



Welcome to issue no. 3 / 2007 of EWC News.

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**Der EBR-Fachinformationsdienst**

The training and consultancy network "euro-workscouncil.net" is there to inform you about the activities of European Works Councils and related subjects.

EWC News appears four times a year.  
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[Dieser Newsletter auf Deutsch](#)



[Cette newsletter en français](#)

Contents:

- [1. European Commission gives green light](#)
- [2. Mega-mergers complicate the EWC work](#)
- [3. No fear of the courts](#)
- [4. New EWC and SE agreements](#)
- [5. Worldwide social standards](#)
- [6. Case studies: Unilever and Volkswagen](#)
- [7. Workers' representatives set an example](#)
- [8. Anglo-Saxon works constitution](#)
- [9. EWC and authoritarian corporate culture](#)
- [10. Interesting web pages](#)
- [11. New publications](#)
- [12. Training and Consultancy Net: further examples from our work](#)
- [13. Current seminars](#)
- [14. Imprint](#)

## 1. European Commission gives green light

### A new EWC Directive shall be adopted in 2008

On 23rd October 2007 the European Commission in Brussels (photo) adopted its work programme for the year 2008. There, a revision of the EWC Directive is explicitly mentioned. The second phase of the European social partners consultation is expected to start before the end of the year 2007 what is demanded by the trade unions for over two years. The decision of the European Commission is a political precedent of the first rank and corresponds to the demand of the European Parliament which had voiced in favor of the speedy revision of the EWC Directive in a resolution in May 2007 (see [report in EWC News 2/2007](#)).



- [Press release for the adoption of the work programme 2008](#)
- [Full text of the work programme 2008](#)

Social Commissioner Vladimír Špidla has already instructed his staff to formulate a draft legal text. Should the Czech social democrat want to make a name for himself as EU Commissioner on this important socio-political issue before the expiry of his term of office (what his remarks in the plenary of the European Parliament suggests) then not much time left for the final stages of the legislation process.

- [The debate in the European Parliament in the wording](#)

### What content will the initiative have?

To suggest an improvement over the current EWC Directive, the document of the Directorate-General of Špidla will most likely

- increase the minimum number of annual meetings
- making the support by experts easier
- providing a claim to training for EWC members
- delimit the participation rights of national and European works councils more clearly
- define the effects of mergers on the EWC.

Such a suggestion from the European Commission would not only take up important demands of the trade unions but also calm French enterprises, which are made uncertain by numerous judgements. Almost all proceedings since adoption of the EWC Directive were decided in front of French courts and brought as a rule an increase in influence for the employees' side. In 1997 a French court had for the first time stopped the shutdown of the Belgian plant Vilvoorde on application of the Renault EWC. The more recent verdicts on Gaz de France and Alcatel-Lucent (see [report in EWC News 2/2007](#)) also point in the same direction.

- [Background: current EWC judgements in France](#) (in German)

This trend is now seen not only for French companies as a threat (see [report in EWC News 1/2007](#)) and a more precise definition of the legal rights of the EWC is specifically requested. In addition, EU Directives of a recent date like that for the participation in the European company (SE) provide further-reaching participation rights than the relatively old EWC Directive. This could pose an additional risk for employers in court.

### Employers now very concerned



While the debate has been treated since the beginning of the legislative procedure in April 2004 by employers rather casually, has in recent weeks concentrated their lobbying behind the scenes considerably. It is suggested that it is now "getting serious". On 10th October 2007 the German employers president Dieter Hundt (on the photo on the right) wrote to social Commissioner Špidla, to prevent the second and decisive phase of consultation on the revision of the EWC Directive. It would "harm the social dialogue", said Hundt. On 14th October 2007 the DGB executive board turned to Špidla to confirm him in his plan.

- [Press statement of SPD members in the European Parliament](#) (in German)

After the Confederation of European Employers (BusinessEurope) in a meeting on 19th October 2007 again underscored his opposition to any change to the current Directive, the European Trade Union Confederation (ETUC) on 29th October 2007 demanded in a letter to Špidla, he should carry out the announced project as planned. According to reports the European Commission has already prepared a roadmap that describes the various steps to the adoption of the new Directive, if the employers' associations maintain its opposition.

- [Background: The sequence of the revision procedure](#)
- [The opinion of the European Trade Union Confederation on the revision](#)

## 2. Mega-mergers complicate the EWC work

### Hilton hotels acquired by financial investor



Since 24th October 2007 the traditional Hilton hotel group with 2,896 houses belongs to the business empire of Blackstone. The "grasshopper" was ready to pay the shareholders 32% above the market value, total 26 bn \$ (about 18 bn €). By that Blackstone was able to increase the total number of its hotel rooms on 600,000 and is now the largest hotel owner in the world. The investment company obviously intends to grow in the hotel industry through further acquisitions. The takeover of Hilton is the biggest deal that has seen the tourism industry so far ever.

### European works council in the spectator role

When the German delegates met in February 2007 to prepare for the spring meeting of the EWC, nobody suspected the upcoming events. The sale of the 132 Scandic hotels to the Swedish financial investor EQT for 1.1 bn \$ (0.8 bn €) had just been published. Hereafter on the part of the management there was a strange silence, until finally, on 3rd July 2007, the takeover offer by Blackstone followed.

**Manfred Monjé** (photo), chairman of the works council in Mainz and secretary of the European works council, tried unsuccessfully in recent months to call a special meeting of the EWC, or at least of the steering committee, with central management. This was completely replaced by the new owner already on 29th October 2007 whereby the EWC now is facing a completely new manager team. We asked Manfred Monjé how he assesses the situation from the perspective of employee representation.



- [The interview with Manfred Monjé in the wording](#)
- [Website of the services sector trade unions on Private Equity](#)
- [Background: Financial investors from the perspective of IG Metall](#) (in German)

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### Rio Tinto denied information



After the takeover offer by the Anglo-Australian resources company Rio Tinto (see [report in EWC News 2/2007](#)), the EWC of Alcan representing 31,000 workers of the Canadian aluminum producer in Europe criticizes the lack of information on the planned sale of the packaging division and reorganisation of other businesses. In late September 2007 a delegation of the EWC was heard by the European Commission in the context of merger control and on 8th October 2007 the employee representatives of Alcan had the first opportunity to discuss with the management of Rio Tinto. Many questions remained unanswered, so the EWC in a press release.

- [Press release of the EWC](#)

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### Mega-acquisition in the financial sector

It is the largest bank merger in economic history. The Royal Bank of Scotland (RBS) won the race against the also British Barclays Bank on the acquisition of the big Dutch bank ABN Amro. RBS will pay 71 bn € for ABN Amro in a consortium with Banco Santander from Spain and Fortis from Belgium. The latter is then broken down and 19,000 jobs will be eliminated. Fortis wants to take over the branches in the Netherlands, Santander the subsidiaries in Italy and Brazil.



The federation of services sector trade unions (UNI) founded in June 2007 a worldwide network which quickly led discussions with the top management of the two bidders to clarify the demands of the employees. The result is a ten-point commitment by the new owners, so-called "People Principles". The unions want to go much further and call for an international framework agreement for each of the participating banks, including Barclays. All have a European works council since the mid-90s, only Banco Santander was followed in 2005. As part of the acquisition, the EWC of ABN Amro will be dissolved and delegates distributed to other councils. ABN Amro has a subsidiary in

Sweden, which was transformed in October 2005 as Europe's first bank to the legal status of a European Company (SE).

- [Information from UNI on the events of recent months](#)

### 3. No fear of the courts

#### Second round of merger poker with the EWC



After the decision of the French President Nicolas Sarkozy to complete the merger of the energy groups Suez and Gaz de France (GdF) finally, the works councils want now to go to court again. In November 2006, the merger has been stopped by injunction at the request of the European works council of Gaz de France. This time the EWC of Suez, the other merger partner, intends to take legal action.

On 2nd September 2007, the employee representatives of Suez were informed on the details at an extraordinary meeting in Paris. On 4th and 5th September 2007 the steering committee of the EWC met to decide his next moves. The merger would create the third largest energy group in the world, beforehand the waste and water business should be removed from the Suez group and sold on the stock exchange.

- [Background to the protests](#)
- [Report on the information of the employee representatives](#)
- [Press statement by the EWC of Suez on the merger](#)

At a plenary meeting on 9th and 10th October 2007 in Barcelona, the European works council of Suez authorized its secretary, that is the speaker of the employees' side, to initiate legal steps. In a press statement, he criticized the fact that the details of the merger have been negotiated between the French government and the main shareholders of both companies, without first obtaining the views of the works councils. This was a breach of the EWC Directive.

- [Report of the EWC meeting](#)
- [Press statement of the EWC of Suez](#) (in French)

#### EWC of Gaz de France is playing for time

At an extraordinary EWC meeting on 12th September 2007 the European works council of Gaz de France expressed his opposition. It would be a new measure that differs from the plans of 2006 in many ways. Therefore, a completely new process of information and consultation would be required. In another EWC meeting on 26th October 2007 the various legal opinions clashed already.

The EWC members had received a more than 100-page document for consultation only a few days before. They refused to comment on this until all have a copy available in their mother tongue. The EWC warned the central management to unilaterally implement measures before the completion of the consultation process. This would immediately lead to a new round of litigation. Hence the central management will have to act cautiously to avoid a new defeat in court. This would not only delay the merger process, but also damage the new French president politically.

- [Press statement of the EWC of 12th September 2007](#) (in French)
- [Resolution of the EWC of 26th October 2007](#) (in French)
- [Full text of the EWC agreement of Gaz de France](#) (in German)

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#### European trade unions set up legal protection fund



In view of the increasing number of legal disputes in EWC issues the European Federation of Public Service Unions (EPSU) will establish a legal protection fund. Deputy General Secretary Jan Willem Goudriaan told the EWC News, EPSU is thus playing a pioneering role. No other federation has such a fund so far.

## Success for workers' representatives in Vienna

On 31st January 2007 the Supreme Court of Austria ruled in favor of the obligation to provide information in preparing the establishment of an EWC, confirming a ruling of first instance of 11th January 2006. It is the first ever ruling by an Austrian court in an EWC matter. Since 1996 the German group works council of the transport company Kühne + Nagel (KN) failed to establish an EWC. Several times he had already to sue in court translation and travel expenses. The KN group based in Switzerland and therefore outside the EU wants to prevent by all means the creation of a pan-European employee representation.



The dispute goes back to a decision of the European Court of Justice in Luxembourg in January 2004 that the German subsidiary of the group has to initiate the necessary steps for the formation of the EWC. However it is not authorized to issue instructions to its sister companies based in other EU countries. Since the central management in Switzerland continued to boycott the procedure, legal steps had to be taken again. Kühne + Nagel Hamburg went to court against Kühne + Nagel Vienna, because the Austrian management refused to give information to Germany. So the employer sued himself to delay the EWC foundation further. A similar lawsuit is currently pending in Sweden.

- [Full text of the judgment of the European Court of Justice](#)
- [Background to the current dispute](#) (in German)
- [Further judgments prior to the EWC foundation](#) (in German)

## 4. New EWC and SE agreements



### Pfleiderer founds EWC

An EWC agreement was signed for the employees of Pfeleiderer under German legislation on 9th August 2007. The company from Neumarkt (Bavaria) has eight locations in Germany and three in Poland, furthermore a company in Sweden was incorporated in March 2007. Pfeleiderer supplies the furniture industry with wood materials such as chipboards.

Germany will get four seats on the EWC, Poland two and Sweden one. Eight EWC meetings will take place during the first four years, at least one per year. The council is headed by a steering committee composed of three members. The constituent meeting is scheduled for November 2007.

## Two EWC agreements in the industrial assembly

For the first time on 30th August 2007, an EWC agreement for Bilfinger Berger Industrial Services (BIS) was signed in Munich. The company, emerged from Rheinhold & Mahla, belongs to the Bilfinger Berger group since 2002 and deals with the establishment and maintenance of industrial plants. In addition to 22 German locations there are branch offices in 15 EU countries and Switzerland. At the constitutive EWC meeting, held on the same day, there was a crucial vote for the chairmanship.



- [Report of the EWC foundation](#) (in German)

In the assembly company Kaefer there has been a European works council already since 1995 which now has a new foundation. On 11th September 2007 the new EWC agreement was signed at the headquarters in Bremen, which both includes the new EU countries and defines the participation rights of the EWC more clearly. The next aim of the EWC is to negotiate with management for minimum conditions for the cross-border posting of employees.

- [Report of the signing](#) (in German)

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### Former Airbus site with its own EWC

On 6th September 2007 an EWC agreement was signed under German law for PFW Aerospace in Speyer (formerly Palatinat aircraft works). Germany is represented with five seats, France and the UK each with two. The EWC meets twice a year, can establish its own working groups such as occupational health and safety and has an access right to all European plants. Special meetings will be held for unforeseen events. In the case of mergers, a renegotiation of the entire EWC agreement is provided, whereby the new EWC Directive is already pre-empted.



### EWC with a Macedonian representative

On 12th September 2007 Europe's first agreement that includes Macedonia was signed for the about 10,000 employees of the regional energy supplier EVN established in Maria Enzersdorf (Lower Austria). In addition to three representatives each from Austria and Bulgaria one representative from the former Yugoslav republic will belong to the EWC.

- [Press statement by the European trade union federation EPSU](#)
- [Interview with the EWC chairman](#) (in German)
- [Full text of the EWC agreement](#) (in German)

We have made available other EWC agreements on a separate [download page](#).

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### Saarland electrical manufacturer with SE works council

Since 15th June 2007 the Hager group from Blieskastel operates as a European company (SE). Before, on 23rd May 2007, an agreement on employee participation was signed for the 7,600 employees in Europe. The origins of the company lie in the Saarland (Germany) and Alsace (France), factories in Italy, Spain, Britain and Poland are added.



Since 1998 Hager has a 17-member European works council which could meet once a year. This is now replaced by an SE works council which meets twice a year and has stronger participation rights than the EWC. Its 22 members, including six from France and three from Germany, came together for the constitutive meeting on 18th September 2007 in Obernai (France). Since Hager has less than 2,000 employees in Germany, the company did not fall under the Co-Determination Act. Therefore there will be no employee representative on the new SE supervisory board.

- [Further information on the legal status of the SE](#) (in German)

## 5. Worldwide social standards



### International framework agreements on core labour standards

In recent months two new framework agreements were signed on the application of social principles and core labor standards in global companies. Contracting parties on the employee side are the international trade union federations.

On 28th September 2007 an international framework agreement was signed in Brussels for 14,000 employees of the Belgian metal and chemical company **Umicore** which covers 35 countries. In the agreement human and trade union rights, working conditions, environmental issues and equal treatment are addressed. A committee will monitor compliance with the agreement.

- [Report of the signing of the agreement](#)
- [Full text of the agreement](#)

On 4th October 2007 the first international framework agreement in the textile industry was signed in Corruna (Spain) for the world's second largest clothing retailer **Inditex**. It provides for the respect for international labour standards throughout the production chain, thus also for the suppliers. The agreement will be monitored annually by a working group made up of three representatives of the company and the unions. The management of Inditex tries already some time to ensure compliance with minimum standards (see [report in EWC News 1/2007](#)).

- [Report of the signing of the agreement](#)

### Success in Brazil

In May 2007, the Canadian printing group **Quebecor** had signed a global framework agreement (see [report in EWC News 2/2007](#)), which now shows initial success. Following a worldwide day of action a social dialog was installed at the factory Ipojuca (Brazil), the local union recognized as a negotiating partner, 80 temporary workers fixed and the dismissal of workers representatives reversed.



### ArcelorMittal on the way to the global works council

After the successful conclusion of negotiations on a European works council for the steel group (see [report in EWC News 2/2007](#)), 150 workers representatives from 23 countries met for the first ArcelorMittal World Conference from 16th to 18th September 2007 in Montreal (Canada). They signed an agreement on international cooperation and a letter of intent to form a global works council.

- [Press conference statement](#)

### Global conference of Siemens works councils

43 Siemens workers' representatives from 17 countries in Europe, Asia and America met on 25th and 26th October 2007 in Frankfurt, Germany to discuss working conditions and global strategies of the group. It was already the third meeting of this kind. The employer was asked to recognize and implement worldwide basic standards as the core labour standards of the International Labour Organization (ILO) and guidelines for multinational companies of the Organisation for Economic Cooperation (OECD).



- [Report of the conference](#)
- [Press statement on the conclusion of the conference](#)

## 6. Case studies: Unilever and Volkswagen

### Staff cuts despite record profit



The Anglo-Dutch consumer goods group Unilever was able to increase its net profit by 16% to 1.2 bn € only in the second quarter of 2007. Nevertheless the central management announced on 2nd August 2007 the closure of 50 of the 300 factories and the elimination of 20,000 jobs in the world. For years already, a restructuring is following the next.

The European works council learned of it from the press and addressed on the same day in a circular to all employees. But only on 4th September 2007 it met with central management in Rotterdam at an extraordinary meeting, which however did not provide

any concrete information on the proposed measures.

- [Press statement of the trade union federation EFFAT](#)
- [Press statement of the trade union federation EMCEF](#)
- [Press statement on the EWC special session](#)

On 24th and 25th September 2007 the European works council and the European Federation of Food Trade Unions (EFFAT) founded Unilever Coordination Committee came together in Amsterdam with representatives from Germany, France, Britain, Italy and the Netherlands to plan the protests across Europe. Highlight should be a demonstration on 4th December 2007 at the corporate headquarters in Rotterdam.

- [Press statement of the trade union federation EFFAT](#)
- [Press statement of the trade union federation EMCEF](#)

Solely in the **Netherlands** three out of six plants are to be closed (see graphic). There, the workforce went on strike on 11th October 2007 to maintain all sites and to enforce a three-year job guarantee. From an external consulting firm which was engaged by the works councils the viability of all locations had been confirmed earlier. Since the national managers only execute the decisions of the European headquarters they are no real negotiating partners for the employee representation. The European works council on the other hand has only consultation, but no bargaining rights. The union FNV Bondgenoten documented the events on its own web page.

- [The FNV's website on Unilever](#)

Also in **France** 4,000 jobs should be eliminated - in ten plants and in the central administration. On 18th October 2007 the employees' side in the group works council discussed about that.



### Judges weaken Volkswagen participation



On two consecutive days, courts ruled on the future of co-determination at Volkswagen. On 23rd October 2007, the Volkswagen Act of 1960 was declared illegal by the European Court of Justice in Luxembourg. And a day later, the Stuttgart labour court rejected an urgent application of the VW works council against the participation agreement of the Porsche Automobil Holding SE.

The Volkswagen law limits the voting rights of shareholders at 20% whereby the largest German car maker has been protected from a hostile takeover so far. In addition the state of Lower Saxony is in principle represented by two seats on the supervisory board. The employees together with the state government had always a majority, particularly in the prevention of site closures. The European Commission, however, considered this as a violation of free capital movement. The Court now ruled, that Volkswagen law prevents private investors from participate in the company and from being able to effectively participate in its administration.

- [Press release of the European Court of Justice](#)

Thus, the way is free for Porsche for a takeover of the majority stake in Volkswagen. For this reason Porsche Automobil Holding was founded as a European company (SE) already in July 2007 (see [report in EWC News 2/2007](#)). Under the umbrella of the holding company the current Porsche AG (100% subsidiary) and the 31% stake in Volkswagen are summarized. The employee representatives of Volkswagen were not involved in negotiating the participation agreement which is terminable at the earliest in ten years.

### EWC fears dissolution

As soon as Porsche increases its VW stake to more than 50%, the most important decisions would no longer be made in the supervisory board of Volkswagens but in the supervisory board of the new Porsche Automobil Holding SE. Employees of both sub-groups are to be represented properly



there - says the SE agreement. In practice 324,000 Volkswagen employees would only get three seats, as much as the nearly 12,000 Porsche employees. The European works council at VW, which consists of 27 members, would be dissolved and Volkswagen be represented with twenty delegates in the SE works council of Porsche. Likewise Porsche is to receive twenty seats there. On this point there was a public dispute between the two works council chairmen.

- [Report on the exchange of blows between the works councils](#) (in German)

On 10th October 2007 the global works council of Volkswagens also supported the criticism at its meeting in Mladá Boleslav, seat of the Czech subsidiary Škoda. Currently it is still unclear whether this council, which enforced a world-wide Social Charter in June 2002, will also be dissolved.

- [The resolution of the global works council of Volkswagen](#) (in German)
- [Full text of the Social Charter of Volkswagen](#)

Since the management of Porsche strictly rejects renegotiations the works council of Volkswagen requested an interim injunction against the registration of Porsche Automobil Holding SE. On 24th October 2007 the Stuttgart labour court rejected this request. This cleared the way for the register court to finalize the registration on 13th November 2007. The works council of Volkswagen has announced to proceed then with the normal judicial action. Porsche is now the second case in which there is such a litigation. Already 2004 the registration of the construction holding Strabag SE led to a legal dispute that could be settled by mutual agreement but without verdict. The following files are only available in German:

- [Press report about the lawsuit against Porsche](#)
- [Background report on the ruling](#)
- [Audio file with background information on the ruling](#) (mp3 file)

#### **Intervention of IG Metall executive board**

Dr. Thomas Klebe, head of department for company policy and codetermination in the head office of IG Metall trade union, considered not undermined by the judgment the participation in the supervisory board of Porsche Automobil Holding SE. To solve the conflicts between the two works councils, a conversation took place on 30th October 2007 in Frankfurt am Main at the invitation of the second chairman of IG Metall, Berthold Huber. Earlier the Porsche works council signaled willingness to compromise regarding the allocation of seats in the new SE works council.

In protest against the unfavorable codetermination scheme the work rested for an hour in all six West German VW plants on 31st October 2007. Strikes are not possible in Germany due to the peace obligation. However the Works Constitution Act gives works councils the right to such information sessions during working hours.

## **7. Workers' representatives set an example**

#### **Interim evaluation at General Motors**



On 4th and 5th July 2007 the final conference of the GMEECO project ("Requirements and Perspectives of the General Motors Europe Employees Cooperation") was held in Frankfurt, Germany. With this project started in December 2005 and funded by the EU, a Europe-wide coordinated strategy for the employee representatives against site competition should be developed. An important goal, the conclusion of a pan-European framework agreement on the future distribution of production to countries and sites, was not achieved in the short duration of the project.

The conference conclusions were drawn from past cooperation and also discussed was the need to revise the EWC Directive. A conference documentation is now available online, as well as a 10-point checklist for improving the EWC Directive.

- [The conference documents for download](#)
- [The demands for the revision of the EWC Directive](#)
- [Article in the magazine Mitbestimmung about the EWC work at GM](#)

## Strike against virtual IBM branches

The employees of IBM in Italy have developed a new form of action. With a virtual strike on the popular Internet platform "Second Life" they protested against the cancellation of an annual profit sharing of 1,000 € and thus strengthened the bargaining position of the Rappresentanza Sindacale Unitaria (RSU = Italian works council).



With support from the international confederation of trade unions in the services sector (UNI) and the International Metalworkers' Federation (IMF) the first virtual strike took place on 27th September 2007 with an extensive media coverage. Nearly 2,000 people from over 30 countries took part in the campaign and visited the platform that uses the IT company to reach new customers. The protest led to the resignation of the CEO of IBM Italy. The European management had feared a loss of image and criticizes the way of dealing with the Italian works council. The U.S. company annually invests approximately \$ 10 million in the virtual world and is particularly vulnerable in this type of protest.

- [Use of the Internet platform "Second Life" by UNI](#)
- [Press statement by the British Trades Union Congress \(TUC\)](#)
- [Press statement by the International Trade Union Confederation](#)
- [Web page of the European works council of IBM](#)
- [Background: Characteristics of worker representation in Italy](#) (in German)

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## Spanish banking group promotes gender equality

On 8th October 2007 a landmark agreement on gender equality was signed in Madrid for the global financial services provider **Banco Santander**. It is based on the equality and anti-discrimination law, which came into force in Spain on 24th March 2007 and requires all companies of 250 employees to do so. A similar agreement was concluded in December 2006 for the French company Areva.

## 8. Anglo-Saxon works constitution

### Ireland goes other ways than Britain



Ireland is closely linked with Britain by a long history, and the work relationships are similar. Since 1922, the Republic of Ireland became independent and a member of the EU in 1973. With its 4.2 million inhabitants (as much as Saxony) Ireland takes part in the monetary union in contrast to the UK and has introduced the euro as currency from the beginning. Previously the island was one of the poorest regions of the EU, but could catch up significantly after EU accession. Because of high growth rates and strong decline in unemployment (with 4% today, the third lowest rate in Europe) the country is considered as the "Celtic Tiger".

About 70% of all foreign investments come from the U.S., including many high-tech companies and financial service providers engaged in a strongly anti-union strategy. However trade union membership is about 35%, higher than in the United Kingdom (28%). The Irish Congress of Trade Unions ICTU include 81 individual trade unions, which are also found in Northern Ireland. The other way around British trade unions as Unite which arose in May 2007 from the merger of Amicus and T & G also recruit members in the Republic of Ireland. Collective bargaining has been continuously encouraged by the Irish State unlike in the UK in Thatcher years. The two sides are working with the government in tripartite bodies such as the Labour Relations Committee, which can intervene in labour disputes.

### Local works councils introduced by EU legislation in 2006

Many Irish employers oppose the introduction of works councils, which they believe to be a relic from the 60s and 70s. The current pace of industrial change would require a direct communication with employees, and not via the detour of a works council. To meet the requirements of an EU Directive from 2002 which prescribes mandatory in companies from 50 employees information and consultation of the workforce in social and economic issues, the Irish government had to act,

however, and to disregard these comments. The *Employees (Provision of Information and Consultation) Act 2006* introduced works councils for the first time. At the election, however, only union members may participate whose organisation represents at least 10% of the workforce. An election by the entire workforce will take place only when there is no union with a 10% membership.

- [Explanations to the Irish works council law](#)
- [Full text of the 2006 act](#)

### European works councils in Ireland

According to calculations by the European Trade Union Institute only six of 50 companies from the Republic of Ireland had founded an EWC in 2006, including in 1996 the packing group Smurfit and the national airline Aer Lingus. Even Guinness was one of the EWC pioneers, although the Irish traditional brewery (see photo) was bought in 1997 by the worlds' largest spirits manufacturer Diageo from London. Delegates from Ireland are now represented in every third EWC (in 298 of 816).



- [EWC developments in Ireland 2002 - 2004](#)
- [Full text of the Irish EWC bill](#)

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### Ryanair in a legal dispute over employee representation



Since there is no tradition of works councils in Ireland as in many other Anglo-Saxon countries, trade union shop stewards play a crucial role in the companies. However they must first be recognized by the employer in a collective agreement ("recognition agreement") as a negotiating partner. Despite the high membership rate in Ireland there are companies that deny this including the airline, Ryanair. Since 1998 there were always legal disputes.

A 2004 law gave the unions the right to represent their members also in companies without employee representation, so called "non union companies" such as Ryanair. Nevertheless, the management blocked with regard to the "Employee Representation Committee" (ERC), a replacement employee representation without union connections, founded by Ryanair. On 1st February 2007 the Supreme Court ruled on the collective bargaining competence of the ERC. Indeed the dispute was referred back to the Labour Court due to lack of evidence (from Ryanair staff no one was willing to testify), but the court made it clear that Irish workforce is entitled to an appropriate collective representation. Only in 2006, Ryanair was ordered to pay a fine of 1 million €, because senior managers had made false statements in court.

- [Report on the verdict](#)
- [Review of the verdict from trade union perspective](#)
- [Full text of the 2004 law](#)
- [Trade union demands to the Irish legislator](#)

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### Historic step for Vodafone UK

The recognition of a union plays a central role also in the British system. On 11th October 2007 a landmark agreement was concluded for the regional offices of the mobile phone company Vodafone. For the first time ever in company history, management agreed to recognize a union (in this case, the communication workers' union Connect) and to install an employee representation. The new agreement applies only to approximately 500 of the total 11,600 British employees. The remaining staff must continue to work without collective protection.



The move was not voluntary. Only after intervention of the independent

Central Arbitration Committee, management was willing to sign the agreement. In a similar case a London industrial tribunal ordered the newspaper publisher Macmillan in July 2007 to pay a fine (see [report in EWC News 2/2007](#)).

### "Union busters" in the food industry



The situation is more difficult at the food manufacturer Kettle Chips. In September 2007 the management hired "union busters" from the USA (they call themselves more kindly as "Labour relation consultants") to stop the legal procedure for the establishment of worker representation. The 340 employees at the Norwich plant should be discouraged from joining the trade union Unite. The conflict arose in the payment of overtime and led to a media campaign and a consumer boycott against the company.

In the end the consultants from Malibu (California) could nevertheless achieve a success. Much of the workforce - about 40% are immigrants from Eastern Europe - were so intimidated that they voted in a ballot against the union. The British Trades Unions Congress (TUC) has now announced to train trade union officers specifically to hunt the hunters in the future ("to bust the busters"). The ruling Labour Party sees in the behaviour of the plant management a breach of UK employment law. A breach of EU standards should also be given.

- [Press report about Kettle Chips](#)
- [Press report on the boycott](#)
- [Statement of the company after the ballot](#)

### Previous country focuses in EWC News: (mostly in German)

- [France](#) (March 2006)
- [UK](#) (September 2005)
- [Italy](#) (July 2006)
- [Austria](#) (December 2006)
- [Poland](#) (June 2005)
- [Sweden](#) (December 2005)
- [Switzerland](#) (December 2004)
- [Spain](#) (March 2005)
- [Czechia](#) (April 2007, in English)
- [Turkey](#) (August 2007, in English)

## 9. EWC and authoritarian corporate culture



### Management and EWC - a contradictory relationship?

Since January 2006 a research project on European works councils in Austria is running at the Institute for Society and Social Policy at Linz University. EWC members, trade union secretaries and management representatives are interviewed in twelve groups. Similar to the German study by Prof. Kotthoff the Linz researchers identified several models. We present today the third part of our series.

### Type 3: The marginal EWC in the authoritarian corporate culture

*A strong distance and formal routines characterize the relationship between central management and EWC in the type 3. Most of these are groups based in southern European countries where there is hardly a participation of the employees' side. In authoritarian corporate cultures, the management behaves towards the EWC strictly legalistic. The oral presentations of the top managers are limited to the minimum requirements of the EWC agreement, questions of the employee representatives often remain unanswered. Central management argues with the lack of formal rights of the EWC, however the CEO reveals more information than the other managers, who are committed by him on a restrictive policy.*

*The legalism has two consequences: firstly there are no arbitrary actions of individual managers such as in type 2, which differ from the formal minimum standards of the EWC agreement. On the other hand, central management does not grant informal participation opportunities to the EWC as they are characteristic of type 1. If individual delegates formulate positions to the group's strategy, these are indeed taken note of by the management, but not commented in detail. Policy units*

design e.g. codes of conduct which are put into effect by the employer without including the EWC prior to that. Therefore the employees' side also is not involved in the monitoring.

The conditions for cooperation are extremely unfavourable for the type 3. In particular, for Italian or French top managers there is no doubt that they can control the group by virtue of their authority. Such leadership, however, provokes labour conflicts, which are seen by workers' representatives of Mediterranean countries as legitimate form of argument. Since the European works council seems not suitable as a platform for spontaneous, militant actions, the delegates from southern European countries in type 3 are more interested in action at the national level than at the EWC.

The other types are:

- [Type 1: The "culture of cooperation"](#)
- [Type 2: The EWC as a presentation forum for the group policy](#)



### Corporate culture in the security and cleaning services

From 7th to 9th October 2007 some 70 trade union representatives from 16 European countries came together in La Roche-en-Ardenne (Belgium) to discuss EWC work in the security and cleaning services. The focus was on the companies Falck, Group 4 Securicor, ISS, Rentokil Initial and Securitas, which have already set up an EWC.

The federation of trade unions in the services sector (UNI Europe) evaluated the presented cases as "largely disappointing". For example certain employers prefer in-house trade unions, which have no democratic legitimacy, management representatives are also often sent to the EWC. Especially in the new EU countries, the situation is particularly problematic.

- [Press statement of UNI Europe for the meeting](#)

### Ensuring democratic electoral procedures

There are problems in the nomination of delegates for the EWC not only in the security and cleaning services. Here are two examples of how they arise also in other industries:



- Delegates from the UK are nominated by a "forum", installed by the employer as a substitute for worker representation, to avoid legal recognition of a trade union. Should works councils from continental Europe accept this?
- What to do if in Central and Eastern Europe no operating employee representation exists and delegate seats remain vacant?

To put the work of a European works council on a sustainable basis, the highest vigilance is therefore necessary at the election of delegates. This is true not only for regular elections but begins already **before the EWC foundation**. So all members of the special negotiating body (SNB) must receive their mandate on a democratic basis. The rules for choosing delegates for all 27 EU countries is now shown clearly in the "Company Policy Newsletter" of the European Metalworkers' Federation (EMF). Included are also the new provisions for Romania and Bulgaria.

- [Download of the EMF newsletter for the delegates election](#)

## 10. Interesting web pages

### European tourism portal



On 24th and 25th October 2007 the new Internet portal of the trade unions in the tourism sector was presented to the public at a conference in Portimao (Portugal). The website provides specific information for workers' representatives in travel and tourism companies and has its own area for European works councils. The content will be added in the coming months and is available in English, French and German.

- [The Internet portal of the trade unions in the tourism sector](#)

### Goodyear network



In many multinational companies unions have established networks to exchange information between workers' representatives around the world, a precursor to the world works council. There has been such a network since 1999 for the U.S. tire manufacturer Goodyear, organized by the International Federation of Chemical Workers' Unions (ICEM). News and comments are provided in different languages on a specially established Blog on the Internet. Once or twice a year the network sends a newsletter titled "Global Solidarity" in English, French, Spanish and German.

- [Blog of the trade unions at Goodyear](#)
- [The rules of the global network](#)
- [The newsletter of spring 2007](#)

### New website for the European Social Fund



For 50 years the European Social Fund (ESF) not only helped structurally weak regions at the creation of new jobs but also job seekers in the further education and training. The European Commission has now set up a website in 23 languages. Clicking on the map it can be determined to which countries funds go and which projects are sponsored.

- [The new ESF website](#)

### Oder region project

The DGB country district of Berlin-Brandenburg has a website on European policy issues since October 2005, which includes information related to an EU project that aims to bring together the economic region west and east of the river Oder. Together with Polish trade unions, for example, issues of labour market and social policy are discussed. The following documents are only available in German:



- [The Oder region project on the web](#)
- [Download a study on participation in the German-Polish comparison](#)

## 11. New publications



### Training guide for European works councils

The Trade Union Advisory Committee (TUAC) to the Organisation for Economic Co-operation and Development (OECD) in Paris has presented a guide to conducting seminars, under the title "European works councils and the OECD guidelines for multinational enterprises". These guidelines are a component of global social responsibility of companies and often taken for concluding international framework agreements. The brochure provides basic knowledge of European works councils, international trade union structures and rules for multinational companies. Also included are charts that can be used for lectures. The guide is available in English, French, German and Czech.

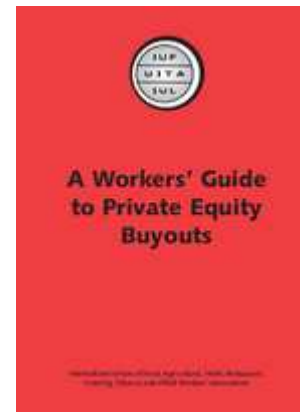
- [Download the guide](#) (in English)

- [Further information and downloads of the other language versions](#)

### Background Knowledge to Private Equity

The International Union of Food Workers' Associations (IUF) in Geneva issued a brochure on financial investors in May 2007. It explains what private equity is, how it works and what dangers it entails for workers. It identifies possible strategies for negotiating with private equity funds and presents a series of case studies. The appendix provides a listing of the 50 largest private equity firms. The brochure is available in English, French, German, Swedish and Spanish.

- [More information on the brochure](#)
- [Download of the brochure](#)



### Cross-border participation in the SE

Since February 2007 the third revised edition of a guide of Hans-Böckler-Foundation for the European company (SE) is available. It includes an overview of the methods of foundation, the involvement of employees and the conduct of negotiations on an agreement to participation. The full text of the Allianz SE agreement is printed. New in this brochure are now comments on the merger Directive, that was implemented in German law in December 2006. It regulates the cross-border mergers of companies. The brochure is only available in German.

- [Download of the brochure](#)

### Paperback on labour law with an international perspective

This basic book of Prof. Däubler is now available in the 16th edition. Compared with previous editions it was enlarged at a point: the view beyond the boundaries of national events is not treated as a separate chapter, but is integrated into all subjects. Thus the author has finally abandoned the illusion that the globalization leaves the labour law untouched. The cost pressure stemming from low cost companies, the codes of conduct of American corporations, that 'penetrate' German subsidiaries, the threat of relocation – all are challenges, that can one not avoid. Including for European works councils the "guide for employees" is a recommended reference book. It is only available in German.



Wolfgang Däubler

#### Das Arbeitsrecht 1

Leitfaden für Arbeitnehmer

Reinbek 2006, 16. Auflage, 864 pages, ISBN 978-3-499-61966-3, € 16,90

→ [Further informationen](#) → [On-line order](#)

## 12. Training and consultancy network "euro-workscouncil.net": further examples of our work

### Negotiations on EWC formation in a Chinese company



The Hong Kong based automotive supplier Johnson Electric will establish a European works council. Employee representatives from six countries came together in Bremen from 16th to 19th September 2007 to discuss the next steps to establish a special negotiating body (SNB). The event was co-organized by the training and consultancy network

"euro-workscouncil.net". European central management in Switzerland will support the EWC foundation constructively. Since 1992 the company is represented in Germany and since 2003 in Italy, since then numerous factories in Western and Eastern Europe were purchased. Johnson Electric may be the first Chinese company with an EWC.

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### Dubai Ports World: EWC study

After a bidding war the state port company from Dubai (DP World) took over in March 2006 the traditional British company P&O (Peninsular and Oriental Steam Navigation) with its 29 container terminals. Thus, DP World has become the third largest port company in the world. In Europe, the company operates major terminals in the UK, Belgium (Antwerp), Romania (Constanta) and Germany (Germersheim).



P&O founded a European works council already in 2000, which is continued since May 2007 under the roof of DP World on an improved basis. It can now meet twice a year. With the support of the European Transport Workers' Federation (ETF), the "euro-workscouncil.net" training and consultancy network will provide a case study for the negotiations of the new EWC agreement. First results will be presented at a conference end of November 2007 in Livorno (Italy).

- [More information about the conference](#)

DP World had tried in 2006 to take over the Hamburg port company HHLA and was failed just as the German railway company Deutsche Bahn. In protest against the privatization plans several times the work in Hamburg harbour rested. Both DP World and the Hamburg HHLA be partially privatized on the stock exchange in November 2007.

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### Restructuring and financial investors



Staff members of the training and consultancy network "euro-workscouncil.net" currently study restructuring at **Smurfit Kappa**. The group based in Ireland resulted from a merger of two packing companies in spring 2006. The spin-off of the forklift truck manufacturer **Kion** from the Linde group and the sale to a U.S. financial investor is also investigated. The works council of Kion was involved in the selection of the new owner. The case studies are part of an EU-funded project of the research institute Cesos in Rome (see [report in EWC News 2/2007](#)).

- [The website of the Cesos research project](#)
  - [Report in the magazine "Mitbestimmung" on the sale of Kion](#) (in German)
- 

### Negotiation skills: Coaching for EWC members

An extension of the strategic capacity of European works councils in the light of different traditions and cultures of industrial relations is the goal of a new coaching offer, which was developed by the training and consultancy network "euro-workscouncil.net" together with EWR Consulting in Frankfurt am Main, and now introduced to the public. Rudolf Reitter, the initiator of the concept, worked as an academic assistant at the European works council of the automotive supplier ZF Friedrichshafen for several years prior to his consulting activities and knows the problems in practice: "The early influence on site competition requires a consistent negotiating strategy, supported by business know-how". Three interrelated components will prepare the EWC members for this challenge.



- [The modular concept to coaching for EWC members](#) (in German)
  - [The consulting services of EWR Consulting for European works councils](#)
- 

**A German market leader expands the range of seminars for European works councils**





The institute for the further education of works councils (ifb) organizes annually around 2,100 seminars for over 26,000 participants to 270 different themes. Since 1998, this also includes seminars for European works councils designed by staff of the training and consultancy network "euro-works council.net". Due to growing demand, the two-part seminar series was extended to three levels in 2008. In addition to a basic seminar "The road to the European works council" there is an advanced seminar "Structuring legally binding EWC agreements - work effectively in the EWC" and an in-depth and refresher course for professionals. The seminars are held in German only.

- [The dates of the ifb seminar series](#)

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## Trade unions in Germany and France

Dokumente, a magazine for the Franco-German dialogue, released a special issue on trade unions in August 2007. It contains several articles on labour disputes, membership development and transnational cooperation. Horst Mund and Kai Burmeister of IG Metall head office write on trade unions facing the challenge of Europe, the cooperation of European works councils is portrayed by Werner Altmeyer of the training and consultancy network "euro-works council.net". At the same time the French sister magazine Documents also took up this issue, numerous articles have been published, therefore, in both languages.



- [Table of contents of the German issue](#) (in German)
- [More information and ordering](#) (in German)
- [The contribution on European works councils](#) (in German)
- [The contribution on European works councils](#) (in French)

## Other journal articles

In July 2007 an article on French works council advisors in comparison to German trade union officers was published in the magazine **Mitbestimmung** and, in September 2007, a survey of current EWC court decisions in France was presented in the magazine **Arbeitsrecht im Betrieb**. All texts are in German:

- [The contribution on French works council advisers](#)
- [The contribution on current EWC court decisions](#)

Other publications are available on our [publications page](#).



## ver.di/GPA newsletter: new issue

On 22nd October 2007, the fourth edition of the German-Austrian EWC newsletter of ver.di and GPA appeared. It is created by the training and consultancy network "euro-works council.net". It contains an interview with the head of the participation department of the ver.di federal office, Martin Lemcke, on the new Fresenius participation agreement, reports on the establishment of European works councils, including an interview with the newly elected EWC chairman of the Austrian energy company EVN, Paul Hofer, furthermore a presentation of the international activities of the ver.di department for financial services, background information about France and about recent court rulings as well as information on events and Internet resources. The newsletter is published only in German.

- [The EWC newsletter 2/2007 of ver.di + GPA](#)
- [Registration for the EWC newsletter of ver.di + GPA](#)

## 13. Current seminars

Registration is possible for the following seminars and workshops co-made by us:

**Establishment of European works councils in the port industry**

18 -- 24-11-2007 in Livorno (Italy)

→ [more information about this workshop](#)

**Works council activities in Europe, the European works council (EWC)**

- Working without borders -- the way to the European works council  
16 -- 19-09-2008 in Frankfurt am Main
- EWC for professionals -- in-depth and refresher course  
03 -- 07-11-2008 in Berlin

**Europe for trade union officers of IG Metall**

Institutions -- Policies -- European works councils

16 -- 18-04-2008 in Bad Orb

13 -- 15-10-2008 in Bad Orb

**In-house events**

Please find a survey of possible subjects of in-house events here:

→ [Topics for in-house training](#)

→ [Topics for in-house lectures](#)

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