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1. Brexit negotiations at a dead end

The hour of truth in Salzburg



The EU heads of state and government came together on 20 September 2018 in Salzburg. This was the last chance for the Prime Minister Theresa May to achieve a break-through at the highest level in the Brexit negotiations which have long been in deadlock. In the future she would like to participate in the European single market for goods, but not for services or people. The EU has rejected this as "cherry picking" and does not wish to sacrifice the four freedoms of the single market for Brexit. If no final agreement is presented before

mid-November 2018, the legislative procedure will no longer be able to be completed in time. Both sides are therefore already preparing for an EU-exit without an agreement; the no-deal or "cliff-edge" Brexit. In this case there would no longer be the originally planned transition period up to December 2020 (see [report in EWC News 4/2017](#)).

The most important Brexit negotiations are not however in Brussels, but continue to take place within the totally divided conservative party in London. The "Chequers Plan", named after the Prime Minister's country residence, was adopted on 6 July 2018 and is the government's first and only Brexit proposal since the referendum two years ago. It only came about following substantial pressure from British industry. A few days before, Airbus had threatened with the relocation of all British sites with 14,000 employees to Continental Europe, should they lose access to the single market. Jaguar Land Rover, the largest British car manufacturer with 40,000 employees, likewise warned of plant closures. The Chequers Plan is however controversial and led to the resignation of Foreign Affairs Secretary, Boris Johnson and Brexit Minister David Davis, the two main figures of a "hard Brexit". In the meantime they are backed by around 50 conservative MPs, who plan to reject the plan in the House of Commons. There is little chance for Theresa May to obtain a majority for the plan since the opposition parties do not support it either.

[Chequers Plan key points](#)

No-Deal Brexit would be "as catastrophic as the financial crisis"

The governor of the Bank of England announced this prognosis on 14 September 2018. He fears high unemployment and a collapse of the housing market with many foreclosures. On day one of the Brexit there would be disruptions to air traffic, supply chains and the supply of medicines. The government has warned of civil unrest, but has denied any plans for military intervention. France is preparing contingency laws and wants to block the arrival of Eurostar trains on French territory. British driving licenses will no longer be valid within the EU. The British living abroad could lose access to their bank accounts and pension payments. Customs controls will clog up the ports, the motorway from London to the English Channel (M 20) will become a lorry park and be closed for normal traffic etc. etc.

[European Commission information on no-deal scenario](#)
[Press report on British government warnings](#)

Second referendum or new elections

"If there is no House of Commons support for no deal, then you are very close to new elections," said Herman van Rompuy, the former president of the European Council, on 25 August 2018. In the case of new elections, the Brexit would have to be postponed. However, the governing conservative party can have no interest in snap elections, since their opinion-poll ratings are worse than in the last elections. Meanwhile the demand for a second referendum ("People's Vote") is gradually growing in all parties. According to recent polls, if this should take place there would now be a majority for remaining in the EU. This in turn, would not only lead to the resignation of the government, but also to an implosion of the British party system. Both of the main parties (Conservatives and Labour) are internally divided on the Brexit issue. According to a recent poll, two out of five voters would rather elect a new party in the political centre. There could possibly be a "Macron effect" around Gina Miller, the campaigner who won the legal proceedings on article 50 (see [report in EWC News 4/2016](#)), or at least, complicated coalition negotiations. The consequences on the state structure of the United Kingdom are hard to predict (Scotland, Northern Ireland).



[Roadmap to the second referendum](#)
[People's Vote campaign website](#)
[Report on Gina Miller](#)
[Further information on Brexit](#)

European works councils after the Brexit



On 28 March 2018, the European Commission published a two-page report on the legal consequences of Brexit for European works councils. Under current conditions the EU Directives will no longer be valid in the United Kingdom as of 30 March 2019. A withdrawal agreement could change this for a transition period or in the long term. But since there has been no withdrawal agreement up to now, there is also the risk of a "cliff-edge" for European works councils. All EWC agreements under British jurisdiction would cease to exist and British representatives would automatically lose their seats. The European Commission therefore advises the social partners to make necessary provisions in advance. More and more companies are already including such Brexit clauses into their EWC agreement (see [example in EWC News 1/2018](#)).

[European Commission report](#)

On 23 August 2018, the British government also published a report on the legal consequences of the Brexit for European works councils. If there is no withdrawal agreement, they do not wish to abolish British EWC legislation (TICER 2010), but rather to freeze it. All European works councils already in existence on British soil, would continue to operate and no British delegates in continental-European EWCs would lose their mandate. Furthermore, all requests for establishing a European works council, which have been registered before Brexit day, are to remain valid and may be negotiated up to their conclusion. However, it would no longer be possible in the future to establish new European works councils under British jurisdiction.

[British government report](#)

Forthcoming event

The current situation for European works councils will be covered during the next EWC conference in London on 21 and 22 March 2019, a few days before the Brexit.



2. In which direction after change of government?

New framework agreement in Italy

On 9 March 2018, only a few days after parliamentary elections, the three main Italian trade union confederations CGIL, CISL and UIL together with the Confederation of Italian Industry, Confindustria, signed a "Patto della Fabbrica", a framework agreement on industrial relations and collective bargaining. While in Germany or France these subjects are regulated by the legislator, Italy has a long tradition of voluntary agreements concluded between the social partners. Trade unions and the employers' associations were therefore able to fix their own priorities before the formation of the new right-wing populist government, on 1 June 2018. The pact reforms industrial relations and the organisation of the different collective bargaining levels.



Collective bargaining will continue to function on two levels, i.e. nation-wide and company (or regional) levels, whereby the role of the largest representative employers' associations and trade unions is to be strengthened. This aims at preventing bargaining competition (see [report in EWC News 3/2017](#)) and "Dumping agreements", which undermine minimum standards. The excessive number of agreements is also to be reduced and regulations simplified. The pact also provides more funds for occupational training and skills development, for health and safety at work and for helping young people to enter the job market. When companies have an increase in productivity, wage increases are also encouraged.

[Press report on the pact](#)
[Report on the signing with link to original text](#)

Emergency decree against precarious employment

The new Minister of Labour from the Five-star movement, Luigi Di Maio, wishes to restrict fixed-term contracts and encourage permanent employment by means of the "Dignity decree" which came into force on 14 July 2018. This represents a clear break with the policies of the former social-democratic Prime Minister Matteo Renzi, who had introduced flexibility into labour law in favour of the employers in 2014 and 2015 under the title "Jobs Act" (see [report in EWC News 2/2017](#)). In the future, fixed-term contracts are only possible for twelve months, and with a valid reason for two years (currently three). An employment contract may be extended four times at the most (currently five times) and employer's social security contributions will rise by 0.5 percentage points with each extension. The number of fixed-term contracts is to be limited to a maximum of 30% of all work contracts within a company. The decree plans compensation of up to 36 months' salary in order to protect employees against unfair dismissal. Companies obtaining state funding and relocate parts of their production abroad within five years, must not only reimburse everything, but in addition pay a fine of up to a total of 400% of the subsidies received.

[Press report on the decree](#)
[Overview of the innovations](#)
[South Tyrolean trade union confederation's opinion](#)
[Analysis of the political situation in Italy](#)

New Spanish government seeking to reform Labour Code



On 1 June 2018, and for the first time in Spanish parliamentarism, Mariano Rajoy's conservative minority government collapsed following a corruption scandal and a vote of no-confidence. The socialist party, PSOE, which is now in government has likewise no majority and lost a vote on its budget proposals, on 27 July 2018. There is consequently an increased likelihood of snap parliamentary elections. The new minister of labour, Magdalena Valerio has nevertheless set out her priorities, e.g. on 12 August 2018 in Barcelona at the ceremony to mark the founding of UGT, 130 years ago (photo). Historically her party is closely linked with the UGT trade union confederation.

The lawyer wishes to adapt the Labour Code ("Estatuto de los Trabajadores") from the 1980s to the conditions of the 21st century and is seeking parliamentary majorities to limit e.g. precarious work. Spain has the highest ratio of fixed-term contracts in the EU, around 90% of all newly concluded employment contracts were only fixed-term in 2017. Unemployment is running at 15%, and is only higher in Greece. The labour law reforms, which the conservative government adopted by emergency decree in 2012 in order to counter the financial market crisis, are now to be scrapped, or at least partially. The trade unions had protested against these with week-long demonstrations and a general strike (see [report in EWC News 2/2012](#)). In the future, industry-wide collective agreements are once again to take priority over company level agreements. Labour inspection is to be developed in order to fight the widespread abuse of part-time employment, and the role of trade unions to be strengthened.

[Overview of industrial relations in Spain](#)

One year of "Macronomics": the French are being whiplashed

The French president Emmanuel Macron is carrying out his reforms at a tremendous pace, shaking the very foundations of the French system. In June 2018, the International Monetary Fund awarded France with the title of "reform champion". Unemployment has dropped from 10.5% in 2016 to currently 9.2%. It is however debatable whether this can be attributed to the global economic situation or to Macron's reforms. The next items on the reform agenda concern occupational training and further education aimed at reducing the high number (22%) of youth unemployed. In addition the PACTE law ("Plan d'action pour la croissance et la transformation des entreprises") adopted on 5 October 2018, concentrates on dismantling the bureaucracy for small and medium sized companies, but also aims at improving the financial participation of employees in the economic success of companies. In France there has already been a legal obligation in this matter since 1959 (see [report in EWC News 2/2016](#)).



The PACTE bill will also modify the Corporate Governance in large companies. In the future, they must duly take into account social and environmental standards and codetermination is to be increased to between a quarter and one third participation. If the administrative or supervisory board has at least eight members, then two seats must be reserved for the employee side, with frequently an additional seat for the staff shareholders. Previously this type of participation only existed up to 2013 in national or formerly state-owned companies (see [report in EWC News 2/2013](#)). The PACTE law will also trigger a whole wave of privatisations.

Crisis of the trade unions' traditional protest model

Around 100,000 to 200,000 people have taken part in protest demonstrations since Macron took office. This is relatively modest by French standards and substantially less than for the large

mobilisations in 1995 against the conservative government, at that time. Membership of the splintered trade unions continues to decrease and the more and more fragmented protest demonstrations are organized only for certain professions. The militant CGT appears isolated, flying the flag of a weaker and weaker resistance movement, which even after several months of strikes at SNCF, the state railway, in actual fact, has failed. The General Secretary of the more moderate CFDT union has warned that not only political parties can die if they do not change (like the socialist party), but also trade unions.

[Study of the current situation of French trade unions](#)
[Analysis of the reform agenda for Macron's first year in office](#)

3. Social responsibility in the Internet working world

Historical collective agreement for Danish on-line platform



On 10 April 2018, the management of Hilfr signed a collective agreement with the 3F union in Copenhagen. It came into force on 1 August 2018 and is the first collective agreement of its kind in the whole world. Hilfr provides cleaning services for private households and Fagligt Fælles Forbund (3F) is the industrial trade union responsible for private services, hotels and restaurants. The Danish Prime Minister and the president of the Danish employers' associations were present at the signing ceremony (photo).

The collective agreement is initially valid for one year and will be evaluated thereafter. Besides sick- and holiday pay it also provides old-age pension contributions as well as a minimum hourly wage of almost 19 €. Unemployment benefit and occupational training have not yet been incorporated. All income earned is directly reported to the tax authorities by Hilfr. The four young entrepreneurs who first founded Hilfr in 2017, use the new agreement for their marketing as a socially responsible company. As such, they declare on their website: "Hilfr aims to offer people reliable cleaning services combined with proper working conditions and tax payment."

[Press release on signing](#)
[Report from a union perspective](#)

Breakthrough at Amazon in Italy

The first Italian collective agreement for the on-line retailer was concluded on 22 May 2018 in the logistics centre in Castel San Giovanni (north Italy). According to the trade union FILCAMS it can be considered as "historical". The employees had discussed its contents in five workshop assemblies and had repeatedly gone on strike, also during the Christmas period.



The new company agreement regulating the shift and working-hours schedules specifically for Amazon is, as usual in Italy, complementary to the collective branch agreement which is valid nationwide. In the future, night work is only possible on a voluntary basis and the extra pay for night shifts has been raised by 25%. All employees working a weekend have a right to four successive free weekends within the following eight weeks. No other country at present has a collective agreement despite trade union coordination between eight countries which has been established in the meantime at Amazon and ongoing strikes in Germany already since 2013 (see [report in EWC News 3/2014](#)). There was a limited agreement only in Spain which however was not extended.

[Report on the collective agreement in Italy](#)
[Italian trade union press release](#)
[European services trade union federation UNI press release](#)
[Report on strikes in Spain](#)

Food couriers want employee status



There are currently legal proceedings underway in several countries, by means of which bicycle couriers aim to clarify their employment status. On 28 June 2018, in London there was an out-of-court settlement for a dispute between Deliveroo and 50 riders, who were claiming for the legal minimum wage and paid vacation. Deliveroo had previously refused to accept these, on the grounds that they were self-employed and not employees.

The out-of-court settlement came about after the High Court had accepted an appeal on 15 June 2018 against a decision of the Central Arbitration Committee (CAC). In November 2017, the CAC, as the first instance in collective labour law had denied IWGB (Independent Workers Union of Great Britain) the right to collective bargaining, on the grounds that the riders were not employees. The trade union financed the legal case through crowdfunding and invoked the European Convention on Human Rights. Comparable legal proceedings have also started in the Netherlands. In Spain labour authorities are demanding retroactively 1.3 M € social insurance contributions from Deliveroo, on the grounds that the bicycle couriers are not freelancers but dependent employees. Also in Italy there

have been numerous actions from bicycle couriers.

[Report on the legal case in London](#)
[Report on the out-of-court settlement for the 50 riders](#)
[Report on the legal case in the Netherlands](#)
[Report on the situation in Spain](#)
[Report on developments in Italy](#)

4. New EWC legal dispute in Germany

Deutsche Telekom subsidiary faced with radical job cuts

On 1 August 2018, the labour courts in Bonn rejected an interim injunction order against the central management of Deutsche Telekom. The European works council of Germany's largest telecommunications company considers that its information and consultation rights have been violated with respect to massive job cuts planned at T-Systems and in the meantime has filed legal proceedings with the Higher Labour Court in Cologne. The case resembles the Visteon case, which came before the same court in Cologne in 2011 (see [report in EWC News 3/2011](#)).



The management of T-Systems, the subsidiary for IT services, informed the German central works council about the forthcoming restructuring on 17 January 2018. The European works council was only informed of the plans on 27 February 2018. 10,000 jobs are to be slashed worldwide, with alone 6,000 in Germany (one in every three jobs). The EWC considers the late communication of information as a breach of law since there are a further five countries affected besides Germany. The German EWC legislation leaves no room for doubt on the issue; Article 1 paragraph 7 - "Information and Consultation of the European works council has to take place, at the latest, at the same time as that of the national employee representatives".

On 20 August 2018, the German central works council of T-Systems reached an agreement with the employer. Only 5,600 jobs in Germany are to be cut but the implementation is soon to begin, even though the consultation procedure with the European works council has not yet been finalized. As a consequence, the EWC has been relegated into a sort of "rubber-stamp body". Since any legally water-tight implementation of restructuring plans is only be possible once all the works council levels concerned have formally concluded their consultation procedures, T-Systems' management could now fall into the same legal trap as in the Fujitsu Siemens Computers case. Following legal proceedings before the European Court of Justice, its Finnish subsidiary was obliged to pay substantially higher compensations to the dismissed employees (see [report in EWC News 1/2010](#)).

The legal case raises a fundamental issue for the whole of Europe

The heart of the matter is whether the German legislator has transposed the EU Directive on European works councils with respect to the sanctions for infringements, in conformity with European law. The European Commission had brought up the subject in May 2018 and the question of whether national EWC legislations should be evaluated came under debate (see [report in EWC News 2/2018](#)). Whether the current filing will reach the European Court of Justice, remains to be seen. The Deutsche Telekom EWC has also filed main legal proceedings in parallel to the preliminary injunction order.

Forthcoming event

A representative from the Deutsche Telekom EWC will give a report on the current situation of these legal proceedings at the Hamburg conference on 29 January 2019.

[Conference program](#)

TIPP !

5. Newly established European works councils

Japanese brewery group with two EWC bodies



An EWC agreement for the Asahi Breweries Europe Group was signed on 6 June 2018 in Pilsen. Five Central European beer brands, which Asahi had bought in March 2017 from the English group SABMiller, come under the umbrella of this new company, including the Czech market leader Pilsner Urquell. The transaction took place in the course of the acquisition of SABMiller by the Belgian beer group Anheuser-Busch InBev, in order to obtain approval from the anti-trust authorities (see [report in EWC News 3/2016](#)). Shortly before, Asahi had already acquired SABMiller beer brands in Italy and the Netherlands

and is today the fourth largest brewery group in Europe.

Since Western and Eastern Europe are managed as two independent business units, there will also be two separate European works councils. The future EWC for Eastern Europe represents 7,000 employees in five countries and has 13 members, including four from Poland and three from Czechia. Although central management has its headquarters in Prague, the EWC agreement comes under Hungarian jurisdiction, as previously in the SABMiller EWC established in 2006. The negotiations for

Western Europe have not yet been finalized.

In certain aspects, the EWC agreement goes beyond the new EU Directives' standards. As such, the definition of transnational competence has been explicitly incorporated from recital 16 of the Directive's preamble. There is a mention of "alternative solutions" within the consultation procedure which the EWC may elaborate, without having to respect a given deadline. The timeframe is negotiated for each individual case and the explicit goal of the consultation for restructuring consists of reaching a socially responsible solution. There are two plenary meetings per year which the employer chairs. The EWC secretary and a further four representatives from five countries make up the steering committee, which meets at least once per year and whenever necessary, in a venue chosen by management. There is a one-day training held every year during a plenary meeting. Two annual meetings are held between the respective EWC members and their HR managers in every country. The term of office is set to five years, and costs of experts limited to 10,000 € annually.

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

French dairy company avoids legal proceedings

On 14 June 2018 at the Lactalis headquarters in Laval (Loire region), an out-of-court settlement was reached between the central management and the trade unions who had started legal action on 30 January 2018. The company, which does business around the globe with 32,000 employees in Europe (half of them in France), had persistently ignored the request for the establishment of a European works council. Lactalis has made numerous acquisitions in recent years and in this way become the world's largest cheese processing company (including i.a. the "Président" brand). The family business is very publicity-shy and has been refusing to reveal end-of-year financial statements to the Commercial Register Office since 2011, preferring to pay the fines instead. Since a European works council is likewise entitled to these documents, their refusal to establish the EWC is easy to understand.



Shortly before the planned court session on 26 March 2018, central management signalled that it was willing to compromise. The court hearing was therefore postponed for the time being and negotiations for an out-of-court settlement began. This provides for the establishment of a Special Negotiating Body within six months and a EWC within two years at the latest. Otherwise the court will once again deal with the case. In a similar case in July 2016, the labour courts in Berlin ruled that a "default" EWC had to be established immediately (see [report in EWC News 3/2016](#)).

[Report on the Lactalis legal case](#)

Italian paper manufacturer waiting for court decision



Sofidel, a family business from Porcari in Tuscany and one of the world's largest hygiene paper manufacturers with 5,000 employees in eleven EU Member states, has persistently been refusing to establish a EWC for years. When the request to establish the EWC arrived in 2014, central management did not undertake anything to constitute the Special Negotiating Body (SNB). As a consequence, after the expiration of the six month's legal period, the unions demanded the establishment of a "default" EWC based on the subsidiary requirements. However central management was only willing to hold EWC meetings as video conferences in English and without interpreters. As a result, the trade unions announced that they were taking legal action in a press conference held in May 2015 in Pisa (see [report in EWC News 2/2015](#)). Finally a conciliation hearing took place on 6 June 2017 in Lucca, which was however unsuccessful. The next hearing is planned for 15 October 2018. Up to now, there are no signs that management is ready to compromise. The labour and social courts in Vienna already ruled on the issue of video conferencing in April 2018, which was also a legal case in the paper and packaging industry (see [report in EWC News 2/2018](#)).

6. Revised EWC agreements

Swiss HR Services Company integrates new EU Directive

A revised EWC agreement for Adecco was signed on 24 May 2018 in Zurich. The company is the world's largest HR services provider with 33,000 full-time employees and over 1 million workers under contract. Starting from 1999, there was at first a forum ("Platform for Adecco Communication in Europe") under Irish jurisdiction, which later was transformed into a full-fledged European works council in 2013, under British jurisdiction.



The EWC has up to 30 members, representing all countries in the European Economic Area as well as Switzerland. The largest countries are France with three seats, the United Kingdom, Italy, Germany and Spain with two each. There are also five management representatives. The chairmanship is

shared by both sides. A four-day plenary meeting is held once per year in Zurich including a one-day training. The employee representatives elect a steering committee of five members, which likewise holds a meeting once per year as well as in exceptional circumstances. Each EWC member has a three day annual time-off work allowance, and the steering committee members six, in each case in addition to the time off for meetings.

The definition of Information and Consultation is completely tailored around the new EU Directive and also explicitly on the interpretation of the courts in Great Britain. An internal conciliation procedure is provided for any disputes arising over the interpretation of the EWC agreement and court action is then only possible six months later.

French mining and building materials group updates EWC agreement



The EWC agreement von Imerys was extended on 31 May 2018 in Paris. The EWC has existed since 2001 and also covers Switzerland. As usual in France, it is a mixed body under the chairmanship of the CEO, once per year. Employee representatives elect five delegates from five countries and from different divisions to make up the steering committee. They meet at least three times per year with the central management supported by a trade-union co-ordinator from Brussels, who is nominated by the European Trade Union Confederation (ETUC). Additionally the EWC may be permanently assisted by a paid expert, who may not however participate in the plenary meetings with

management.

The EWC is competent for all matters which affect more than 150 employees in Europe. If only one country is concerned, central management may communicate information in writing or by telephone. If more than 300 employees in only one country or several countries are concerned, a special meeting of the steering committee is held. It may request any clarification necessary to understand a particular consultation topic completely. Upon request, a presentation of the economic report, which the French group works council regularly commissions from a chartered accountant, can be given during the EWC plenary meeting. The EWC agreement provides for working groups on specific topics, which meet together with management representatives. The time-off work provisions are however relatively restrictive: as such the secretary (= speaker for employee representatives) only has five days per year in addition to the official meetings. Training is usually organized in the annual plenary meeting. There are two seats for employee representatives on the Imerys board of directors, one is elected by the European works council and the other by the French works councils.

New rules for Italian petroleum group

On 4 July 2018 in Saint Julian's (Malta), a revised EWC agreement was signed for Eni, the largest company in Italy and one of the most profitable in the world. The European works council was established in 1995 under a "voluntary" agreement between the group's management and the chemical industry unions of the three Italian confederations. The European Industrial trade union federation (industriALL) was also a party to the agreement.



29 EWC members represent 22 countries, whereby Italy has over 20,000 employees and all the remaining countries have altogether 4,500. The EWC is composed of twelve employee representatives from Italy and twelve from the remaining countries as well as four full-time union officers. In addition there is a co-ordinator proposed by the trade unions who chairs the meetings. One plenary meeting is held per year. In addition to the coordinator, the select committee includes two elected representatives from Italy and two from the remaining countries. It holds three regular meetings per year.

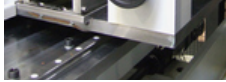
In addition there are meetings in exceptional circumstances, which are convened as early as possible before the beginning of a restructuring. Following such a meeting, the select committee has seven days to render an opinion. The new EU Directive's definition of Information and Consultation has been fully integrated. There has already been a committee on occupational health and safety ("European observatory") in place since 1996, whose members report once annually in the EWC plenary meeting. A sort of World works council was also established in July 2016 (see [report in EWC News 3/2016](#)).

7. New SE conversions

Toolmaker from Münsterland freezes codetermination



Technotrans from Sassenberg (Westphalia) has become a European Company (SE) since 28 June 2018. It has 1,200 employees in Germany who manufacture industrial cooling and fluid technology systems. There are additional sales offices in France, Italy, Spain and the United Kingdom. The SE agreement, which was concluded on 23 March 2018, includes a Brexit clause whereby the UK remains within the scope of the agreement regardless of its EU membership status. All members of the German group works council belong automatically to the SE works council, and small countries have one seat each. There are two plenary meetings per year of which one may be organized as a video conference. Resolutions may be adopted by circulation or by video conference, which German labour courts



are still refusing to accept for German works councils, up to now (see [report in EWC News 2/2017](#)). The SE works council's steering committee is composed of only the chairman and deputy.

In contrast to the SE Directive, for a consultation procedure, not only are plant relocations or mass redundancies considered as exceptional circumstances, but also the introduction of new working or production methods. The SE works council has a right of access to all subsidiaries and may conclude pan-European employment agreements with central management. Each year in September, it submits a budget proposal for all of its expenses for the coming calendar year. As previously, the supervisory board is composed of four shareholder and two employee representatives, the latter being elected by the SE works council. There is no provision for full-parity participation even if the company expands further.

[Press release on SE conversion](#)
[Full text of report on conversion](#)

Another family business avoids full-parity supervisory board

The IT consulting firm, Materna Information & Communications, has been operating as an SE since 14 September 2018. The rapidly growing family business had just beneath the threshold of 2,000 employees in Germany and was able to freeze supervisory board codetermination to one-third, at the last minute. A SE participation agreement was signed at their headquarters in Dortmund (photo) on 21 March 2016. Materna has only had a works council in place since 2016, which the management had at first attempted to prevent, similarly to the software company SAP in 2006.



An additional 120 employees in a further eight EU Member States who do not have local employees representatives, are now represented by the new SE works council. Seven of the eight seats have nevertheless been allotted to Germany and one to Slovakia, countries with under 50 employees have none. The SE agreement is largely based on the SE Directive's standard rules and includes the typical SE provision for a double consultation procedure in the case of disputes. The steering committee can be extended from three to five members, once the SE works council has more than 16 members. Two plenary meetings are held annually. They have a right of access to all subsidiaries within the European single market. The workforce in countries with no works council is directly informed, however only via an information bulletin, which is jointly edited by central management and the SE works council. The supervisory board is made up of three members, including one employee representative, elected by the SE works council.

[SE conversion - press release](#)

8. European Works Councils to set a course

British packaging manufacturer concludes health agreement



On 10 July 2018 in London, the European works council and central management of DS Smith signed a protocol on the reduction of heat stress and discomfort, which is quite common in the packaging industry. In the future, a risk-assessment procedure will be carried out in all European sites with the help of experts and all employees concerned are to be informed and trained. The protocol also provides for a three-tiered complaint procedure which may escalate up to the European works council.

First of all, any complaint is to be notified to local site management, which then has seven days to reply. If their answer is not satisfactory, the EWC can get involved. It can then request the responsible site-manager to examine the issue and to report back within 48 hours. Subsequently, if the complaint is still open, the higher-level country management can be brought in. If this still does not resolve the matter, the health-manager assigned by central management and the EWC chairman deal with it personally - including a short on-site inspection if necessary. DS Smith had already concluded an Employee Charter with an action plan in April 2017 (see [report in EWC News 3/2017](#)).

Social safeguards for steel industry acquisition



Following the acquisition of the Ilva Group by ArcelorMittal, the Luxembourg based steel group, a framework agreement on its social consequences was concluded on 6 September 2018 in Rome. The Italian government and three trade unions were also parties to the agreement. Europe's fourth largest steel producer was placed under state control in 2012 because of environmental scandals. The company has 14,000 employees in 13 Italian and two French sites, including 11,000 alone in the Taranto steel plant in the southern tip of Italy.

ArcelorMittal's European works council also played an important role in the negotiations. On 29 June 2018, in the context of an information and consultation procedure, it had submitted three demands: 1.

Guarantees for the safeguarding of plants and for employees having to leave the group and for those remaining 2. Contractual safeguards for the proper integration of Ilva employees into the ArcelorMittal group 3. An improved social dialogue, with communication of high-quality and transparent information and to guarantee EWC members the appropriate environment necessary. Finally, ArcelorMittal committed to transfer 10,700 employees while the remaining 3,300 will be employed on the clean-up of contaminated sites under government aid or benefit from early retirement. Anybody who leaves voluntarily, is to receive a total gross compensation of 100,000 €. As a consequence of the acquisition ArcelorMittal must sell some of its plants in Luxembourg and Belgium - which will possibly go to the German steel group Salzgitter - as well as in Czechia and Romania.

[Report on the framework agreement](#)
[Reaction of trade unions in Belgium and Luxembourg](#)

9. The view beyond Europe

German fashion chain strengthens international responsibility

The central management of Esprit and industriALL, the global federation of industrial trade unions signed an international framework agreement on 13 April 2018. It covers more than 525,000 workers in over 1,100 supply companies who manufacture clothes, shoes and home accessories. Esprit hereby guarantees them minimum social standards, freedom to join a union and fair collective bargaining. It also includes a training program for workers and plant managers in the production countries. Esprit manufactures more than 92% of its goods in Asia, principally in China and Bangladesh. The group has its legal headquarters in Bermuda, but is managed from Ratingen (near Düsseldorf) and Hong Kong. Esprit has already been cooperating with unions since 2013 in the "Bangladesh accord" (see [report in EWC News 3/2013](#)).



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

Russian petroleum group renews framework agreement



The global framework agreement first concluded in 2004 between Lukoil and industriALL, the global federation of industrial trade unions was renewed on 4 June 2018 in Moscow. It includes a right to trade union freedom, industrial safety, environmental protection and the UN Convention on Human Rights for 110,000 employees in more than 50 countries around the globe. There are currently new oil production projects planned in Azerbaijan, Kazakhstan, Ghana, Romania and Iraq. Lukoil represents 2% of the world's total oil production.

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

Day of action at world's largest hotel group

On 27 June 2018, employees of the US-company Marriott took part in a day of action in several countries in Southeast Asia, South Africa as well as France, Sweden and Austria, for the launch of an international trade union campaign. The demand from central management is for a global framework agreement against sexual harassment, from which many employees in the hotel industry suffer. Since its acquisition of Starwood hotels in September 2016, the 30 hotel brands of Marriott International has a staff of over 220,000 employees in 126 countries. The campaign was organized at a trade union meeting held in Geneva on 29 May 2018. A similar declaration was last made in June 2017 by the French group Sodexo (see [report in EWC News 3/2017](#)).



[Full text of the demands](#)
[Side note: Manual on sexual harassment at Unilever](#)

10. Information media for works councils

What is a European works council?



In a video lasting three and a half minutes, the European Trade Union Confederation (ETUC) in Brussels describes principal characteristics and the role of a European works council. The video is only available in English, but is nevertheless subtitled in French, German, Italian, Spanish and Polish. The language can be chosen using the "settings" button.

[Video on European works councils](#)

Video on German works council

The functioning of a German works council differs substantially from that of a EWC. A video produced by a globally active law firm from Munich describes German works council rights from an employer perspective. IG Metall has also produced a video from a trade union viewpoint and a private training provider also operates a dedicated video channel for works councils.

[Video on the employer perspective](#)
[IG Metall video](#)
[Works councils video channel](#)

Brief reports on individual European countries

The European Trade Union Confederation (ETUC) publishes its on-line bulletin "Workers' Voice, national updates" four times a year. It examines current topics at the EU level as well as union activities and innovative examples of collective bargaining in individual countries.

WORKERS' VOICE
National UPdates

[On-line bulletin archive](#)

Monthly reports on European labour law

Flash Reports on Labour Law **August 2018**

Summary and country reports

The European Union established a centre of expertise on labour law, employment and job-market legislative initiatives in 2016. Every month it publishes a flash report on developments relating to labour law in all countries within the European single market.

[Flash report archive](#)

Information on Corporate Social Responsibility from Ministry of Labour

The German Federal Government is campaigning for sustainable corporate governance on a new website and highlights various aspects of CSR (Corporate Social Responsibility). As part of an action plan adopted in December 2016, it had clearly set out its expectations that companies should exercise due diligence and respect for human rights throughout their supply and value chains. In Germany there are only such non-binding promotional incentives on the matter, whereas in France companies have been obliged by law (see [report in EWC News 4/2016](#)).

UnternehmensWerte
CSR Made in Germany

[Ministry of Labour CSR portal](#)
[Critical review of newly proposed information](#)

11. New publications

Diesel scandal, electric drive, autonomous driving and the future of mobility



In March 2018, the Rosa Luxemburg Foundation published a 100-page comprehensive analysis of one of the core sectors of the German economy: "The car in digital capitalism". The book focuses on the forthcoming massive upheaval in the car manufacturing industry, in its suppliers, and in the entire transport electronics, triggered by the gradual farewell to the combustion engine, to the private car and the human driver. According to the author, the car as an IT product, opens up completely new fields of business in the mobility industry. In particular he highlights the opportunities which lie in the transition in the mobility sector, if they are coupled with the energy transition. Since the core competencies of the classical automobile industry (engine and transmissions manufacturing) are progressively losing their importance, a digital "New Deal" is necessary for transport to become a service and no longer a product.

[Abstract of the analysis](#)
[Analysis download](#)
[Report on IG Metall Bavaria conference](#)
[Demands for technological transformation in the automotile industry](#)

Key technologies as a goal of Chinese acquisitions

In May 2018, the Bertelsmann Foundation published an analysis of 175 Chinese investments in companies in Germany from 2014 to 2017. Two thirds of these investments are within ten key industries, in which China is striving to become the worldwide technology leader before 2025. They include alternative propulsion technologies for cars, biomedicine and robotics. In these industries German companies have a clear technological competitive advantage and are attractive for investors. The so-called "Hidden Champions" are located in the regions of Baden-Wuerttemberg,



North Rhine-Westphalia and Bavaria which are consequently where most of the Chinese investments are attracted. In October 2017, the Hans Böckler Foundation published a report on the working experience of works councils with Chinese investors (see [report in EWC News 4/2017](#)).



[Report on the study](#)
[Download of the study](#)
[Discussion paper on China's digital transformation](#)

Forthcoming event

A China seminar for works councils will be held from 6 to 8 March 2019 in Munich. It includes a visit to KraussMaffei and a report from the EWC chairman of the Swiss based company, Syngenta. Both companies are under Chinese ownership.



[Seminar program](#)

Study on the situation of trade unions in Hungary

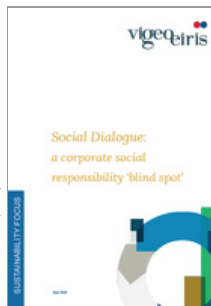


In June 2018, the Friedrich Ebert Foundation published a comprehensive analysis of the political situation and the splintered trade union landscape in Hungary. Membership levels of the four competing confederations continue to fall and in the meantime amount to a total of only 8%. Nowadays, a mere one third of all employees in Hungary are covered by a collective agreement, mostly on the company level. The typical union member has a higher education, works full time in the public sector or in the private energy industry, is over 40 years old and lives in a city in West Hungary. In 2016, there was the largest number of strikes in Hungary since 2000 in particular on demands for wage increases (see [report in EWC News 1/2018](#)). Such strikes are more and more often organized by independent trade unions, who do not (nor want to) belong to the four confederations.

[Download of the study](#)
[Survey on Hungarian's expectations for the future](#)

Social dialogue: the "blind spot" of corporate social responsibility

In June 2018, a study was published which evaluates the importance that is given to promoting labour relations in over 2,400 globally active companies. European companies are clearly better positioned than those in Southeast Asia or in developing countries, while companies in North America lie at the lower end of the ratings. Many French groups are in the TOP 50 ranking, and the Italian energy group Enel is number one. Only two German companies are in the TOP 50: BASF and ThyssenKrupp. The study was published by the French Rating Agency, Vigeo Eiris, which specializes in the environmental and social evaluation of companies and the production of indices for investors. Vigeo was founded in 2002 by Nicole Notat, a former general secretary of the CFDT trade union confederation and still currently president of the agency which in the meantime is active around the globe. Its principal shareholders are pension funds, non-government organizations and trade unions.



[Vigeo Eiris website](#)
[Study download](#)

12. The EWC Academy: Examples of our work

Training for Airbus Division works council



The Airbus Defence & Space Division SE works council met in Taufkirchen (near Munich) on 11 and 12 July 2018 for training. As previously in February 2016, EWC Academy was commissioned for the training (see [report in EWC News 1/2016](#)). The delegates came from production sites of the company's Defence & Space Division in seven countries. The SE agreement provides for three Divisional works councils and one combined Holding works council (see [report in EWC News 1/2015](#)).

Annual EWC basics seminar in Montabaur Castle

From 28 to 31 August 2018, employee representatives from eleven companies, including six with headquarters in the USA, examined ways of improving the functioning of their European works councils. The seminar agenda included labour relations in the largest EU Member States, the process of a consultation procedure and a set of practical case studies. This introductory seminar organized every year since



2009 will be held again from 23 to 26 April 2019.

[EWC Initiation Seminar program](#)



Preparation for SE negotiations



The two central works councils of the German construction group, Köster, held a meeting from 10 to 12 September 2018 in Osnabrück with support from the EWC Academy to prepare themselves for forthcoming SE negotiations. The family business has reached the threshold of 2,000 employees in Germany and wishes to avoid any employee participation in the Holding's supervisory board by means of its planned conversion into a European Company. Köster is particularly active abroad in the business of tunnel construction (Austria, Switzerland and France).

EWC workshop for Switzerland's largest insurance company

The steering committee of Zurich Insurance Group's European Forum met from 26 to 28 September 2018 at the company headquarters in the Swiss financial metropolis. Representatives from eight countries with the largest workforce meet each quarter to discuss current developments with central management. After several changes in personnel, half of the steering committee have only recently taken office. Industrial relations in the countries concerned and the legal scope of the Forum were therefore examined with support from the EWC Academy on the basis of practical case studies. A new EWC agreement under German jurisdiction has been in place since 2016, which was supplemented with provisions for socially responsible restructuring (see [report in EWC News 1/2016](#)).



13. Current seminar schedule



The EWC Academy and its forerunner organization have been holding conferences and seminars for the members of European works councils, SE works councils and Special Negotiating Bodies since January 2009. So far, 783 employee representatives from 276 companies have taken part including many of them for several times. This represents around 21% of all transnational works council bodies in Europe. This does not include the numerous in-house events and guest lectures given to other organizations.

Current seminar catalogue

The EWC Academy seminar catalogue presents the forthcoming events on 64 pages.

[Overview of forthcoming seminar schedule](#)

[Seminar catalogue - on-line browse](#)

[Seminar catalogue - download](#)

US conference for works council members

The sixth conference on industrial relations in the USA will be held from 21 to 23 November 2018 in Rüsselsheim. Apart from the effects that the current US trade and industrial policy is having on company strategy it will also cover a case study of General Electric's merger with the energy division of Alstom. The conference program will be led by the former EWC chairman of General Motors, Klaus Franz and will be held at a historic venue: the Opelvillen Rüsselsheim Art and Culture Foundation.



[Program and registration form](#)

11th Hamburg conference for European and SE works councils



As every year, our annual conference is being held on 28 and 29 January 2019. To start with, the latest developments in the EWC and SE landscape will be presented together with recent court rulings. The agenda includes two case studies ("best practice") from two companies. This time, the conference will focus on the report on the implementation of the EWC Directive from Brussels from 14 May 2018. The European Commission hereby speaks out in favour of stronger sanctions against employers infringing EWC rights (see [report in EWC News 2/2018](#)).

[Program and registration form](#)

[Review: Report on the last Hamburg conference](#)

Psychology in the supervisory board (and in the EWC)

Apart from technical know-how, professional works council work also requires good social and communication skills in particular when dealing directly with the highest management levels. A seminar is being organized on 20 and 21 February 2019 in Frankfurt/Main, which covers the following topics: the Do's and Don'ts, personal and old-boy networks, "alpha animals". What are the most targeted and positive roles and behaviors for employee representatives on the supervisory board and for EWC chairpersons?



[Program and registration form](#)
[Brochure on the subject](#)

6th German-British works council conference in London



The next EWC conference will be held on 21 and 22 March 2019 in London, in a highly-explosive political environment a few days before the Brexit. It is particularly targeted at members of European works councils who are subject to British jurisdiction and at employee representatives who are interested in the industrial relations of the country. Amongst others, there will be a report from the deputy chairwoman of the Central Arbitration Committee (CAC) which is the first instance court for EWC labour disputes. The event will be simultaneously interpreted.

[Program and registration form](#)
[Report from an earlier London works council conference](#)

In-house events

Please find an overview of possible topics for in-house events below:

[Examples of in-house seminars](#)

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