment and consumer issues are not the direct responsibility of social partners. At CEFS level, environment matters are followed by the working group on environment. A report is regularly issued by experts of the CEFS and CIBE[37] under the title "The EU Beet and Sugar Sector: a model of environmental sustainability"[38].

[37] International Confederation of European Sugar Beet Growers (CIBE) under the title "The EU Beet and Sugar Sector :a model of environmental sustainability"

[38] The last report, published in March 2010, is available on www.cefs.org (Tab "Sustainability")

Regarding ISO 26 000 practices, they are also well covered either in a general manner or through CSR standards on "restructuring" or "vocational training" which gave rise to several joint CEFS-EFFAT projects, as recently the web based "employability tool" and previously the "Practical Guide for access to structural funds"[39]. Numerous examples of good practices at company level show the involvement of companies (co-operation with universities/schools, retraining, development of skills within the company, redeployment of personal in the same group, skills observatory, financial support for creating new activities, outplacement, development of alternative projects, creation of new activities in the same group…).[40]

The reporting and monitoring part is well respected through the annual publication of a CSR report joint produced and publicly available[41]. The annual monitoring and assessment of the Code of Conduct was foreseen in the CSR Code of Conduct (Part III of the Code)[42]. The current report is the ninth report of implementation of the Code of Conduct.

However the way the implementation report is prepared needs to be more explicit. Actually the CEFS and EFFAT Secretariats are keeping in contact all the year round regarding the EU policies having an economic and social impact on the sugar industry and they concert themselves to reply to impact assessments or Commission consultations. They conduct a survey on each side regarding the implementation of the Code and examples of good practices. They jointly prepare a draft report which is circulated to CEFS members and EFFAT members for reaction and/or comments. Then they jointly present the draft report at the plenary meeting organized each year at the end of February for adoption.

"**Management" and "remediation systems"** are not directly covered since they are the direct responsibility of companies. On a number of topics however they are illustrated by examples of good practices at national or company level. However the regular CSR reporting and the European Social dialogue allow to raise any specific concern to the social partners and try and solve it through engagement and dialogue. Such an "optional mechanism" is also foreseen in the frame of the Ruggie's framework and well correspond to the functioning of the European social dialogue.

At national level, in all sugar companies, 'Integrated Management Systems combine environmental protection, occupational safety and quality insurance", as well as, in many cases, the production of raw materials "from seed to harvest". As described in the CIBE/CEFS report mentioned in footnote 37 (page 18) "All sugar companies operate with specific management systems in close cooperation with different players, from farmers to sugar factories and distributors, ensuring effective application of these measures throughout the food chain".

A joint Statement of the social partners is attached to the current report, illustrated by an in depth technical assessment of the Code of Conduct compared to ISO 26 000 and the UN framework (See Annex 8). This joint assessment will also be transmitted to DG Employment and DG Enterprise (High Level Forum).

III. F. – PLENARY SESSION OF 28.2.2011 & WORK PROGRAMME FOR 2012

At the plenary session of the sectoral social dialogue committee for the sugar sector planned for Tuesday 28 February 2012, the future of the EU sugar regime will be analysed in the light

[39] See "eurosugar.org" "Practical Guide to structural funds"

[40] See « eurosugar.org » Tab CSR – Examples of good practice – Restructuring – and Tab "Employability 2010" – examples of good practice

[41] See « eurosugar.org » -Tab CSR – Annual reports

[42] See « eurosugar.org » Tab CSR

of the recent Commission proposal regarding the future of the CAP post 2013. The main economic challenges at present will be addressed (Trade regional and bilateral negotiations in course, rules of origin, non quota exports, environmental challenges, food taxation...). The working programme for 2012 will be proposed and validated (see Annex 9).

MAIN CONCLUSIONS OF PART III OF THE REPORT

The social partners of the sugar industry have been widely involved in the implementation of the Code of Conduct in 2011, particularly regarding Health & Safety, Vocational Training, as well as Restructuring. They have conducted an in depth assessment of the 2003 Code of Conduct in the light of ISO 26 000 and the UN framework on Business and Human Rights. They have jointly prepared a note on the potential impact of the Commission Trade policy on the EU employment for use by the Impact Assessment Unit. They concert themselves all the year round regarding the Commission consultations and replies to impact assessments and send joint letters when helpful. They have also updated the 2004 CSR brochure informing about the social dialogue in the sugar industry. Finally they have prepared a Work Programme for joint action in 2012.

SUMMARY OF THE REPORT FOR 2011 AND MAIN CONCLUSIONS

In the context of the current sugar regime

The European sugar industry responded positively to the sugar reform of 2006 by rationalising and improving efficiency, which entailed the closure of 80 factories in EU 25 (between 2005/06 - 2009/10), the loss of 22,000 direct jobs and 110,000 indirect jobs. After a four year transition period necessary to adapt to the new situation, the sector has been able to improve ist competitiveness.

In the meantime, a number of developments have fundamentally changed the situation :

- ⇨ **From being a net leading exporter, the EU has become a net importer, depending of third countries for 15 % of its needs**
- ⇨ **world sugar prices have increased considerably in a context of extreme volatility on the world market**
- ⇨ **the imports expected from ACP/LDCs have decreased in 2010 and 2011 because world market prices were more attractive i.e. higher than on the EU market.**
- ⇨ **consequently in 2010 & 2011 the EU experienced a period of tight supply. Available tools within the sugar CMO were used such as the release of out-of-quota sugar to allow European producers to ease market tensions.**
- ⇨ **At the same time – due to the fact that multilateral negotiations at WTO had stalled – the EU multiplied the negotiation of regional and bilateral agreements everywhere in the world, granting further import TRQs which could unbalance the current EU sugar market, and entail economic and social consequences.**

The social partners :

=> **demand - in the context of food security, that the priority is given to domestic production, especially when import deficiencies occur. The EU sugar production should be the first recourse in case of shortage. The release of non quota sugar must have the priority over extra imports from third countries.**

=> **they recognize the trade preferences granted to ACP/LDC, which should not be eroded by further concessions granted in Trade agreements. However they ask for a responsible EU Trade policy, respecting the new sugar balance set up after the reform, committing not to consider the EU sugar market as the adjustment factor with respect to unpredictable additional imports granted in FTAs.**

=> **call for the same freedom to export as any other trading region in the world. The current situation where the sugar industry has to face restrictions on exports while new additonal duty free imports are continuously imposed is not sustainable in the long term.**

Regarding the future sugar regime planned after 2014/15

. **The social partners globally support the CEFS Position on the EU sugar regime after 2014/15 issued in October 2011.**

. **They are opposed to the abolition of the quotas system as soon as 2015, which would entail a new considerable social impact.**

. **They demand that the process of change can continue at a pace which all stakeholders can respond to with a view to sustainable long term objectives of greater competitiveness. To this end the current market organization should be extended until 2020.**

. **They underline that, according to a recent LMC study conducted for CEFS, all producing countries in the world have implemented support mechanisms for their domestic industries with a view to protect them against the volatility of world sugar market and improve the domestic supply security. They ask for consistency with what other countries do everywhere in the world.**

The role of the social partners

The social partners have constantly underlined over the years the lack of consistency between the objectives of the different EU policies, in particular the agricultural policy and the Trade policy. Additional TRQ imports negotiated in the frame of the numerous FTAs in course of negotiation have an impact on domestic production capacities and therefore on employment. The reduction in quotas of 100,000 t represents in average the closure of one factory, which is an irreversible process. A factory closed cannot be reopened.

In this particularly sensitive context, and within the framework of their European mandate, the social partners are making every effort to favour, in an atmosphere of trust, both mutual understanding and constructive high-quality communications. They try to concert each other on any question of joint interest, to establish a useful exchange of information and reflections for the profession as a whole. With the support of the Commission, they are regularly developing practical web based tools with a view to facilitate the need of constant adaptation to change, as recently the interactive tool aimed at improving employability in the sugar industry. They try to help employees in their efforts to retain their ability to carry out a job throughout their lives in a spirit of lifelong employability. This implies a high level of social responsibility on the part of both the company and the employee.

As acknowledged by the Commission in its reply to the 2010 report of the Court of Auditors on sugar, companies have thoroughly observed the Code of Conduct on social responsibility signed in 2003. They have endeavoured as far as possible to support employees losing their jobs, far beyond their legal obligations. It should be noted that the loss of almost the half of direct jobs in four years has given rise to virtually no social conflicts.

A call for responsibility in future political choices

As it was the case for the current regime, the next reform of the sugar regime after 2014/15 will largely result from a political choice by the Union and the Member States within the context of globalisation. The social partners call for highly responsible choices, leaving enough time to the Profession to adapt to the new situation through a continuous improvement until 2020 with a view to ensure long term objectives of greater competitiveness in a sustainable way. On this depends in time the ability of companies to remain profitable and offer their employees prospects of employment and employability, a key topic in the frame of the 2020 Strategy.