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Austria

Sugar

AGRANA Closes One of Three Austrian Sugar Factories

2006

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Report Highlights:

As a consequence of the new EU Sugar Reform agreed to in November 2005, the Supervisory Board of AGRANA Beteiligungs-AG decided to close one of its three sugar factories in Austria: the Hohenau Factory.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Vienna [AU1]
[AU]

As a consequence of EU Sugar Reform, the Supervisory Board of AGRANA Beteiligungs-AG* decided to close the Hohenau factory in Austria and also a factory in Slovakia, the Rimavska Sobota factory. The two factories will not process sugar beet during the 2006/07 crop year.

AGRANA decided to close the factories due to low sugar prices, high payments to the restructuring fund**, and as a result of the WTO decision not to allow companies to export surplus production. As a result of the closings, 136 employees have been laid off. The forty remaining employees will operate the factory as a storage facility. AGRANA stated that closing the two factories would ensure the continued operation of the two remaining Austrian sugar factories in Tulln and Leopoldsdorf. The two factories employ 450 people.

* "AGRANA Beteiligungs-Aktiengesellschaft" is the umbrella organization for the Austrian sugar and starch industry. This organization was formally a government entity that was privatized in the 1980s.

**Restructuring fund: For the next four years, the EU sugar reform requires sugar factories to pay into the fund to cope with social and environmental impact of the restructuring process, the elimination of quotas, and to encourage the closing of inefficient factories.