



Europäischer Metallgewerkschaftsbund
European Metalworkers' Federation
Fédération Européenne des Métallurgistes

EMF Conference for European Works Councils within the ICT Sector

Improving the involvement of company employee representatives in anticipating and managing change on company and sectoral level in a national and European context

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in co-operation with

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Opening Remarks

Kari Sairo

Chairman of the EMF ICT Committee

I. Welcome

The European Metalworkers' Federation (EMF) and UNI-Europa welcome everyone to the conference for European Works Councils (EWC) within the Information and Communications Technology (ICT) sector.

Opening of the Conference

Carla Kiburg

Trade Union Officer, FNV Bondgenoten (Netherlands)

I. The Content and Aims of the Conference

1. "Improving the involvement of company employee representatives in anticipating and managing change on company and sectoral levels in a national and European context."

The title of this conference is a code that is difficult to decipher for union members. Other codes are also involved: national, language, gender, company, cultural, and so on. As unionists and members of EWC, we need to understand what the European Commission (EC) is trying to say and translate the message to our companies. We need this dialogue because there is much at stake for workers: job losses because of outsourcing and offshoring; attacks on salaries and benefits because of the services directive; changing careers; changing job profiles; changing company owners; increasing the influence of shareholders; and decreasing the influence of workers on company policy.

Dissolving European borders and working globally means a lot of code-breaking to enable communication amongst workers, especially for or by members of the EWC. We learn to interpret these codes through training and by networking. Much information is needed and hopefully that information will be provided by this conference.

2. Information and Knowledge

We need to play with the information and knowledge in discussions before we can improve our involvement in anticipating and managing change. The content of this conference includes an introduction to a policy message from an enlargement point of view from Drago Gajzer. We will also hear about a study on transformations within the ICT sector, different initiatives for the ICT sector from the EU Commission, and tomorrow we will talk about tools.

The EMF has published a handbook for EWC workers on how to deal with transnational company restructuring. The views and tools of the EU Commission will be given to assist in the restructuring. We will exchange experiences, examples and different points of view. We will talk about Hewlett-Packard (HP), Alcatel, Elcoteq, Flextronics and Atos Origin.

3. Future Outlook

EWC members must look into the future and see what tools will be used. We must envisage what will mostly be produced and what international framework agreements in the ICT industry will mean for us. We need to decide how a joint EMF/UNI-Europa strategy paper will help to reveal the code.

The organisers hope that by the end of this conference you will have learned and experienced enough to take a better position in the EWC discussions. We hope to establish a permanent EMF/UNI-Europe and EWC network which meets twice yearly in Brussels, and in between on a website where EWC representatives and unions can exchange knowledge and help each other to find solutions.

A First Policy Message from an Enlargement Point of View

Drago Gajzer

President, Slovenian Metalworkers' Union

I. Geographical and Historical Background

Slovenia is on the border of the old EU15, on the border of Austria and Italy. Other neighbouring countries include a new member, Hungary, and an accession state, Croatia. We are enclosed in a triangle between the old and the new EU and the Balkans. To the north of us, they are afraid of cheap competition from the east and south of Europe. To the east, they are afraid of not being on board. In the south, they are trying to overcome the economic and social consequences of the war.

II. Making the European Integration Process a Success

1. Introduction

We are all involved in competition between industrial locations and between companies, which is driving down social standards and working conditions. Our colleagues to the west do not want to lose what they have gained. Our colleagues to the east would like to achieve more. This leads to some questions. How can we make the integration process work? Will we be able to play an organisational role for the benefit of our members? What preconditions exist for making this a success?

2. EU Policy

We need a strategy to keep industry in Europe and tools to make socially responsible restructuring possible. The integrated industrial policy, portrayed by the EC on the 5th October, is a good starting point, but it comes down to combining sectoral industry policy and using tools which allow for socially responsible restructuring processes. EWC members are at the crux of transnational dialogue and must work in cooperation with the trade unions. We have to ask how the EC addresses the process of transformation, involving the social partners in the process of keeping core competencies in Europe.

3. Criticism of the EU's Perspective

The EU's perspective is based solely on the old 15 Member States. There are still huge differences between the old and the new Member States. The Commission wishes to develop an industrial policy, not only for sectors that are presently in difficulty, like the ICT sector, but also to help mechanical engineering and other sectors which are likely to face difficulty in the future. That is important because the ICT sector is dependent on other industrial and services sectors and influenced by them.

4. Sectoral Programming and Tools for Socially Responsible Restructuring

Companies undergoing painful restructuring processes deserve our attention. In the new industrial policy communication, the issue of the organisation of change is linked to the EU communication on restructuring and employment. We need sectoral programming and tools for socially responsible restructuring. How we develop this and what contribution we make is the subject of this conference.

The involvement of workforce representatives in an ICT sector dialogue is a necessary contribution to dealing with location issues that existed before EU enlargement. If EWC are enlarged, they will play a central role in the development of sectoral strategy. They are at the crossroads of national and European competencies, and between horizontal and sector-specific interests. Horizontal themes include research, innovation, vocational training, foreign trade, competition rules, collective bargaining and the organisation and establishment of working conditions. The enlargement process has not yet ended, although the legal questions have been settled, and we must play an active role in the process or we may find unpleasant surprises. We must address the problems together in a pan-European fashion.

Changes and Transformation within the ICT Sector

Patrick Loire

Alpha Consulting

I. The ICT Sector

1. What is the ICT Sector?

The ICT sector is an important group of actors in the industry. It is one of the most diverse sectors in the world economic scene and we need to take account of how complex it is. The chain of actors today has been shaken by many changes, including restructuring in the area of information technology. All the strata of the ICT sector are in a phase of growth and reorganisation, both globally and at the European level, as a result of globalisation. Technology, media and telecommunications have undergone a great deal of outsourcing and restructuring. It is an uncertain situation at the moment.

The response of the major actors to this uncertain situation and this atmosphere of new acquisitions and unwillingness to spend money, as well as the bubble that has burst following the launch of the internet, have led to huge problems in terms of employment. There are European initiatives that might be seen as a response to the imbalance in this sector. To respond to a diverse sector, the initiatives must be diverse. If you launch a large uniform ICT plan, we fear that we will not be effective.

2. What is the ICT Sector?

The ICT sector is a complex, multi-faceted, strategic sector encompassing industry and services. It drives the global economy. This is an industry with several strata, from semiconductors, to software electronics, to electronic applications to the induced services sector.

Electronics have been used diversely, in the sectors of Automobile, Industrial, Defence, Medical, Space, and so on. The services sector includes the providers of internet access, the games industry, telecommunication operators, and broadcast operators.

3. Slump in Europe

As far as product drivers, in the US, some companies spend 50% of their investment on ICT. In Europe we are spending 20%. There is a delayed effect in terms of growth and dissemination of ICT throughout the economy. As an example, there are all sorts of software applications in a Peugeot car, even more so than in the Airbus 330. In the automobile segments, there is huge growth.

The question we are asking in Europe: is there going to be a slump for ICT in terms of volume or a cover for ICT for the sector? The sector is fully covered in the US. They are experimenting at all stages and have a clear concept of digital and IT independence.

The conference in Tunisia on Rights of Access to the Internet showed how much pressure the US brings to bear. For the US, it is a strategic area, like defence. For Europe, it is more complex. In the past, there was willingness for dependence for electronic components or for energy. There was a difficult period in regard to the internet in northern Europe. The Linux and Skype software came out of European experience, for example. Skype was bought by an American group. In terms of search engines, we do not have any centres of excellence in Europe.

In Europe everyone is attentive to the fact that the micro-electronic industry and the creation of semiconductor chips is increasing. However, the electronic assembly companies are not present in any strategic debate on the sector because they are seen as purely outsourcers. These companies are not European, but Taiwanese and American, and are relocating or outsourcing. Initially we saw a move to the new European member countries. Now we see relocation to more distant lands, like China.

II. Sectoral Frontiers

Job reductions in Europe have been greatest in the last two years in the manufacturing sector and the area of self-contracting of electronic components. There are three sectoral frontiers: the technological upheaval, globalisation accelerating imbalance, and the production reorganisation.

1. New technologies

There is a fight between the media operators, the internet providers, and the accessory providers. There are community builders, such as Yahoo and MSN, who are selling portals, and they are disadvantaging the equipment providers. Services can now be bought with unlimited access. The operators are losing income and do not know what the added value is as access is no longer paid for by the customer.

We are trying to get software to work on PCs. Alcatel want to sell a telephone, for example, that is connected to the PC. We have all these different strategies and products that are being disadvantaged by new capacities for PCs that can do everything so you do not have to buy separate components. With regard to content, the community builders are disadvantaging the production process. There is a debate on downloading information. Free downloads are available, leading to business models being disadvantaged, and companies will move out of the accessories market and into the services industry.

2. Globalisation

Information Technology has a geopolitical aspect to it. Europe is caught between America and China. The economic development in China is not homogenous, but a small proportion of Chinese population has access to the internet and mobile phones. China's investment rates in microelectronics were at 62% in 2002, compared to 80% for Europe, but it has not improved since. In 1999 in China there were 28 R&D centres, then 200 in 2003.

The second division is in offshoring. Last year's Forrester Study stated that, by 2015, as a result of offshoring, the US will lose 3.5 million jobs and Europe will lose 1.2 million jobs. The US is developing its capacity for offshoring around Canada, Mexico, Brazil and India. There are 460,000 computer studies graduates in India per year. There is an intra-European area that is outsourcing towards the Maghreb areas via call centres.

3. Reorganisation

In France, the weight of IT jobs in the country's workforce for 2003 was 1.4-1.8%. There are more IT jobs and specialists in the Scandinavian countries, UK and Ireland, than in France, Italy and Spain. The UK is a service-orientated, tertiary sector country. There are many computer experts in Ireland as a result of development choices that facilitate the set-up of offshore processing centres. Offshoring in Europe goes to nearby countries. It is more of a catch-up operation rather than endless movement.

Companies such as Capgemini are experiencing constant downturn in prices to pay for their services. There was a reduction of 20% in costs for the last quarter of 2005, compared to the first quarter of 2003. The industry is converging and cannot make a difference between low cost and added value applications. People are no longer making a difference between free providers. Prices are going down and pressure has been put on employees, although not necessarily through job removal.

III. Risk of a New Financial Bubble

It is difficult to get a global overview, but for 2005, new mergers and acquisitions have proliferated. In the 1990s, in the telecommunications and internet sector there were many mergers and acquisitions and values were dropping. In 2005, this seems to be recurring. There has been a consolidation of telecommunication operators. They are finding high financial margins for manoeuvre. Industrial groups are also moving into the services sector.

There has been a huge return of investment to the sector since the 2001 bubble. This prompted a rise in sector valuation by one-third in one year, without the actual market for these services increasing by the same. Therefore, there is a disconnection between the pace of the rise of valuations and the actual growth of the sector. The risk of a loss of value linked to over-valuation is becoming a hot issue again.

IV. How Can We Pool the Costs of Preparing for the Future?

The telecommunications sector has recurring income and high profit rates and R&D is not intense. The semiconductors industry is cyclical with less recurrent income and lower profitability rates, and R&D is very intense. When we talk about industrial policy in ICT, it is with regards to how we can create coordination and solidarity within a sector that does not hold different degrees of financial risk.

1. An Innovation Policy

We need to emphasise innovation. Bearing in mind the need to bring together all players in the sector, we need societal projects, using ICT applications. We need research support and incentives, particularly on the part of the major contract awarders.

2. An SME Protection Policy

Small- and Medium-Sized Enterprises (SMEs) are part of the innovative movement and are often left out by the decision makers who tend to focus their aid on the major groups. The Small Business Act is a US measure that allows SMEs to have access facilitated for them to the public market. We also need to think about innovative employment areas, relations between

contract-givers and subcontractors, and corporate social responsibility. To illustrate the importance of the SMEs and innovative applications: companies like Google did not exist 30 years ago.

3. Promoting and Expanding

The rate of equipment restrains growth in the south of Europe. If you do not have a PC at home, you will have difficulties in being convinced of the merits of new applications. We want productivity gains to be diffused throughout the industry. We have to disseminate knowledge and this requires training.

4. Anticipating Jobs and Skills

We have some job skills may no longer be in existence tomorrow. For example, those affected by new telephone operations linked to computers where the equipment requires new professions and new activities. New operators and integrators will be called on as professions are based on new equipment. There may need to be huge restructuring of the IP sector. ICT, with the rest of the economy, is going to have to face a reorganisation of the workforce. There is much teleworking in the services sector.

Social dialogue with the business leaders shows they are aware of the problem. It is not the trade unions that are the problem. They are the solution.

Discussion

I. Issues of Real Estate and Teleworking

Worldwide, the big companies are now renting instead of owning which makes it easier to be mobile and makes overheads more flexible. These overheads are being converted into lower variable costs, increasing the ratio between profit and capital spending. If a property is sold, the capital spending is reduced and transformed into a rental payment. However, some companies are being more cautious, especially when it comes to headquarters or key sites, and in the defence industry.

There is also much teleworking at the moment. In consultancies, for example, they use incentives to encourage people to work at home or to use a shared office. That is going on a lot, especially as younger people are arriving on the labour market who are used to mobility.

II. Competition between Countries

There is much competition, which causes problems. Flextronics had problems with workers in the east and west of Hungary who were being pitted against each other. As trade unionists, we must do something about these problems. Jobs are flowing from one country to another. We need more contact between the unions in different countries rather than just trying to solve our own problems. We would be more successful if we found more inclusive solutions. For example, we need to raise the standards in the east, and help each other to obtain more or to keep what is there. It will not

always be a win-win situation. We first need a network, to understand each other's problems and find solutions together.

1. Benefits of Competition between Countries

We are a growing industry and the cake which has to be shared is growing. When companies find a cheaper way of producing services or manufacturing activities they will do it. However, where the new jobs are made, there is a new opportunity for workers in those other countries.

In our international union, if companies wish to send jobs to Eastern Europe or the Far East, we make them a deal. The work has to be done under conditions where people get decent wages and education. Alternatively, they can invest money, for example, in training in the country where the jobs are lost.

2. The Real Threat of Job Losses

Europe is being made into an industrial and technological wasteland. In Alcatel, for example, a growth in numbers is taking place in Europe, yet the countries involved are seeing job losses as the European workers are being asked to pay the price of relocations to Asia. Flextronics' outsourcing to the new members of the EU was just an intermediate stage of a journey to Asia. The big groups are obsessed by the fact that China and Asia are imposing their standards and that is leading to a decline in Europe.

III. Importance of Services in Software

Software and computer services are growth areas in nearly all the countries of Europe, but Europe is not concentrating on online software and is leaving the field open for the competition from the US.

European Commission Initiatives for the ICT Sector

Costas Andropoulos

Head of unit "Technology for innovation / ICT industries & e-business"

Directorate General for Enterprise and Industry, European Commission

I. Industrial Policy and the ICT Sector

1. ICT competitiveness and e-business

My unit deals with the competitiveness of the ICT sector. We gather up-to-date knowledge of what is happening and stay in contact with trades unions and other stakeholders. On the demand side, we promote e-Business. We have special activities for SMEs and help facilitate ICT uptake by different sectors. For the latter we have an instrument called e-Business Watch. Every year we analyse 10 different sectors to see the degree of ICT uptake and look at any problems. We also

have a legal team identifying legal obstacles within the industry. We also deal with e-Skills, which is one of the biggest factors affecting the competitiveness of all industries, and especially the ICT sector. Last but not least, we are also addressing ICT standardisation in an effort to open markets and find solutions for inter-operability between different application systems.

II. Priorities in the Renewed Lisbon Strategy

On 5 October 2005, the Commission adopted a Communication (our term for a policy paper) entitled 'A policy framework to strengthen EU manufacturing towards a more integrated approach for industrial policy.' This Communication was announced in July 2005 when we reset the Lisbon agenda objectives. At the beginning of 2000, the EU's heads of state decided that every effort should be made for Europe to become, by 2010, the most competitive place to work in the developing knowledge-based society. In 2005, we assessed where we were, and found that although much progress has been made, much work still remains to be done.

There were many objectives attached to Lisbon 2010, but it was difficult for people to identify with them. The EC decided to concentrate on three easily identifiable issues, namely:

- Making Europe a more attractive place in which to invest and work.
- Putting knowledge and innovation at the heart of European growth.
- Shaping policies that allow businesses to create more and better jobs.

III. EU Manufacturing Industry

The Communication we adopted concentrates on the manufacturing sector. This is because it provides one-fifth of the EU's total output and employs more than 34 million people. It also has a large share of SMEs, which are important for the development of the economy, employment and innovation. They account for over 99% of companies and 58% of employment in the manufacturing sector.

In addition, the manufacturing industries account for more than 75% of the exports and over 80% of the private R&D expenditure. The sector provides demand and key inputs to the services sector.

1. The ICT Sector

Within the manufacturing industries, ICT is one of the most important sectors. Not only because of its economic significance, but also because the adoption of ICT helps all other sectors in the economy to improve their productivity.

In 2001, the ICT sector's share of total value-added and employment amounted to 5.3% and 3.4% respectively. In the same year, ICT manufacturing's share of total manufacturing production, value-added and employment amounted to 6.8%, 5.9% and 5.3% respectively. If we include services, the figure is even higher. ICT services in the EU15 accounted for 7.1% of total market services employment and 10.5% of value-added in 2002.

In terms of trade, the EU25 have a 12% share of the world exports outside the EU. That is similar to the big economic powers of today. For example, America's ICT manufacturing has a 14% share, China has 13% and Japan has 11%.

Concerning our internal structure and distribution, the German ICT sector is the largest in the EU. Together with France and the UK, it accounts for about 60% of value-added and turnover and for 50% of the employment of the entire ICT sector. In terms of the importance of the sector, Finland and Ireland are at the top, with their ICT sectors representing 10.2% and 11.3% respectively of their GDPs.

2. Challenges and Opportunities Facing EU Manufacturing

There are new technologies that allow the fast introduction of new products and increased flexibility of production processes. The ICT market is global and the EU sits at the heart of the international competition. There is market competition, investment location competition, production location competition and R&D competition.

The gap between the productivity of the EU and the US needs to be addressed. In the EU, it seems we are concentrating in technologies that are considered medium to high, with low to intermediate labour skills. There is a continuous need for adjustment to climb the value-added ladder.

3. Screening the Competitiveness of 27 Manufacturing Industries

We screened 27 different sectors in the EU to find out which industrial policy instruments can be used to improve manufacturing competitiveness. For each sector we looked into six areas:

- Ensuring an open and competitive single market.
- Knowledge, innovation and skills.
- Better regulation.
- Ensuring coherence between important policies.
- Ensuring full and fair participation in the global market.
- Facilitating social and economic cohesion.

We need to provide a framework for enterprise development and innovation. We cannot be present everywhere, nor do we want to be. The role of public authorities is to act early and where needed. The issue of industrial policy has gone through different stages: there was a tendency towards a sector-oriented industrial policy, then a move to a more horizontal and general policy, and today we are somewhere in the middle.

4. Four Categories of Manufacturing Industries

While industrial policy has to be horizontal so that we can provide the right framework policy for all industries, we also need to keep in mind that each industry is different and has different needs. The 27 sectors were put into four categories: food and life sciences industries, machine and system industries, fashion and design industries, and basic and intermediate industries. These groups either present similar characteristics or are facing similar challenges.

a. *Food and life sciences industries, including pharmaceuticals, biotechnologies, etc*

These industries provide one-fifth of EU manufacturing value-added, and have medium to high growth. They are highly innovative and based on knowledge and R&D.

b. *Machine and systems industries, including ICT, mechanical engineering, etc*

These industries provide one-third of EU manufacturing value-added and have medium to high growth and very high rates on R&D spending and innovation.

c. *Fashion and design industries, including textiles, footwear, etc*

These industries make up 8% of the EU manufacturing value-added. They have low or negative growth and relatively low R&D spending.

d. *Basic and intermediate industries, including chemicals, steel, pulp and paper*

These industries make up 40% of the EU manufacturing value-added and have medium to low growth. They supply key inputs for the rest of the EU industries and are energy intensive.

5. Horizontal Cross-Sectoral Policy Initiatives

After we examined the sectors, we tried to identify areas where we could take horizontal initiatives. The first such initiative deals with intellectual property rights and counterfeiting initiatives. Because of the interaction between competitiveness, energy and environmental policies, it was decided to establish a high-level group that will try to harmonise the different policy measures taken in each of these areas in order to make sure that appropriate solutions are found. We looked at external aspects of competitiveness and market access. We looked at improving sectoral skills. We have a new legislative simplification programme to eliminate redundant and obsolete legislation. We will seek to manage structural change in manufacturing. Finally, in view of the importance of research and innovation, an integrated approach must be taken.

6. Sector-Specific Initiatives

There will be a pharmaceuticals forum, the first meeting of which is due in early 2006, and a mid-term review of the life sciences and biotechnology strategy, which will take place over the next two years. New high-level group will be formed in the chemicals industry in 2007. There also will be high-level group in the defence industry, but that needs to be treated separately, as we do not have an internal market in this area. Work will also be undertaken on the European Space Programme, and there will be a mechanical engineering policy dialogue. A task force on ICT competitiveness and ICT uptake will be established. In addition, sectoral competitive studies will be undertaken in the industries of ICT, food, fashion and design.

IV. Policy Challenges of the Highest Priority for the ICT Sector

We identified four priority issues:

1. knowledge, including skills, research, innovation, intellectual property rights and counterfeiting;
2. better regulation, to reduce the current heavy administrative burden on enterprises;

3. environment and waste;
4. trade, namely access to markets.

V. Policy Actions for the ICT Sector

1. Sectoral Actions

The actions for the ICT sector begin with a task-force on ICT competitiveness. There are actions also for European technology platforms and potential joint technology initiatives on nanoelectronics, embedded computing systems, mobile wireless communications and new electronic media. There will be an innovation panel for ICT. Finally, there will be a review of the ICT standardisation policy of the Commission. On the issue of standardisation, the time from product design to market is much shorter than in other sectors. A major study will be launched this year, and we hope you will share your views with us.

2. Task-Force on ICT Competitiveness

The task-force will have the mandate to bring together all stakeholders related to the ICT sector and to identify the most significant factors affecting the competitiveness of the ICT sector and how we can deal with them. The second part of the mandate is to examine what the obstacles are for the ICT uptake of the other sectors.

The issues we propose the task-force address include ICT uptake, innovation, skills and entrepreneurship, interoperability and standardisation, intellectual property rights, counterfeiting, waste, market access, venture capital and company finance. These are some of the ideas from the Commission, but we will ask the task-force to provide input and decide which of the topics should be addressed. Ideally, the task-force will start work early in 2006 and should produce a report in the autumn of the same year. Assuming we get sufficient substance, the policy-makers will take it on board, with the participation of all stakeholders and based on a consensual decision-making process.

3. Participation in the Task-Force

We have not yet completed our work on setting up the task-force (for example, deciding on how many participants). It is expected that the trade unions will have at least two seats. Once we have identified the major issues to be addressed, we will have individual groups working on each issue. The groups will be open to anybody who would like to contribute and participate.

Each issue will provide a report which will be inserted into the overall report of the task-force. That will then be presented to the policy-makers for further action. We are confident that, with a bit of hard work, we will have the conclusions of the ICT task-force by the end of the year.

Discussion

I. Social Dialogue

Questioner Within the ICT sector, at a European level, there is no mechanism where trade unions, employers and the Commission come together for a process known as social dialogue. The Commission gave a commitment in the publication "e-Skills for Europe", that it would take an initiative in 2005 to begin that process. There are 17 days left in 2005. Not a lot has happened on that. We know that some of the major employers, particularly the US-owned ones, are not comfortable with that process.

Andropoulos The Commission is still intending to begin the process of social dialogue within the ICT sector, but there is no specific date. It is not an issue of lobbying US companies though. There is a letter addressed to the Commission requesting confirmation of the commitment to initiate the dialogue. In Europe, we are missing a forum where we bring all stakeholders together to discuss issues within the sector. A task-force would do this. A similar forum exists in the US, but it has a different form.

Concerning skills, much work has been done since the end of 2002, which resulted in recommendations of the e-Skills forum. As part of the conference in Cambridge last week, we had a panel on ICT skills. There was perfect consensus of the validity of the work done so far and on the value of the initiatives.

II. The Task-Force

1. Who Will Participate?

There has been no decision yet on the number of members. There should be as many important players as possible in the task-force, but we have to keep it within a manageable number. Compared to other sectors, we do not have one strong industry association that can speak for everyone else so we need flexibility. We will not simply deal with ICT or telecoms or media. We need to cover everything.

The group will be chaired by two DGs, one for enterprise and industry and one for the information society and media. We would expect to have our respective commissioners addressing the task-force. We are also expecting to have full support from the Commission staff, dependent on the issues arising.

2. What Will the Task-Force Deal With?

The task-force will examine the factors of competitiveness, especially in innovation and research. We already have the Sixth Framework Programme for research, which will conclude in 2007. We do have an innovation policy, including bringing together a network of innovators.

III. Research and Innovation

Investment in research in Europe falls behind that of the US and Japan. The research effort in the Union must be increased. The only thing we can work with at this stage is the budget that we can provide at the European level. There has been a request for a significant amount for the ICT sector. Whether or not we get it is up to the politicians to decide at the Council and at the Summit, which will focus on the financial perspectives for 2007-2013. If there are cuts in the budget that the Commission has proposed, we need to ensure that this will not be to the detriment of the competitiveness of research.

IV. The Microelectronics Industry

Questioner The microelectronics industry receives a lot of subsidy. It seems to be necessary and the entrepreneurs admit this. The process is similar in Asia and America, but with regards to European governments, subsidies are being awarded with too few demands being made of the companies. ST Microelectronics is an example of this. They are asking for subsidies, but are transferring 1 500 jobs to Asia. Europe cannot afford to spend all this money yet receive nothing in return in terms of research or production.

Andropoulos The semiconductor industry has importance for the ICT sector and the economy as a whole. The concern is that although the semiconductor industry is not doing so badly today, we have to act now so that we do not have irreversible difficulties in future. One of the issues raised was that because the semiconductor industry is at the highest level in terms of intensity of R&D, it cannot be treated in the same way as the other sectors. The semiconductor industry will be present in the task-force and will bring up these issues.

EMF Handbook on Transnational Company Restructuring

Luc Triangle

Chairman, EMF Company Policy Committee Select Working Party

I. EMF Policy towards Socially Responsible Company Restructuring

1. A Permanent Feature

Corporate restructuring with a transnational dimension has become a permanent feature in the metal sector over the past years. Globalisation, fast-growing technological change, domination of the liberal ideology and the driving role played by financial markets have all contributed to the fact that today's economy is one of accelerating change.

2. A Strategy for Change

The EMF has always been in favour of change since only viable and strong companies can create and secure the stable, highly-valued and well-paid jobs and the favourable working conditions needed by workers. The EMF supports a strategy of change which creates the conditions for a strong industrial concept in the long run, but also takes on board the social interests of the

employees. This support is combined with strategies for safeguarding and developing employment. Anticipation and preparation for change are the preconditions for managing change in a socially responsible way.

Change and restructuring can unfortunately be a synonym for job losses and lack of job security, but the EMF does not accept that workers are the only ones who have to pay the price. If redundancies are inevitable, accompanying measures can be offered and negotiated, such as early retirement or training.

The EMF is also aware that restructuring processes put sites and companies in competition with each other. In addition, management often attempts to play off workers and unions across borders. It is only through coordinated European and global actions that we will be able to counter this.

3. Political Guidelines

Confronted with transnational strategies of multinationals, and despite the existence of national legal tools and practices, the EMF has had to develop coordinated strategies and actions at a European level. Restructuring must be carried out in a socially responsible way. Against this background, the EMF Company Policy Committee has developed political guidelines on socially responsible restructuring to assist members in planning a strategy to respond at a European level with a view to avoid or limit the negative impact on employment. Guidelines have been discussed over the past two years in the EMF and in June 2005 they were adopted by the Executive Committee. The political importance of these guidelines cannot be ignored. They reflect a united approach and may mean that national or local negotiations will not begin until the European framework agreement has been reached.

4. Common Rules

The rationale and background of restructuring processes differ from one company to another and from one country to another. However, some common rules have to be established as to how the metal unions should handle restructuring at European level. Furthermore, lessons should be drawn from the concrete cases the EMF has been dealing with recently.

A European approach has already worked and saved jobs. Only a few days ago, for example, the EWC and European trade unions of General Motors (GM) were able to reach the headlines of European press with their solidarity declaration in which they refused to step into an internal competition based on the lowest cost criteria. GM trade unions want to be involved in future decisions on where car models will be built so they can avoid a strategy of management in which they are continuously played off against each other.

In 2001, again with the EWC of GM, the closure of one plant in Europe was avoided as a consequence of the "Olympia" plan. The EWC and trade unions approached management with an alternative plan in which they proposed to spread out the capacity reduction over all plants in Europe rather than closing one plant. All capacity reduction was reached in a socially acceptable way without forced redundancies or plant closures.

We will all lose if we do not react jointly on transnational restructuring cases. The winners of employment today may be the losers of employment tomorrow. This same policy has been followed recently in the cases of HP, Electrolux, Ford, and others. The European Works Council will also play a central role in this approach, but under the coordination of the EMF and all involved trade unions.

II. 10 EMF Principles for Transnational Restructuring

Restructuring is defined as, 'Company measures that lead to important changes in the business and/or labour organisation with an important economical, technological and social impact such as mergers, acquisitions, plant closures, transfers or production, downsizing or strategic repositioning.'

There are 10 principles which should be the driving force for any response to a transnational restructuring plan. Technical guidelines as to how to organise this joint answer will also be provided. The principles are designed to put pressure on management, to ensure that workers' interests are taken on board, and to avoid workforces being played off against each other.

1. Early warning system

Any rumour over a restructuring should be checked especially with colleagues from other countries in order to confirm or invalidate the news. Should the information be confirmed, it has to be disclosed to the actors concerned, such as trade unions, the EMF, the EMF/EWC coordinator and EWC members in such a way as to allow rapid reaction.

2. Securing Rights for Information

Access to information is essential to understanding a company's strategy and to propose alternative measures. Steps will be taken to ensure that workers and their representatives are properly and timely informed and consulted at both national and European levels before the final decision is taken. An extraordinary meeting of an EWC will be requested in the first place, with a view to obtaining more information and agreeing on a timeframe for consultation.

3. A European Trade Union Coordination Group

A European trade union coordination group will bring together all the potential actors: the trade union officials, the EWC members, the EMF/EWC coordinator, the EMF Secretariat, and the workers representatives. This body will be the driving force behind European strategy and the establishment of a European coordinated response. It will likely become a social dialogue group in the event of framework negotiations at European level. The EMF/EWC coordinator will take care of the general interests of the workers throughout the process.

4. Transparency of Information

Creating a climate of trust and confidence among colleagues in the different countries is the prerequisite for joint and coordinated response. Any attempt by management to strike a deal with one company or in one country will be reported to the colleagues concerned or to the coordination group.

5. A Common Platform

Where a EWC exists, the EMF/EWC coordinator will play a key role in initiating a common platform. It will signal to management and the outside world the workers' intention to develop coordinated actions. The possibility of bringing in external experts to assist on this matter must also be considered.

6. Negotiation of Acceptable Solutions

The unions and the EWC will seek to negotiate a framework agreement with the management at European level, covering industrial and social aspects, guaranteeing that restructuring is managed in a socially responsible manner and that the sustainability of the company and employment are guaranteed in the long run. Possibilities to smooth the social consequences will be explored such as reduction of working time, reallocation of work, early retirement, retraining, reclassification, and so on. Minimum standards of a social plan will be defined Europe-wide. No negotiation at national level or within one company will be conducted before having informed and consulted at a European level.

7. A Communication Strategy

Gaining influence is the key to the success of the strategy. First reactions, the political platform, conclusions and decisions should be immediately relayed by the press, the unions, the workers, the politicians, and so on. Politicians, MEPs or anyone with influence can be rallied to the cause.

8. Cross-border Activities

If management do not agree to a fair approach, cross-border activities can be envisaged and should be worker-based and creative. A European day of action is one of many instruments that can be used.

9. Legal Possibilities to Ensure Workers are Heard

In the event of a merger, workers have the right to be heard in the merger control process which is carried about by the EC. The EC will decide whether the planned merger or acquisition will lead to an abuse of the dominant position. Workers and trade unions can ask to be consulted by the EC and they can raise the issue of the social consequences.

10. Binding European Strategy for All

Any strategy agreed or decision taken at European level should be made binding for all the actors concerned and should be implemented at national level.

III. The EMF Restructuring Handbook: The First Seven Chapters

Our EMF strategy is not to oppose change, but to ensure it comes with the lowest possible social consequences. In order to develop alternative proposals it is clear that we need external expertise of groups such as Secafi-Alfa, Syndex, Info-Institut and others.

The EMF handbook on company restructuring is a tool that was given at the last EMF Congress in 2003. The manual is not yet finished, but contains seven main chapters at the moment.

1. Background on Restructuring

This chapter contains facts and figures on restructuring.

2. The EMF Guidelines on Socially Responsible Company Restructuring

These are explained with the 10 main principles.

3. European Regulations and Directives with Links to Restructuring Processes

The relevant EWC Directive of 1994 and other current directives are explained in this chapter.

4. European Regulation on the Control of Concentrations

Too few EWCs and trade unions use the possibility under this regulation to be heard by the EC. The website of the Commission gives an overview of the timeframe in which considerations should be sent. We must make clear to the EC that behind every merger and acquisition lie social consequences.

5. Legal Action Possibilities and Experiences of EWC

The EWC is a matter of social dialogue between the company management and employee representatives. If some basic rights – for example on information and consultation – are violated, legal procedures should be set up to insist on proper information and consultation. This chapter gives an overview of the court cases applying to many items relating to the EWC rights, including the famous Renault Vilvoorde case in Belgium, and should be used as background.

6. GM Case

The case of General Motors is also given as an example.

7. National Rights Related to Company Restructuring

This last chapter defines the existing rights on company restructuring in different legislations of the Member States. It shows to what extent national existing rights can be used in European approaches.

The manual will be presented in May 2006 to 60 EMF coordinators and will be reviewed. Final publication is due in mid 2006. All trade unions and EWC members are invited to share this European approach. It will help to anticipate change, to stop being played off against each other, and to save jobs.

Discussion

I. Common European Action

With regards to the setting up of a European Trade Union Committee, where information on company restructuring could be disseminated, if no conditions are set, our coordination committees will be useless. For example, a company that is represented in Belgium is telling journalists that at least one plant is going to close. This information is being disseminated regularly, but it has only

been on the agenda once. There have been delegations that have tried to find out whether or not the plant closure rumours are true. The chairman of the board keeps saying, "We do not intend to close our plant." An EMF coordination committee will not change that answer.

The EMF believes that it is more efficient to react at the European level rather than country by country, otherwise we end up in concession bargaining. A European approach can avoid the strategy of a company who wants to play workers against each other. Some conditions need to be accepted. For a European restructuring case, you must not talk to local or national management. It makes no sense to go for a European approach while you are talking at national level and making concessions. It undermines your European approach to have a double strategy.

The EWC today is too often a mailbox, receiving information on something that has already been decided. We need to become active in the consultation process.

II. EMF Policy on Transnational Restructuring outside Europe

It is clear that the policy should be more global in order to be more efficient. It is globalisation that is the driver for change, and the consequences are felt outside Europe. We also work with the International Metalworkers' Federation (IMF). It is a framework which might be used to agree with trade unions and employee representatives on topics such as transnational restructuring. However, firstly, we need to agree some common rules in Europe.

III. Transferring Competencies to European Level

In the case of France Télécom, more than half of the members are not in the trade union. Some are even nominated by management. Firstly, the EWCs are not a trade union body. We hope to have trade union members, but it is not always the case. It does not matter whether you are a trade union member or not. We are facing the same reality that is driven by management and every employee representative and every country has to be involved in the transnational restructuring process. The background of the EMF view on restructuring is that by transferring competencies temporarily to the European level we are much stronger than when we act at local level.

IV. Strength in Joint Action

Joint action allows us to increase the strength of our position and brings unity. The EWC gives companies a framework and a forum for exchange. There are activities such as European Action Days, and protests. Doing things at a European level allows us to get past the normal rivalries, such as with France and Italy. We also do not have to expect immediate solutions for huge problems. The 10 principles will not immediately save jobs, but it's time to stop thinking only locally or only nationally.

V. Companies with Headquarters outside Europe

When dealing with companies who have headquarters outside Europe it is delicate. For example, IBM have their headquarters in America, but they execute their decisions in Europe. The solutions that the EMF has proposed are quite difficult to follow. In the case of HP, there is weak trade union representation. The EMF is a reflection of the trade union presence at local level, but the European legal framework does not allow the EMF to implement what it would like to.

There are, however, examples of American-based companies where more can be done. For example, GM is not a European-based company, yet the EWC and European trade unions recently negotiated the saving of one of its plants.

VI. Situations without EMF Representatives

If there is no trade union presence in the EWC or at a local or national level, there is not much we can do. Fortunately, there are few companies where this is the case. Where we have an EMF coordinator, this person takes care of the EMF approach, especially in the case of company restructuring.

VII. Conclusion

The trade unions are the body for negotiations, bargaining and coordination. The EWC can be used to bring together the trade union representatives and the EMF representatives. We cannot just be content with asking for Europe's intervention when we want subsidies. The EMF has done excellent work and gives us the means to act.

The EU Commission's Views and Tools for Restructuring

Fernando Vasquez

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I. Why the EU Intervenes

This is one of the fastest-changing sectors at European and international levels. There are two reasons why the EU intervenes in restructuring. Firstly, restructuring is a serious international phenomenon with huge social and economic consequences that cannot be dealt with on a local or national basis. Secondly, we have European policies that are relevant in this area. We even have European policies that cause restructuring, such as the trade policy. 50 years ago national competencies began to be transferred to European level. World trade is perhaps the most important factor behind restructuring.

Other policies have an impact on restructuring, such as the internal market policy. As the EU grows, the market becomes broader. Since the last wave of enlargement, we have seen a redistribution of economic activities and jobs within the wider Europe. There are other policies that can be a useful means of anticipating and coping with restructuring. The structural funds are available to support regions, sectors and categories of workers who are the hardest hit by restructuring processes.

II. Restructuring

In March we published a communication called Restructuring and Employment. It details the different policies within the areas of restructuring. It also defines our philosophical approach to the phenomenon: this is an inevitable, yet manageable, occurrence.

It is inevitable because it stems from factors we do not control, such as technological innovation and the development of trade globally. We are seeing an opening of markets at international level which is inevitable. It would not make sense to oppose restructuring.

1. Positive Aspects

Positive aspects include the development of many sectors of activity and the creation of jobs which are future oriented. The EU still has a huge trade surplus with the rest of the world. That means that, overall, we are winners. Many jobs in Europe are linked to exports, including exports to emerging economies. We have to adapt our economic and social systems and our management tools so that we can benefit from the new open markets.

2. Negative Aspects

The negative aspects are felt immediately. They tend to be concentrated in certain sectors, usually the more traditional sectors, and certain categories of workers, usually the lower-skilled workers, and in certain regions. That is why the negative aspects hit the headlines more often than the positive aspects.

We have to acknowledge the existence of the problems and address them. We cannot play a positive role for Europe in a globalised world if we do not have instruments that enable us to mediate the negative aspects of the phenomenon. That is why our policies should and can be used.

3. The Limits to What the EU Can Do

The EU, as an institution, has certain limitations. Restructuring has an impact in a given region, within a given company, and it is a local impact. We can develop European policies to address the problem, but generally speaking, the real work will have to be done at a local level. We will not have an immediate impact on every restructuring process in every country.

The EU cannot be expected to deliver more than the national governments. An example of this occurred a few weeks ago with HP. There were high expectations with regard to the EU's ability to intervene. We said that we could not fulfil that role. The national governments could not do it either. The national states can no longer interfere in decisions of this type made by companies. The EU cannot do any more than its Member States.

There are questions about the role of the EU. There are some divisions within the EU and that means that we do not have the capacity to intervene that we had 10 to 15 years ago. Sometimes there are high expectations that we cannot meet. This generates negative sentiment about Europe.

III. The Instruments We Can Use at European Level

There are five types of instruments we can use: law, social dialogue, anticipation instruments, industrial policy, and support instruments.

1. Law

We have many community directives that are very relevant. For example, the Collective Redundancies Directive was adopted after the first big wave of restructuring which took place just after the first oil crisis in the beginning of the 1970s. This involves a role for employee

representatives and procedures which come up in other directives, such as the transfer or undertakings.

It may be thought that having a Community instrument like those ones is not important as countries go further than Community law. However, this body of community law is important because not all Member States have had this system in the past, such as the UK, Ireland, and nearly all the new members. It is important that we should have the same rules applying in all the countries of Europe.

This directive imposes certain rules for information and consultation when restructuring processes take place. None of these directives provides for intervention by employee representatives at co-decision level. That does exist in a few countries in Europe. The intervention of works councils and unions is not likely to reach a level where they have the casting vote in decisions of this nature, but it is still very important to have these procedures.

It cannot be claimed that workers representatives play a dominant role in company decision making, but that does not prevent us from developing our reflection on corporate governance. This issue was not dealt with in the communication of March, but this does not mean that we should not analyse how decisions are being made and how companies are being managed. Restructuring is inevitable, but that does not mean that there are no limits. We are going to have to consider management methods. This is what we are doing, for example, with regard to stock exchange legislation and the rules of the stock market. Managerial methods are evaluated and have sometimes been limited.

2. Social Dialogue

a. Overview

Social dialogue has an obvious European dimension, crystallising in EWCs. These are bodies that need to be strengthened because they are the partners who speak to the multinational companies. This strengthening could be done through the directive, but it will not happen in the near future. More must be done through investing in the EWCs. The work that the EMF has done in this area is commendable.

b. Inter-professional dialogue and Sectoral social dialogue

European-level dialogue includes inter-professional dialogue. The European social partners, upon our requests, have identified good restructuring practices. However, implementation of the practices has not occurred. We need to ensure that the practices are applied throughout Europe, and we are asking the European social partners to do this. We will analyse their results in a few months. Many European policies are sectoral policies, and social dialogue is key to this approach.

c. Transnational dialogue

In January 2005, a Commission initiative was announced involving the creation of a framework for transnational dialogue. We may not be able to move forward with the application of this at company level, but there is a level where unions, social partners, and enterprises could play a decisive role in controlling restructuring through collective bargaining. This initiative will explore if it is possible to have collective agreements covering more than one country. We will start talking about that in a few weeks, although consultations with the social partners have begun.

There are reservations. This is a sensitive issue that affects the prerogatives of the unions and of employers' organisations. However, it deserves proper reflection. If we think that it is opportune then we need to look at how we can put such a framework in place.

3. Anticipation Instruments

The EU has policies which cause restructuring, for example, the trade policy. We are now far more attentive to the economic and social consequences of these policies. In practice, this means that we try to anticipate and forecast economic and social impacts. More is being done to develop forecasting tools. If you know what the impact of international negotiations is likely to be, it improves your bargaining position and the necessary steps can be taken in advance.

4. Industrial Policy

This idea of industrial policy was almost forgotten until about two or three years ago. In some Member States now we are looking to develop the wider industrial potential of Europe, particularly with regard to the manufacturing industry. The Commission is willing to develop instruments that would allow sectors to be able to reinforce their position within a global context.

Industrial policy is developing at sectoral level. In October, 15 initiatives were announced, focused on specific sectors. In these initiatives, there is always a social aspect which has to be taken account of. We have to anticipate the social consequences of our actions. We have to ensure that our policies are compatible. The best solution is to reconcile the European objectives on competition and the development of the other policies.

5. Support Instruments

There are important European programmes on innovation, research and development, but there is a delay when compared with our competitors. Fewer resources are spent in Europe on R&D than elsewhere, particularly in the US and Japan. China could catch up with us quite easily which would lead to difficulties for us. Our R&D capacity is a major factor in new companies being planted.

R&D policies cannot be purely based nationally. Resources must be pooled within a framework for R&D. On the community budget, we are currently debating the level of expenditure that is required.

6. Structural Funds

Structural funds are another area where the EU can lend support to sectors, employees and regions that have been affected by restructuring. When Rover went bankrupt, it quickly received €100 million from the European social funds to help the thousands of employees affected.

The next structural funds period goes from 2007 to 2013. For this period, the Commission is proposing a strand devoted to anticipating the effects of restructuring. . Dozens of billions of euros could be deployed for those purposes.

We are also in the course of establishing a European Globalisation Adjustment Fund. It was proposed by the Commission last year and was badly received by the Council. No Member States supported the decision. As a result of the HP case, attitudes have changed. We discussed this at

the Hampton Court summit and a large majority of members did support the Commission. The fund is limited to €500 million per year. The main instrument will remain the European Structural Funds (ESF). However, it is a sign of solidarity between those who are gaining from the globalisation process and those who are losing. It is a rapid response instrument, focused on the immediate impacts of restructuring.

IV. Implementing the Instruments

There is a Commission task force on restructuring, bringing together about 20 directorate generals. It will analyse the political documents, anticipate and take account of the restructuring problems. For example, at the request of President Chirac, the task force analysed the case of HP.

There is also a restructuring forum which is an external group. It involves the European Parliament, national governments, social partners, regional and local authorities. The first meeting of this forum was held in June last year. As a federation, and as representatives, it is important that you participate in the work of this forum. It will look at very specific and practical issues relating to restructuring.

Discussion

I. European Social Funds

In the case of Rover, 5,000 workers were directly affected and perhaps three times that number indirectly. In the same quarter, in the UK, another 21,000 UK workers were made redundant in the manufacturing industry. In the future, will money be available for those who are not as high profile as Rover? Also, will a minimum number of workers need to be made redundant before European money is obtained?

This fund will only intervene for high profile cases and large cases of restructuring. It cannot act everywhere or it would be a structure that would be too cumbersome. The American Trade Adjustment Fund intervenes as soon as there are three redundancies, but the US experience has not been positive on this.

II. Transnational Bargaining System

When will the transnational bargaining system begin and what will be the trade unions' role?

In the coming weeks, we will be publishing a report by a group of experts that has been comparing legislation in the 25 Member States. It will lead to informal discussions in various bodies, and in the national and European trade unions. The general discussion will continue through 2006. By 2007, we hope to launch a procedure to establish the framework.

There will be consultation with the European social partners who will be asked to establish rules for transnational collective bargaining. If they cannot do this, a Community legal instrument will be proposed.

The EWC needs to be discussed in this context as, in the majority of Member States, trade unions have a monopoly on collective bargaining. We need an instrument that will preserve national systems.

III. Restructuring and Competition Policy

There is a meeting with the Commission today about the acquisition of Marconi by Ericsson. As far as competition policy is concerned, employment and social effects are not part of the aspects of merger policy. Is there any intention by the Commission to introduce a requirement to consider these effects?

This problem has been discussed for 10 years. A few years ago, a European Court of Justice ruling was passed, discussing whether the Commission should take account of social aspects. This ruling opened the path for that type of intervention, but at the moment the Commission can only analyse the situation from the point of view of competition. Neither the Commission nor the Member States want to change the rules fundamentally. In many countries, including the UK, France and Spain, the procedures governing the control of concentrations do include social aspects.

Confidentiality rules make it difficult for the right of information to be guaranteed. It is difficult to inform employees before action because of confidentiality. Another ECJ decision allows recognition of the fact that employee representatives should be kept informed of any merger intentions. This ruling attempts to reconcile the issues of competition and information and consultation.

IV. Repatriation Policy

Is the Commission involved in monitoring measures taken in other geographical regions? For example, HP repatriated about \$14.5 billion. This had a social and economic impact in other regions.

The EC has a common trade policy, but we do not have a world governance system. We have the WTO system, the aim of which is to establish fair rules to govern competition at an international level. However, if there is a link with the rules of international trade, then the Commission can intervene. Globalisation is everywhere, but we do not have global governance, and that is a flaw of the system. We also do not have a world social system.

V. Penalties for Relocation outside the UK

The consequences of decisions by companies to relocate are governed by national law. We do not have Community instruments to provide harmonisation with regard to the level of compensation. The national governments do not really want to interfere in this decision. The politicians are sometimes two-faced in this regard. However, we cannot strengthen penalties on companies relocating.

With regard to the structural funds, we will increase, by five to seven years, the period during which companies have to stay in order to obtain funds. If they leave before they have to reimburse, and if they violate the rules, they will not have the right to any community funding in the future.

VI. Social Funds

The IT industry carried out a survey looking at settlement payments in 2003. The payments were between €20,000 and €140,000, depending on age and years of service, and on the company. A social plan can cost up to €30,000 on that basis. Obviously, the European fund that is being discussed would be a drop in the ocean.

In many countries, when companies close, they have to have social plans. It is not yet a European rule, but it is the situation in many countries. We are not only talking about compensation, but retraining measures, and so on. Community funds cannot be used to take over the company's role in this, they have to be used to go beyond this.

A Company's Point of View on Policy and Restructuring

The Case of Hewlett Packard

Olle Kvist

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1. A Bad Example

Hewlett-Packard (HP) is a bad example in more than one sense. We have an EMF coordinator who we do not know and who we were not involved in selecting. Communication, trust and openness is necessary to succeed when working with multinationals if we are to succeed with the EMF model, otherwise you have a management that refuses to communicate. In contradiction with the EMF model all HP EWC representatives went back home after the meetings and try to solve the problems locally.

The restructuring announced in July this year concerns up to 8,000 employees in Europe. France, Germany, the UK, and Holland are to be hit the hardest, but all countries will be affected. It was a devastating blow. The EWC was ineffective as a collective as each member was concerned only with saving jobs in his or her own country. The HP EWC fully understand that restructuring and reorganisation is needed, but the end result. Why not take measures needed and then look at the staffing when you have the result.

At the company presentation, it was stated: 'Reduce the workforce in high-cost countries and accelerate hiring in the low-cost countries.' In India, instead of hiring one person to meet the skilled European person, they hire two or three Indians. Management then can say that they do not have 15,000 fewer employees, but 30,000 more.

We talk about workforce management, but it inevitably leads to workforce reduction. We set high hopes for a mitigation process with retraining and redeployment to save jobs and to save competence in the company. We have concerns also about the remaining jobs and the company's future.

The HP EWC asked for the company to take aggressive action on training and redeployment before considering job reductions. The company was also asked to consider its social responsibility. EWC consultation is far too weak for this type of situation and none of the requests was met.

2. Movement of the Workforce

A great part of the HP global delocalisation will take place inside Europe. The jobs are to be relocated in Wroclaw, Bucharest and Bratislava. Hp is not alone in the globalisation process, as we have seen in many other companies, these jobs will not remain in Eastern Europe as the cost of production rises in these countries, but instead be moved to Asia. However, in India, for example, salary costs are increasing by double-digit percentages each year, so the jobs may soon even return to their original countries, but so much will have been lost by then. If we follow the trend of globalisation, we may hope to have our own jobs back within 10 years.

HP is a lucrative company. It made a good closing this year so we received substantial bonuses. However, the greater part of the saving and restructuring has not yet begun. Therefore, how can we be profitable with the 6,000 workers still in the company? How many jobs could be saved if the bonus money was spent on retraining, rather than giving money to people who already have money?

Saving measures have been proposed by local works councils, but saving is not the real issue in most cases. The general cost of employees is usually the reason for these restructuring. Since announcing the job cuts, the HP share has gone up a few dollars.

3. How to Reduce the Effects of the Current Trends

The debate is on for stronger legislation. The Irish say they do not need stronger legislation as jobs are available to them, but the situation is not the same for the rest of Europe. For sure we need stronger consultation rights in our EWCs in general. We are asked if we like what we see and sometimes we say no. Management can then say that we were asked, and the consultation has concluded.

We have to work for better rights for the workers in the countries where our jobs have been transferred so that they have good working conditions. We also have to help our colleagues form new works councils in the new Member States. There are huge differences from country to country when it comes to terms and conditions. Those with no support ask for EU-legislated terms and conditions.

Finally, the EU should offer more support to companies that retrain their employees on a regular basis.

Discussion

I. The Commission's Response to the Situation at HP

The Commission is constantly faced with events of this kind, through questions by MEPs or through letters from social partners. However, in the case of HP, the French authorities sent a letter

raising several issues. Firstly, we met management to find out their views, and then the employee representatives. We looked at whether community legislation was being complied with, and our conclusion was that although there were some complaints about the information process at the EWC, we could not conclude that the rules in force had been breached, especially not the group agreement

With the employee representatives and the French authorities, the Commission next looked into whether or not Community funding would be useful and desired. The response was negative. The redundancies were not being accepted and it was logically argued that the company had obligations and must pay.

Thirdly, we tried to investigate the reasons for the decision. The most worrying aspect was that the jobs that were being lost were highly-skilled jobs, the so-called "jobs of the future". Policies are now being developed to strengthen this type of employment in Europe and there is much investment in research training. If we start seeing that this type of job is migrating on a large scale, we are facing a serious problem which will affect Europe's position in the world.

An analysis was carried out to find out why HP and others were moving. We looked at several factors: the emergence of other countries, other economies, and conditions for the circulation of capital. There is a need for more investment in innovation, R&D, and skills training. It is important for sectors that are vulnerable to international competition to promote the quality of their workforce and innovation.

China is booming and certain to play an important role in the future. However, at the moment, China's GDP is less than Italy's, so we must keep things in proportion. There is still a long time interval.

II. Public Funding

€350 million is available in public funding for regions and employees suffering the consequences of restructuring. However, sometimes restructuring is due to bad company strategy, and, in the case of HP, it was not a structural change. Therefore, why are the public authorities providing assistance and not the company? Solidarity is vital, but there is a danger that it might encourage further restructuring.

Under no circumstances can the funds be used as a substitute for the companies not taking their responsibilities. In the case of Rover, they could not pay any more, so community funds were used to finance restructuring so that the fund beneficiaries were the employees and not the companies.

III. Curative and Preventative Instruments

There is a recent Community directive on information and consultation on dealing with anticipating developments and taking measures immediately. We have to continue to develop strategic information. The same is true of the structural funds which work within national programmes. Each country decides how to spend the money they are rationed. We now have community guidelines for cohesion in the Member States should respect for the period of planning, including the objective that the funds have to be used to anticipate restructuring measures. Regional employment observatories and reinforcing social partners will assist in this aim.

The Case of Alcatel

Alain Hurstel

Chairman, Alcatel EWC

I. Restructuring Alcatel

1. Three Phases of Restructuring

There were three important phases of the restructuring of Alcatel. The first phase took place from 1995-2001 and comprised of a refocusing of Alcatel on its telecommunications core business. They repositioned many of their core activities in order to reduce costs. The most traumatising phase was the second phase from 2001-2004 which we called "The Industrial Tsunami". The EWC had to respond. The third phase, from 2005 onwards, was based on the R&D issue.

2. Refocusing and the Bubble Effect

The reorganisation over the nine years saw sell-offs, five new group structures, and the internet bubble. Turnover went from €31 billion in 2000 to €13 billion in 2003. It included €18 billion of acquisitions with €11 billion divested.

3. The Cost of Restructuring

The cost of restructuring was €17 billion, including obsolete stock and losses in value.

4. The Industrial Tsunami

Our companies and our activities are in correlation with the developments taking place on the financial markets. In the past there had been a gap, but since the burst of the internet bubble, there is now complete harmony between the stock exchange and the industrial restructuring process.

The most painful period came in 2002 with sales and closures of manufacturing units, often involving plants with a rich historical past. Today we are still talking about the consequences. The operation was a complete failure. In the manufacturing sector, none of the plants was able to survive or be converted for another purpose. The movement was similar to other telecommunication companies. The American companies like Flextronics, Solectron, Jabil, Sanmina took back the plants and restructured their businesses. The unions had to negotiate company measures. The EWC at that period was only a forum to observe the damage.

There was a coherence that was symbolic and useful. We had joint protests. Legal action was taken which led to management now having to inform the trade unions in advance of this type of activity.

5. The Post-Crisis Assessment

Conditions still remain unacceptable for us. When an announcement on restructuring is made at Alcatel, it comes an hour after the board meeting and three hours before the press is informed.

As trade unionists, we have to look at the human collateral damage. Today we are in a cycle. We thought the restructuring would be a big event and then we would return to a more stable situation. Sadly, this has not occurred. We know now that we entered now a cycle of permanent restructuring.

In positive terms, the urgency of the situation led to social negotiations. Our potential for innovation has not been fully destroyed.

6. The R&D Challenge

At the moment, the challenge is in R&D and whether or not it will follow the industrial side of the business. We hope that negotiations will be possible regarding transferring R&D activities to low-cost countries. The company management is not currently in favour of a brutal strategy, such as that employed by HP. It seems that they wish to remain in Europe. However, to get any additional room for manoeuvre, they will have to move to low-cost countries. But European R&D cannot be frozen in time.

7. Outlook

Alcatel strategy has been announced, and they consider themselves to be an architect-integrator for the telecommunications industry. We need to look at the extent to which the EWC can negotiate Alcatel's opening up at international level. We want to remain involved in European trade union structures. The Alcatel coordination committee is well represented because we believe that Europe cannot simply be asked to subsidise industrial policy developments without involving a trade union.

We must push for development and investment in R&D and innovation to preserve ourselves from the fate of globalisation. Changes are taking place at high speed and our personnel must be retrained.

8. The Challenges for the Alcatel EWC

We want to be a pivot for any social negotiations that take place at European level. As observers, we want to work with the European Council in order to take account of restructuring measures and to test the EMF's proposal of a platform for negotiation, for example about Teleworking. We want to be able to implement greater communication, higher visibility, and we are going to open a website in five languages. It will be updated every few months and will have minutes of meetings.

The Case of France Télécom

Jean Souleil

Secretary, France Télécom EWC

I. Restructuring Measures in the Telecommunications Sector

We are not a member of the EMF, but we are an international organisation. France Télécom has been a long-term operator present in all the countries of the EU. Its EWC is only a year and a half old.

1. NEXT: New Experiment in Telecommunications

We are moving from the technology side towards marketing and customer relations. We are developing services and new products, marking a huge shift in the company culture. We are becoming an integrated group for fixed and mobile networks and the internet. The clear objective is to globalise the group. The trade unions will be required to develop a group strategy to counter this transformation.

The consequences of this plan include the mobility of the workforce, the development of teleworking, the evolution of jobs and competences, downsizing, offshoring, mergers, acquisitions, and restructuring. We are not talking about fighting the management's strategic choices. They are logical.

2. ACT: Anticipation and Competence for the Transformation of the Group

This is not simply restructuring, but a complete transformation. The ACT plan is a global group that marks a revolution in personnel management in France Télécom and its subsidiaries. With restructuring actions, consequences such as stress, demotivation, depression, even suicide can occur. France Télécom management fears an increase in these problems so we are trying to find solutions. The employee should be given a role to play in his or her own professional development. For example, there is the idea of a personal development contract, signed on a voluntary basis, to develop this.

We are currently dealing with the following questions:

- How much room is there for collective and union action and what kind of support exists?
- How can we control and influence the process?
- What will happen to employees who do not want to sign a personal development contract?

3. France Télécom's Work Plan

The EWC must be informed and consulted before strategic plans are implemented. The EWC members gave unfavourable opinions on the company's restructuring. We wonder how much this influences management's actions. Negotiations of a France Télécom global agreement are

currently taking place, working within the structure we have been given. It is chaired by a Senegalese national.

The company hopes to become a global player with global personnel policies. This will require restructuring and a recognition of trade union rights. The company complies with the EU Directive on teleworking, and the EWC must ensure that agreements are respected by the social partners.

Discussion

I. The Phenomenon of Fixed-Term Contracts

Whether France Télécom employs more people on fixed-term contracts is not really the issue. It wants to refocus on its core business and then outsource everything else. At the moment, France Télécom is cutting jobs and recruiting new people for special skills, but on a smaller scale than the job losses.

The issues and stakes have changed. It is not a move to fixed-term contracts that is worrying people, but outsourcing. In call centres we have much work to do on improving working conditions.

II. The Main Issues for Alcatel and the Telecommunications Sector

In Alcatel, much outsourcing is going on, and manufacturing activities are decreasing, yet there is mass relocation of R&D activities which is the core business. From 2001 to 2005 the R&D workforce fell from 9,500 people to 6,400 people. We lost a third of our workforce over a four-year period. We are seeing a growth in the workforces in China, India, Romania and Russia. We should not reject these moves to other countries, but we need to foster simultaneous development in all countries. All countries need social progress and employment.

The future looks very bleak for Alcatel with R&D being relocated. We are losing new technologies and standardisation. There are countries with big markets – China and India for example – that are trying to impose their own standards so that they can manufacture products which will then inundate our European markets. Only 12% of Chinese production is sold on the Chinese market.

There are no big telecommunications projects in Europe any more that cover all of us. In the developed countries, much remains to be done because users are being neglected. We can have wonderful internet networks, but it is a different matter for citizens to have access to them.

In Alcatel, they are not only relocating due to lower costs, they also hope to win ground in certain markets. The Chinese market is important for Alcatel in strategic terms.

Restructuring processes from now on will tend to be linked to recomposition of different telecommunications professions, for example, cooperation with Microsoft. After this refocusing phase, we will see redeployment on new technologies and opportunities. There is fierce competition at the moment for companies like Alcatel and everyone wants to be first. There are many new acquisitions which involve risks. It is important that there should be much investment in

training and adaptation to new skills and technologies. We have to do all we can to urge the EU to do more for R&D in niches and in promising areas.

III. Anticipating and Managing Skills' Needs

Outsourcing does not necessarily always mean moving to low-cost countries. At the moment there is a desire to subcontract to a number of IT players. Our telecommunication systems have evolved and become systems to which application software can be added to meet a variety of needs. For that type of development, we need top class technology. We need young people who are abreast of the most recent technological developments. We tend to subcontract rather than retrain our own staff.

IV. Relocation Issues

There is a country to country wage gap; nobody can deny that. However, there is co-investment in the countries concerned to fund the whole project. Some of the company's capital has to be immobilised. At least 50% of the capital spending comes from the company concerned. As a result, the companies do not need to immobilise their cash flow. It is beneficial for the shareholders.

With France Télécom, we used to have public contracts for research and employment with shared investments and a public input. We do not do it anymore, but other countries do. Our employers do not deny it. They go to India and China for what market forces have destroyed in Europe.

The US is a capitalist country that has, in effect, state intervention. However, with the WTO and the open market, we do not. In the CGT, we have to study this difficult situation. We are not saying that we constantly want state intervention, but through big European projects we might achieve something. Since Galileo, we have not had big telecommunications projects in Europe at all. It would be important for the whole of Europe to run these major projects again. It would be a way of pushing forward job creation, R&D, and of creating momentum throughout Europe. It would be a link between all our countries. It would force our unions to find more convergence also.

V. The Situation in the New Member States

There is little stability for the new countries as they are given vague information. There is a big problem with information in the Czech Republic, for example. There, works councils only exist in companies with foreign owners. There is no help from government intervention or public authorities.

There is not a consistent political strategy within the new European states. There is fierce competition for investment between the states. For example, Flextronics in Poland is in a special business zone. With subcontractors, the state policy encourages people to invest in their countries. On the other hand, they encourage production conditions which are unsustainable.

There are some initiatives to develop training capacity – in Hungary for example – but they do not take the form of an egalitarian programme coordinated by the state. Many technical universities have been closed. We are seeing the development of public/private partnerships. Also, a cluster of training activities in specific skills reacting to the need of a company take place on a short-term basis.

In many ways, the situation in Eastern Europe is similar to Western Europe. Of course there is a big wage gap, but other issues are the same: the fear of losing employment, the fear of seeing a further reduction in state subsidies, and the fear that new management strategies and restructuring processes will be brought in. Eastern Europe is also seeing closures.

The new Member States also have the same challenges. There is continuous structural change. The main challenge is how to make investments sustainable. At the moment, in the case of Hungary or the Czech Republic, low-skill low-technology enterprises are leaving, but other investors are coming. The only way ahead is to go up in the value chain, upgrade activities, and train people. Also, wages are increasing by double digits each year. Wages are much lower, but they are more dynamic.

The Case of Atos Origin

Alfred Paschinger

EWC Coordinator, Atos Origin

I. Introduction

Atos Origin is a leading international IT company for business consulting, technology integration and managed operations. The company was responsible for the IT within the Olympic Games in Athens.

More than 50% of the company is concerned with managed operations. We have a strong European base, but are in 40 countries worldwide. Our key global accounts are in the sectors of ICT, telecommunications, finance, and in the public sector. One year ago we had 25,000 employees. We now have 46,000 employees, following acquisitions.

II. EWC History

The EWC began in 1996, as part of Philips, but did not include the integration of smaller countries like Austria. By 2004, the creation of the Special Negotiating Body (SNB) began on the initiatives of the works council, but implemented by the management. We had meetings in different countries at the beginning, but the group was too big to get any results. The first document for discussion basics was created. We are now in the final stage and it should be finished in the coming months.

However, we lost our management parts because they left the company. They had been responsible for this process. We now have to find new people, but it should not take too much time.

III. EWC Progress

First one has to start with meetings to get to know each other. Information on laws must be looked into. Experts can be employed to analyse the documents. Everyone should be consulted to ascertain what the important issues. A kernel team should be created to aid information exchange between meetings. It is also necessary to exchange information with other EWCs as much as possible.

The Case of Flextronics

Krzysztof Andraszewicz

NSZZ Solidarność, Flextronics International (Poland)

I. Flextronics Polska - Tczew

1. Overview

Flextronics Tczew is a subsidiary of a Vienna-based corporation with a staff of 2,600 people employed in different working systems. We are highly rated on the stock market and produce mainly equipment and communication infrastructural components, mini photo-laboratories, electronic transaction software and wireless applications. The company has highly qualified staff, international management personnel and a well-developed supply chain. A noticeable advantage is our geographic location which gives access to a full range of transportation methods. The vocational and higher education in the region focuses on electronics, telecommunications, and advanced computing, which provides our company with an unlimited resource of young qualified staff (the Flextronics staff are aged between 25 and 38).

We have internal legal regulations on social funds, rules & statutes or public labour inspection. There are two trade union organisations in the company, one of them being 'Solidarność' whose members account for 29% of the total staff. Since April 2005 we have been members of the branch section of tele-electronic industry.

However, the company employment policy is not seen as positive. All the possible working systems are used. Employment contracts are fixed, permanent, full or part-time, as well as concluded through temporary work recruitment agencies. We do not think this brings any added value to our company.

2. Problems

In 2002 we started our activity with participation in a training course carried out by Swenska Metal and 'Solidarność' Metal Workers Secretariat in the subject of 'trade unions – employer' social dialogue in enterprises undergoing or having undergone restructuring.

The training provided numerous clues, but did not solve all the difficulties. One of the greatest is a regular (nearly every year) change in the position of General Manger, which necessitates a review of the former arrangements and deals each time the change takes place. Another existing difficulty is lack of reliable information on the company's standings and a language barrier between the employees and the Management. This is related to poor communication between the employer, the staff and the trade unions.

The next important problem is the form of employment. Currently, the employer is concluding fixed-term contracts only, which does not guarantee steady employment. What is more, one cannot speak of cuts or layoffs, as the employment contracts simply expire. Last but not the least, there are cases of law misinterpretation resulting in law breach.

Nevertheless, we are seeking solutions in order to retain partnership relations with the Employer. At the moment, we are negotiating a Collective Labour Agreement.

3. Outlook

Following Poland's accession to the European Union, NSZZ 'Solidarność' Trade Union representing Flextronics employees in Poland has started, along with the Hungarian Trade Union Organisation, an initiative to set up an EWC in the Flextronics Corporation. It was only after the intervention and support from EMF that some interests arose in the branches across Europe and the first steps were taken to develop the initiative. We believe that common action of the remaining European branches, as well as greater involvement in the formation of a negotiating team will result in the establishment of an EWC in our corporation. We are hoping for the creation of a 'communication bridge' which will, through the information flow, lead to the stabilisation of employment and development of new production plants without unpredictable consequences for other groups in Europe. At the same time, the exchange of experience and the flow of reliable information shall allow for quicker and more flexible solutions.

The Case of Elcoteq in Hungary

Béla Novodárszky

Federation of Hungarian Metalworkers' Unions (VASAS)

I. Elcoteq in Hungary

1. Background

In 2004, Elcoteq became a European company. The company did not have an EWC, so we had to learn from experience from other councils. The headquarters of the company are in Finland. All the subsidiaries have kept their national formula, including the Hungarian subsidiary.

At the end of 2004, an internal trade union meeting took place with the help of our Finnish colleagues. This brought us a number of solutions and advice with regards to what it means to be a European company. It was difficult to harmonise the five Member States and to translate their wishes to top management. We were trying to find a collective compromise for to all the Member States.

There are 13 representatives on the special council. February 2005 saw the first round of negotiations with management. In the report, we stated that the atmosphere was pleasant, but they were difficult discussions. For example, during the second round of negotiations, the director

general furiously ran out of the room because one of the points on the agenda did not meet with his approval.

The representative members are still in contact with one another. We only had half a day to review all the points that were up for discussion. Management's attitude was recalcitrant. They said that they could not guarantee our representation.

2. The Content of Our Agreement

It was agreed that we would meet twice a year with the members of the representative committee. The language used is English and they tried to oblige all of us to use only English, but we finally managed to get simultaneous translation, and agreed on costs for this, plus costs for seminars and training schemes. All costs would be borne by the employer. We agreed that we would have a permanent expert who would be used, and we would also be given the opportunity to invite other experts, depending on our needs and the countries involved.

We agreed with management that they would send written information – economic information, reports on restructuring, redundancies, issues relating to the running of the company, and so on – every quarter. Of course, this would be in the language spoken by each member. We were very happy with this initiative as two annual meetings would not be able to give a detailed report of all activity.

3. Employment Problems in Hungary

In Hungary, the most urgent problem we face at the moment is with interim and temporary workers. More than half of the workers are temporary or on fixed-term contracts. There is a draft law that was passed yesterday by the Hungarian parliament. It will give the same rights to interim workers as their permanent colleagues. Everyone is trying to calculate what the additional costs of this will be. Either the interim workers will see a pay rise, or the permanent workers will see a pay reduction.

The north of Hungary is working almost entirely with temporary Slovakian workers. At the same time, many Hungarians in the same region are unemployed.

4. Conclusions

In Hungary, we have elected our EWC representatives. We have the person who is going to represent us from January. Other groups will hopefully be inaugurated to support the trade union work. We need to put pressure on the national trade unions to be very active at the local management level.

If there are conflicts between the Member States, it is very important that we show the employer and management a united front so that, in their eyes, we are credible.

The Case of Elcoteq in Finland

Roni Jokinen

Union Officer, TUry (Finland)

I. Overview

A European company can be established in four different ways: through merger, through establishing the holding European company, or establishing a subsidiary company, or through transformation. In Elcoteq's case, the Finnish parent company transformed to become a European company. The other subsidiary companies maintain their own form and name.

There is an involvement of employees in a European company. On the one hand, it includes the information and concentration proviso, but it also includes the participation right. Employees should have the right to participate in the administration of the company. We failed in this in Elcoteq's case because we did not have the participation right in Elcoteq in Finland. When the Finnish company was converting to become a European company, the directive did not demand that new forms of participation rights be created. We could not get it through negotiations and it was a big disappointment. Elcoteq was one of the first European companies to be established and it would have been important to have the full participation rights, but that was not to be.

There are always difficulties in negotiations, but on the whole, everything went well. With regards to the content of the agreement that this negotiating body made with the management, it means that the minimum level of the secondary rules of the directive are in force. It guarantees, for example, the right to use interpretation services. In some parts, the agreement exceeds the secondary rules. It guarantees twice-yearly meetings between the representative body and the working group. It contains an extra consultation process which is a form of indirect participation.

In Elcoteq, there is a regular meeting of the top management of the different business groups. In these meetings, the most important policies are made. According to the agreement we made, the company will send the agenda of these meetings to all representative body members before the meeting. Based on this material, the chair of the representative body has the possibility to discuss the issues on the agenda with the human resources director. The agreement also allows that after the meeting, the HR director will contact the chair of the representative body and report what decisions were made.

Permanent Restructuring

Stefanie Hürtgen

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I. Permanent Restructuring

Conditions in Eastern Europe are similar to those of Western Europe and even worldwide. There are two polarised positions within the political context. There are states that believe that foreign capital will bring welfare and other states refute this view. In Eastern European countries, foreign investment has not brought with it the welfare and prosperity that was hoped for. This is because the contractors have become part of an ongoing restructuring process. At Alcatel, for example, it was said that they were realising that the restructuring would never stop. That is what we also see in Eastern Europe.

For contract manufacturing companies, Eastern Europe became an interesting place when the IT boom occurred. They were initially low-cost countries, but did not attract a lot of attention. When the boom happened, everyone involved was delighted at that moment, including management. They said that Eastern Europe was the answer to Scotland and Ireland, both of which until then had been the low-cost regions for the electronics industry.

From the very beginning we were talking about relocations. These were not additional investments as is often claimed. Nearly all of them were relocations. Flextronics' site in Hungary was a relocation of a printer production from Spain, for example. This did not worry too many people, even in Western Europe, because of the boom that was occurring. The sector seemed to be growing endlessly.

In 2001, the bubble burst and the growth stopped. Initially, it was assumed that Eastern Europe would benefit from the new competition based on price. However, as part of the crisis, China was introduced to the market. As a result, in both Western and Eastern Europe, we have permanent restructuring.

Permanent restructuring is developing permanent insecurity amongst staff. It is also creating fierce competition between different regions, even between different towns in the same country. Often Eastern Europe is seen as a block, but there are big differences. For example, Hungarian sites have to compete with Romanian sites, west Hungarian sites have to compete with east Hungarian sites, east Hungarian sites have to compete with the Ukraine, and so on.

Discussion

I. Companies Leaving Hungary

Outsourcing is not so present in Hungary today, but we have undergone a period where some companies have decided to move towards regions where the costs are small in comparison to the

rest of Europe. For example, IBM has left Hungary for this reason. The Hungarian government recognised this tendency early and was able to take counter measures. We had an example of this, three years ago on interim work, where a level of flexibility for entrepreneurs was given. The government has also introduced legal modifications to facilitate work. From a trade union point of view, the problem is that the interim workers regulation modification followed the national political tendency. There is a fear that permanent workers' salaries will be reduced to be on a par with the interim workers'.

II. Rumours of Mergers with Atos Origin

The history of Atos Origin is one of external growth. There were some rumours concerning a merger between Deutsche Telekom and Atos Origin, but we have no more information at this point.

Groupe-Alpha helped Atos Origin employees at the start during the merger, and the President of Atos Origin said that his development strategy would not be in competition with IBM Global Service or Accenture. On the contrary, he thought that there were development opportunities in Germany and if they developed further then he would seize them.

III. Elcoteq in Finland

In Finland, it is possible to have employee directors. When Elcoteq was becoming a European company, co-determination could have been entered into in the setting up of the company. The national legislation of Finland states that there are participation rights in the Board of Directors, but one first has to demand that right. After the initiative is made, there is a one-year negotiating period. If no agreement is reached then it will go automatically to secondary rules of national legislation. In the case of Elcoteq, the initiative came too late. Also when the Finnish company became a European company they no longer had the rights from the national level.

The MOOS Project

Gerd Rohde and Sabrina De Marchi

UNI-Europa

I. Making Offshore Outsourcing Sustainable (MOOS)

1. Background

The MOOS project has been running for one year. When we talk about outsourcing it is across national boundaries. We use the term offshoring or outsourcing when we mean that something is going to a remote country. We use the term nearshoring when it goes within Europe.

Offshoring today mainly affects products and value-added services, such as industrial engineering, drugs research and medical analysis. The fastest growing segments today are IT-enabled services (ITES) and business processing, such as accounting or human resources. Outsourcing has begun with knowledge-processed outsourcing (KPO), such as research.

2. The Formula 70:70:70

The former chairman of General Electric, Jack Welch, said that, in the future, 70% of all businesses will be bought from outside. 70% of that outsourcing will be bought from abroad. 70% of those outsourcing services will come from India.

3. Offshoring Outsourcing is Here to Stay

A recent McKinsey article published in the *Financial Times* this week stated that we had reached the limits of outsourcing and that companies were now sourcing back to Europe. However, the same McKinsey produced another study a day later, saying that outsourcing will increase to \$110 billion in 2010. \$60 billion of that will go to India.

a. Push factors

There are many IT service companies and consultants who earn from outsourcing. They provide the technology, the knowledge, and the infrastructure. There is pressure from customers to lower prices through offshore components. Also, the stock markets love outsourcing. An Indian story is good for the development of your shares.

b. Pull factors

If one leading company uses offshoring, then others follow.

4. Why Offshoring?

Often consultants promise cost savings of up to 60%. That is vastly exaggerated and one reason why many projects are ill-structured and will fail. Realistic savings of up to 15% can be made though. Competition is a key driver.

5. Lower Salaries

In India there is a huge talent pool. There are hundreds of thousands of software engineers and computer scientists who are entering the market. There are similar developments in China. The earnings of Indian software specialists are low because the cost of living is much lower than elsewhere.

6. A Model of the Division of Labour

The division of labour for the production of a piece of software resembles building a house. A plan is drawn up which is then executed. For example, prototyping, analysis and documentation are done in Belgium. They then have to identify a clear interface and hand it over to the people in India, but it is not easy to communicate between European software engineers and Indian software engineers. The parts are then made in India, with constant contact with the Indian team. It is then handed back to the Belgian company to deploy on customer premises. It is a very complex process and many things can go wrong. 60% of companies who have used offshoring are not satisfied with the results.

7. The Offshore Market

The offshore market is not only in India. The US is still the largest exporter of business services and IT services. Other major players are Ireland, Canada and China. One country that is rarely mentioned – due to political correctness – is Israel, although it is an interesting offshore destination.

The estimated number of jobs that are affected worldwide is 14.1 million. It is also estimated that 21% of all jobs in Europe have a certain risk of being outsourced or offshored. Europe is estimated to lose 1.2 million jobs by 2015. Trade unions have a responsibility to highlight the value of education and training because Indian workers may soon be as well trained as European workers.

The European Monitoring Centre on Change (EMCC) has a technology tracker. It shows that, in Europe, 2.5% of all mass redundancies can be attributable to outsourcing. 4.9% of all the unemployment figures can be attributed to relocation. However, this is not necessarily offshoring as relocation can be at a domestic scale. In America, offshoring accounts for 0.9% of mass layoffs.

In America, most people consider outsourcing to be unpatriotic. There is a sense of xenophobia and protectionism surrounding the concept.

II. Why a MOOS Project?

1. What are our Objectives?

The choice to offshore is often described as being due to a desire to reduce costs, but the situation is far more complex than that. There are no reliable statistics about how much offshoring is going on, or its impact on employment. Many experts have published estimates, but they vary enormously.

Offshoring is going to increase and continue. The MOOS Project is to develop a pan-European union strategy. We hope to develop measures to improve employees' and trade unions' capacity to better anticipate and manage offshoring projects to avoid disastrous social and economic consequences.

Our five main objectives:

- To increase and improve understanding of offshoring and its mechanisms.
- To provide UNI-Europa affiliates with an information hub.
- To develop a trade union response and strategy.
- To provide support and tools for employee representatives.
- To develop mechanisms for anticipating and managing change in the long term.

2. MOOS Project Partners

MOOS is coordinated by UNI-Europa IBITS, with eight organisations – LBC-NVK and HIVA in Belgium, CFDT-Cadres in France, SIF and CF in Sweden, FNV Bondgenoten in the Netherlands,

HK-Privat in Denmark and Ver.di in Germany – making up the project committee. The project has been possible thanks to the support of European social funds.

3. MOOS Tools

The project began on 1 December 2004 and will end on 1 December 2006. However, we intend to continue beyond that date.

The first phase of the project was the development of an interactive website to allow us to track offshoring activities in Europe, particularly in the countries of the project partners. The website address: www.moosproject.be. In 2006 we will overhaul the website to include reports in Swedish, Danish, Dutch, German, French and Spanish. There is also a newsletter.

We have MOOS trackers which are used to get information on planned relocations. We also have a questionnaire to gather more detailed information so we can gain a better understanding of the impact of the project.

The second phase involves the analysis of the reports that the project partners have provided. Each project partner has set up a network in its home country composed of people who track offshoring activities. They compile a report which the research institute analyses and looks for cases of best practice. The aim is to use examples of best practice so that we can come up with a manual.

There will be a first workshop on 13-14 January 2006 where we will discuss the content of this manual. We will have a trial run of the manual during another workshop at the end of March 2006. The manual will then be translated and distributed to our members.

We also want to disseminate the knowledge gained in this project. There will be a workshop with all the project partners in June 2006 for this. We will then work on educational materials which the project partners can use to run their own national training seminars.

4. What Has Already Been Achieved

We are halfway through the project at the moment. The website is already online. It has received more than 3,600 visitors. The launching conference in Paris was a success. We have published regular newsletters. We have broadly disseminated a leaflet. We have decided that since we want to spread information about the interim analysis, we need to produce a fact sheet, providing information about the most important conclusions.

5. Initial Results

Initial results of the analysis of the 41 cases of relocation reported to us by the project partners shows that 15,195 jobs have been lost. However, 14,366 jobs have been created in the countries of destination. It is important to keep in mind that the available data do not constitute a representative sample of relocation events. Therefore the available information can only highlight some tendencies with regard to offshore outsourcing. The biggest job losses reported have been in Sweden – with 5,800 jobs lost, through 23 relocations – and in the UK there was a single case of relocation where 4,500 jobs were lost. In most cases, jobs were relocated within the original 15 Member States, followed closely by the new Member States, followed by India. We now have more reports available to see if the trend has continued.

6. Offshore Principles and Offshore Agreements

We have established some offshoring principles, for example, involving employees at a very early stage to help avoid compulsory redundancies. Many affiliates have managed to conclude agreements with employers, for example, the landmark agreement between Amicus and the ICT service company, CSC.

Some of these agreements contain clauses for site inspections and some contain clauses that the right to organise is included. We have an organising project in India underway. It is established in five different states where there are major ICT clusters, including a few thousand people. They have avoided the term "trade union" because in the Indian context the perception is not very good.

7. Conclusion

Outsourcing is a complex process with political, social, cultural, ethical and economic implications. Global competition, ICT development, and tradability of services are key drivers of outsourcing. We believe we can contribute to the better managing of offshoring and cushion the impact on our members.

Discussion

I. Outsourcing

1. Indian Employees Working in Europe

With regard to offshoring, the weak point is the link between the country of origin and the offshore country. To make this link, either computer experts from the main country go to the offshore country or computer experts are brought in from the offshore countries to the main countries. That is what happens for projects with companies who have signed an agreement. Computer experts work without any work permit and are working under Indian social legislation with Indian wages.

We have heard reports from companies, including HP, stating that many Indians are working in Europe. They are often exploited in Europe and not paid the minimum salaries. In principle, there is no international legal mechanism in place that permits this type of activity.

2. A Case Example in Alcatel

In Alcatel, the CFDT took action against management to demand that Indian employees working in France are paid according to the wage rules that have been agreed in Alcatel in France. This leads to an increase to their wages and puts the brakes on this tendency to try to establish some balance.

3. The Labour Market in India

There are many Indians who are trained in computer science who are not finding a job. Many companies go to India because there is such a talent pool. There are many institutions in India

where there are many more applicants than they can take on. For example, the Indian Institute of Management in Bangalore has 300 seats a year, but 100,000 applications.

There is a weak link between the company that gives something and the company that receives something. There are brokers who bring people and companies together. The people at both ends of the interface must be able to communicate with each other. That requires inter-cultural training as well as language training. The Indian software workers, for example, are used to document, but European software workers simply write off their code. The Indians think the Europeans are chaotic, and the Europeans think the Indians are too bureaucratic.

4. A Case Example of Nortel

With regard to outsourcing R&D to India, there seems to be no moral code. People are trained in Nortel techniques and are immediately employed. Two managers have been sent to India to try and help with the organisation of the workplace there and to make sure that the projects return to us. We are always in conflict. The projects never get finished properly or on time. Other companies are also experiencing problems of this kind.

We need to retrain people for new aspects of the profession so that we can replace the lost jobs. There is a lack of any coherent policy in European directives which we can apply. For countries like France and Germany, with strong trade union conditions and good local legislation, we can defend ourselves. At European level, however, if you are dealing with a company which is moving to the US, there are no instruments available to oppose any move or put forward any alternative proposals.

International Framework Agreements and the ICT Industry

Robert Steiert

International Metalworkers' Federation

I. International Framework Agreement (IFA)

There are a number of companies who have compiled Codes of Conduct, but some do not include some important issues found in an International Framework Agreement (IFA). There is a model code for the IFA which is a basis for negotiation.

1. Core Labour Standards of the International Labour Organisation (ILO)

The core labour standards include the right of all employees to belong to a trade union or to form a new trade union. They also include the freedom of collective bargaining, the prohibition of child labour and forced labour, and equal rights in the workplace. There is also a supplier clause which means that the company must ensure that principles will not only be adhered to in their own company, but also in the plants of their suppliers.

2. Who Uses an IFA?

There are 43 IFAs in many different branches of industry. The IMF is a global union federation, but only one US company has signed up to an IFA – Chiquita – and no Japanese groups. Japanese plants are refusing to even enter into discussions. There are also no IT companies signed up and only two telecommunications companies.

3. Why Sign Up to an IFA?

If you find that there is a willingness for negotiations within your company, do make contact with the IMF or the EMF to ensure you can get support for the formulation of your IFA. We have achieved a great deal, for example, with Volkswagen, DaimlerChrysler, and Renault.

The ILO standards were never ratified in the US, for example, and there the right to form a trade union is not formally recognised. When there are campaigns to organise people into trade unions, this leads to huge problems in American companies.

This project might help you to deal with subsidiaries, help trade unions, and promote better working conditions. This might open new potential for companies where potential has been taken away.

Discussion

I. Offshoring to India

1. A Swedish Example

About 800 jobs from IBM in Sweden moved to India. We also have about 200 colleagues from IBM in India working in Sweden. They are there legally, but are living under Swedish conditions with a salary of only 10% of their Swedish colleagues doing the same job. It is a delicate situation of how Indians are remunerated. In many cases it is not equivalent to what the collective agreements stipulate for European standards. There are negotiations underway on this.

2. A French Example

There are Indian workers who come to France to be trained. They have a contract for just three months so use a tourism visa. There is unfairness with relocations in that workers have to deal with quality problems while their own jobs are being undermined. They are transferring a knowledge that they have built up over many years. There is no regulation to ensure that these things are properly paid for.

3. UK Examples

We cannot ignore the threat to western jobs that offshoring prevents, the true business benefits are yet to be fully proven. The cost-cutting will appeal to corporate accountants, but the business strategy is still yet to be fully applied. Within BT, for example, many project managers are

frustrated by the lack of the business return. They may have been looking at a 40% cost reduction, but they are not achieving anything like that. Often it is the sales department that negotiates with the customers, and they then hand over the project to the technical dept with unrealistic figures.

With Abbey, for example, they offshored their service desk function to India but then returned it to the UK because their customers were complaining. Although we are workers, we are also consumers, and we can choose to not support companies who use offshoring.

II. Codes of Conduct

1. A Case Example with Invensis

At Invensis, the company presented a Code of Conduct, but much of the wording was in contradiction to rights of the trade unions. Complaints were made about this and, as a result, they wrote on the front page that the Code of Conduct should not affect the rights of workers, trade unions or legal rights. Today the Code of Conduct is implemented in four different divisions of Invensis, but without being signed by the works council. It is only a company policy. The CEO is responsible for securing the policy and there is no way of ensuring that the policy is implemented.

2. ILO Conventions

There are eight ILO conventions covering five fundamental labour standards. They must be included in the Code of Conduct and mentioned by name. If there are problems with interpretation, the ILO Administrative Council can decide on the meaning. Sometimes national legislation contradicts the ILO conventions. For example, in the defence industry in some countries, workers are not allowed to be members of trade unions. There was also a famous case in which companies openly contravened national labour law in South Africa by organising black trade unions.

Strategic View on EWC Policy

Isabelle Barthes

Senior Adviser on Company Policy, EMF

I. European Works Councils

1. The Situation Today

At present, out of 800 EWCs and agreements in Europe, 270 are in the metal sector. We signed over 300 agreements, but 40 of these have since become obsolete as a result of mergers and acquisitions. We are currently negotiating with 63 companies.

The sector of new technologies is a difficult one. We are faced with management who are opposed to the implementation of an EWC, and low trade union affiliation rates. We are also confronted with groups who are multi-sectoral.

On 1 May 2004, the EU enlarged by a further 10 countries. The EWCs were also enlarged. The legal reality and the practical reality are two different things. A year before the enlargement process, we were concerned about raising awareness in the existing trade unions and EWCs of the enlargement of the EWCs. Of 270 agreements, 160 belong to plants in the new EU Member States. Today 110 agreements have already integrated representatives from these new countries into their EWCs.

2. The EWC in Practice

Negotiation and collective bargaining remain a priority for us. We want to sign new agreements and improve existing agreements.

The EWC is a source of information of management's strategic intentions, economic analysis, and it allows for an exchange of opinions with management. In terms of consultation, it is perceived as quite a limited tool. It does not have a great deal of impact on management's decisions. The EWCs are perceived as a transnational body, the only such body that allows employee representatives a voice. Management's attitude also has an influence. If management does not have the will to go further and to be positive we remain limited in what we can actually achieve.

If there is no EWC in the company, often employee representatives are not discussing issues. EWCs also bring an element of trust to the atmosphere of a company. EWC meetings are essentially linked to economic issues and restructuring. Social issues do not get discussed as much.

There are national differences in the approach to social dialogue. There are different expectations and sometimes misunderstandings about what an EWC can be and can do. It is clear that, as a national representative, you are already on your local works council and you may not find the EWC that useful. However, if you come from a country where your national structures are not well-developed then your perception of the EWC will be quite different.

3. The role of the EMF/EWC Coordinator

We have established a network of EMF/EWC coordinators to ensure that EWCs become consultation bodies with better trade union support guidance and influence. One EMF coordinator is designated to each EWC. This person will represent the European level and not the national level.

The coordinator has to support and guide the EWC, participating in all the EWC meetings. He or she must guarantee the general interests and the European interests, rather than to act as a trade union as a secretary from their own country. The coordinator is also there to bring together the different EMF positions on industrial policy and on collective bargaining. We expect this individual to play a proactive role if a restructuring process is taking place. We also expect the coordinator to alert EMF if there is a need to provide a wider trade union framework for any restructuring action.

4. Transnational Restructuring

The EWC should be the first group to be consulted in any transnational restructuring. This requires time and expertise. The EWC needs to be able to rely on economic expertise to formulate alternatives and a better understanding of the strategies put forward by management.

However the EWC can not act alone. It has to cooperate closely with the trade unions to develop a European response to the restructuring plan. The trade union European coordination will play a major role in developing a European platform of basic demands and reaching a European framework agreement.

II. Developing Positive Social Dialogue in Multinational Corporations

An increasing number of texts are negotiated at European level in the context of the EWCs. These texts are linked to what we call the soft issues and not the core issues of the collective bargaining process. Corporate social responsibility would be one of these issues.

These initiatives are translating a willingness to give meaning to the social dialogue processes at company level. If we are negotiating an agreement, this should be a prerogative for the trade union organisations. This should lead to an improvement and harmonisation of working conditions. The EWC has a role to play here as a catalyst for all these positive movements.

III. Conclusions

There is a revision of the EWC Directive taking place. There is a need to reaffirm and reinforce the process of information and consultation, and to provide training possibilities for workers and trade unionists. Training is a key issue for our members.

When we are talking about providing a counterbalance to the multinational companies, the trade unions and the EWCs will have to work together. Cooperation is essential for trade unions and EWCs if we are to develop positive social dialogue within multinational corporations at European level.

Discussion

I. The Revision of the Directive

As an EWC, we can only advise, suggest and wait. A year ago, there was a positive consultation of the European social partners with a view to revising the directive. There was then a second consultation, but nothing has happened since. The present atmosphere at the European Commission is unhelpful.

We want information rights to be improved and more legal tools. As unions we have the means of providing support at the European level, but there has to be a strong will for a European approach. The trade unions have to say that they will not allow jobs to be transferred, for people to be pitted against each other, and guarantees must be provided at European levels. We need to explore what the EWCs and the trade unions can do together.

The Joint EMF and UNI-Europa Strategy Paper

Natalie Ng

EMF, ICT ad hoc Working Party

The joint Trade Union Policy Strategy Paper for the ICT sector resulted from the teamwork of the ICT ad hoc workgroup from both EMF and UNI-Europa.

I. An Overview of the ICT Sector Worldwide

Over the last 10 years, the ICT sector has become a driving force for economic development and innovation, a force of change for the economy, the society and work life. It is a key source of productivity growth and innovation. The global supply chains that the ICT sector creates improve the exploitation of economies of scale on a worldwide basis.

Statistics show a clear trend in Western Europe and other advanced economies to move from hardware production into value-added services, while manufacturing has been massively relocated to Central and Eastern Europe.

India has emerged as the most popular destination for ICT companies seeking to outsource internationally. The Indian Ministry of Information Technology has applied incentives to attract foreign direct investment in the ICT sector.

China does not yet have the language and management skills, the legal and regulatory environment or sufficiently robust intellectual property protection. Despite these shortcomings, for Japanese and Korean companies, China is already an attractive market, primarily due to its geographical proximity.

The success in the US, Korea, India and China can be largely attributed to efficient industrial policy. European governments have to create the right environment for companies to become competitive and for Europe to achieve the Lisbon objectives.

II. Issues Facing the ICT Sector in Europe

The ICT sector in Europe is now facing a number of challenges, including mass redundancies in developed countries, skill shortages, outsourcing and offshoring, structural mutation from hardware production towards software and services, and increasing pressure on salary levels and benefits. A trade union strategy has to address these challenges and seek to create conditions which allow a combination of competitiveness, flexibility and social cohesion for Europe.

III. Union Strategy

1. Trade Union as a Competent Partner for Employees, Industry and Government

Improving the membership base in ICT companies is a prime target in order to increase the relevance and political weight of trade unionism. We will further improve our services for

members in order to empower them, improve their market positions, and increase their flexibility and social security.

2. European Works Councils

It is important to support EWCs in terms of advice, orientation and assistance in their dealings with the European management of large transnational ICT companies. European trade unions coordinate activities and act as knowledge centres to facilitate the efficient and effective operation of EWCs.

Globally operating ICT companies require a global trade union response. In cases of transnational restructuring, information and consultation should take place at a European level and lead to coordinated and joint action in all countries concerned.

The revision of the EWC Directive is overdue and has to improve and strengthen existing information and consultation rights. It needs to be remedied in the context of the legislative process.

3. European Institutions and the European Commission

Working at a European level requires close contact with European institutions, mainly the European Commission, the European Parliament, and the Economic and Social Committee. The main objectives are to obtain relevant information and to influence European policies and decision-making.

4. European Social Dialogue

Although there have been discussions with the European ICT Association and the EC over a number of years, no framework for a social dialogue has been put in place. Social dialogue will mutually benefit the industry and employees, and help to improve competitiveness through restructuring in a socially responsible manner.

5. Industrial Change and Restructuring

Driven by globalisation, swift technological and process changes, global sourcing and stock market fluctuation, the ICT sector is constantly restructuring. We will have to focus on the effectiveness and the quality of change management in order to achieve higher competitiveness and better employment.

It is important for trade unions to develop knowledge about sector development of recognised offshore agreements and international framework agreements. The core of innovative governance is based on good work organisation, implemented and developed in cooperation between the social partners.

6. Benchmarking and Best Practice Sharing

Trade unions will have to organise platforms to facilitate the exchange of experience and best practice across borders, and to better adjust their strategies and policies to their members' needs.

7. Developing a Global Profile

The ICT industry is a global industry which is sourcing production and services around the world according to cost and opportunity. It is important for trade unions to develop global networks and support and promote the unionisation of ICT workers in emerging economies such as India, Russia, the new EU Member States, Central and Eastern Europe, and Latin American countries. Since many transnational ICT companies are US-based, the interaction with US unions has to be strengthened.

IV. Action Plan 2006

The union response will be an action plan in 2006 designed to actively foster the creation of EWCs in all ICT companies where there are trade union members, and to engage in political lobbying of European institutions. It will organise IT professionals and improve their ICT skills, while promoting lifelong learning policies. Action will also be taken to increase the transparency of skill certifications and to develop quality standards.

V. What We Expect from the EU

We expect the establishment of a sectoral ICT forum to provide information on the restructuring processes in the ICT industry. The forum must help to ensure that benchmarking of industrial restructuring results in better management of change.

Finally, we expect a joint establishment of a social dialogue process with the Directorate General for Employment & Social Affairs, as agreed in the report: 'e-Skills for Europe: Towards 2010 and beyond.'

Discussion

I. Industrial Policy

In the Asian countries, the real reason for their success is that wages there are lower. It has nothing to do with the effectiveness of industrial policy. Low wage costs are the consequence of the fact that union rights are not respected at all in these countries. In China, even civil rights are not respected. As trade unions, we have to draw attention to this fact. As part of a preventative strategy, it should be essential that all the member countries of the WTO accept the principles of the ILO conventions.

The joint EMF and UNI-Europa strategy paper is an ongoing project. It is a preliminary draft and will be improved in the coming months. We can change the wording on the subject of the effect of the industrial policies of the countries that companies are moving to. We can also draw attention to the social problems, such as on civil rights, without falling into the trap of being paternalistic and declaring that the countries have no industrial policies. We will find more appropriate wording on this concern.

II. The MOOS Project and Corporate Social Responsibility

The one issue that we have not explored at great detail in the MOOS Project is that of corporate social responsibility and how trade unions approach that from a capitalist standpoint. In the UK, for example, trade unions own £0.5 billion on the stock exchange. It might be interesting to see how many shares they own in ICT companies as perhaps they could apply pressure through company AGMs. Workers could also use their rights as shareholders to have more impact on company strategies. The trade union movement has attempted to use these channels, but it is rather difficult.

III. Applying Penalties for Offshoring

We should put something in the strategy to ask the EU to place penalties on companies who outsource to countries that do not respect civil rights or workers rights. We should start a system where the EU should check the situation outside Europe and how it impacts companies outsourcing to them.

Applying penalties would be very difficult to implement in practice. The unions have talked about this at European level. It is difficult to get across the idea that these penalties are anything other than protectionism. However, asking the EU to monitor companies relocating to countries with poor civil rights seems feasible, especially as we now have the Charter of Fundamental Rights which gives us a platform to make this type of demand.

At the WTO there is an absolute determination to foster free trade, therefore a proposal of penalties would contradict this. The feasibility of implementing penalties in political terms would be impossible.

It is easy to forget that most countries have been through a journey in order to establish civil human rights and liberties. Britain has had a parliament for 750 years, but women have only had the vote in the last 80 years. Within the lifetime of many of us in this room, Spain, Portugal and Greece were fascist dictatorships. We must play our part in ensuring that our fellow workers enjoy the same rights as we enjoy. They will come in time.

Conclusions and Programming of Future Work

Bernadette Ségol

Regional Secretary, UNI-Europa

Peter Scherrer

General Secretary, EMF

I. Summary

1. The Socio-Political Agenda

In Europe today, everything we do has to be framed politically. If we do not take account of the political, economic and social reality, then no conclusions that we draw will be valid. Today, in the EU, we are in an unstable situation. We do not have a budget. We do not have a European Constitution for the future. We have unacceptable unemployment rates in many countries. As trade unions, we are faced with a wide-range of initiatives, moral and ideological pressure, and neo-liberalism in diverse forms.

The UK's Foreign Secretary, Jack Straw, questioned why the EU should be dealing with social affairs. His efforts are to make Europe more competitive, but he neglects the social side. The defence of collective negotiated rights is seen as something that is not appropriate for the globalisation that we are faced with. We are constantly being divided. The only possible alternative that is being shown to us is a Europe that is a free trade zone. It is not the Europe that we want. To this end, UNI-Europa has mobilised itself against the Services Directive that will go to the European parliament next month.

As trade unionists, you are confronted with redundancies, restructuring and uncertainties, yet you are often caricatured as reactionaries and old-fashioned militants. Our profound belief is that you are working for progress and more social cohesion.

The EU has enlarged. Economies are becoming more global. Workers are frightened of their future in Europe. Our message should be strong and clear with no ambiguity. The idea that these European countries should unite their forces to preserve and promote all that they have obtained is not an obsolete idea. The EU is a good idea and can be a good response to the future.

2. The Work of the EWCs

The EMF and UNI-Europa recognise the value of EWCs, but also we have seen the difficulties. Often consultation processes are purely a formality and have no impact on the final decisions. However, this is not the time to abandon the EWCs to their fate. The EWCs are a very important starting point for the trade unions and the only way in for employees to a social Europe. That is why we need to coordinate the EWCs to make them effective and move them forward. Once the political moment comes, we will change legislation.

Increasingly, EWCs are confronted with restructuring. It erodes their trust in Europe. It is a difficult and complex situation. How can we accompany the change whilst still promoting employee interests? There are solutions. The problem we face is that we want to act as competent, responsible social dialogue partners representing the interests of all our members in the case of restructuring. There can be no acceptable restructuring for trade unions if appropriate solutions are not found for those people who are affected by the restructuring process. We need to defend this point of view above everything.

3. Industrial Policy

In October, the Commission produced a document and UNI-Europa have a lot of criticisms of it. The document concentrates on an industrial policy for the manufacturing sector and entirely ignores the fact that the manufacturing industries only contribute 20% to the GNP of the EU. In addition, this communication confuses the ICT sector with the manufacturing sector, ignoring the fact that about 70% of the ICT sector's added value comes from services.

In this communication, UNI-Europa is particularly interested in the task force on the competition of ICTs that is to be set up. The task force will identify obstacles to competition for the ICT industries in Europe and obstacles to their generalised and effective use.

4. A Roadmap for the ICT Sector

The EMF is in favour of a clear industrial roadmap for the ICT sector. We need an integrated approach. This will require that employment, social, and educational aspects are integrated into this roadmap. That is the only way we will be successful. All companies must enter in social dialogue. There have been discussions with the umbrella organisations in the ICT sector, but there has not been much success so far. We will have to use our strength to promote this social dialogue further.

Training and qualification is one of the key, permanent, sustainable ways of ensuring that employment remains in Europe. We want to ensure that further training and qualification is part of our collective bargaining process. We have set ourselves a time framework of four years. If there is visible success in that time, it will set a milestone in the history of collective bargaining in Europe. We will be able to translate our policy thoughts into action.

5. Challenges for the EWCs

If the political constellation is properly formulated then we can be effective. At present, the climate is one in which not many people wish us to expand the directive. It is important for us to invest in this for Europe. We can learn from the work that the existing EWCs have done. There are many examples where redundancies have been avoided.

In the ICT sector, there is a great potential for members to recruit more members into the trade unions. That way we can all share our experiences and be strong together.

We need increased cooperation between the European and the national structures. We need to work better with one another because we need one another.

Closing Remarks

Peter Skyte

Chairman of the UNI-Europa IT Committee

I. Final Comments

There were 160 people at this conference from 20 different countries and 53 different organisations. We should be proud of that. It shows the breadth of our movement across the Europe of today and tomorrow. Hopefully we will go away from this conference having strengthened the role of the EWC, to deepen our understanding of the issues we face, and to widen international cooperation.

Pablo Casals, the Spanish musician, said, 'The love of one's country is a splendid thing. But why should love stop at the border?'

For trade unionists, our challenge should be with the employers that we face and not with each other. We want to have a collective approach, a common understanding, and shared values. This conference will hopefully play a major part in continuing that.

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