

## **Memo: Nordic EWC conference in Denmark on 2-4 September 2007**

### **Sunday 2 September**

Thirty-two delegates from the Nordic countries and representatives of the EFFAT and IUL participated in the conference (see the list of participants).

Ten different business groups and all member unions were represented.

The first conference target was thus achieved: to obtain information about the knowledge and experience of those of our members who have been elected shop stewards and EWC members.

The conference programme alternated between speeches by delegates and invited guests on one hand, and work in break-out groups on the other. The plenary debates formed the basis of a number of specific statements about improvements that ought to be introduced in the directive in connection with its forthcoming revision and about the tools that should be developed and made available to EWC members to facilitate collaboration and ensure better coordination between national unions and the EFFAT and IUL. A summary of the proposals is given at the end of this memo.

The first speech concerned work carried out in **Scandic** and was given by

#### **Mildred Forsberg, HRF, Sweden**

After the HILTON Group takeover, the EWC council, which used to be a well-functioning council, became a council where only scarce information was given. In fact, the intention had been to continue along the same lines as before the takeover. EWC members not representing wage earners but appointed by management had begun to attend the meetings.

It had become clear that there was no point in having a management willing to collaborate unless it had been clearly communicated to the entire organisation that such willingness should be shown in all local units. There were many examples of local managing directors focusing more on financial aspects than on actual collaboration. For example, if the managing director had to give an EWC representative time off to participate in EWC work, he would be reluctant to do so or perhaps even refuse to allow that representative time off.

The way that information was passed on was unsatisfactory and it would be necessary to ensure unambiguous rules about the duty of information and the obligation to allow workers to take time off to carry out their EWC work.

Negotiations about the agreement had taken 14 months, and afterwards it took very long before the agreement was 'up and running' in individual hotels. The agreement was being renegotiated after HILTON had been sold to the QTM foundation.

#### **Simon Cox, EWC coordinator, EFFAT**

Simon Cox started by saying that experience with the directive had been gained over a period of ten years.

He initiated by reminding the audience that before the adoption of the directive there was no framework for collaboration, just as there was great resistance among employers to the directive, so the current situation was in fact better than nothing. Before the adoption of the directive, there were forty-two voluntary agreements. This number had gone up to more than 800 in the EFFAT member unions. About one hundred of these agreements were in sectors covered by the EFFAT, while 22 were within the HRCT area.

This was an improvement, although there were of course both good and bad agreements. There were agreements including aspects such as social responsibility, ethics and environment, while other agreements only resulted in 'coffee clubs' in which the only subject discussed was 'group spirit'. Divestment, takeovers and outsourcing were not matters managements in those clubs thought should be taken up at EWC meetings.

It was necessary to revise the directive. Such a revision had been prepared on several occasions, the first being in 1999 and then again in 2001 and 2002.

Given the fact that the EU had 27 member states and nineteen working languages, it was very complicated to bring workers together.

The EFFAT had made a list of 28 points of improvement and change, the most important points being the following:

- The directive did not specify what information had to be provided; we were unable to fully understand deals and divestment; and we had no real influence and were not consulted.
- The text about dialogue was too vague.
- It was unclear who could ask for an EWC meeting and subsequently negotiate the contents of an agreement.
- The directive should contain provisions about language, the duty to translate material, training of EWC representatives, etc.
- It should be possible to identify cultural differences by means of an increased number of preparatory meetings.
- Legislation should clarify the scope of implementation.
- The directive should clearly state that equal opportunities and health and safety should be part of EWC work.
- It should be determined who were legally entitled to impose sanctions and how such sanctions could be imposed.

Among the issues subsequently discussed by the conference participants were the case of McDonalds, the agreement that could not be renegotiated and the fact that only a few union members have been elected to represent employees and that meetings are instead attended by middle managers. There were also a number of examples of uncertainty about applicable law, as it was difficult to establish where the parent company was domiciled. There was a great need for further training, one example being that it was difficult to understand financial statements without having received special training. It was also desirable that the experts who could be associated with EWCs obtained such competencies, or that the union federations joined forces and actually 'bought' the expertise to review accounts and financial statements. It was evident that there were weak areas, one example being the close down of the Renault factories in Vilvorde in Belgium, which took

place without any prior consultation but was followed by massive protests and demonstrations, which meant that EU politicians had become aware of the situation.

We had to pay greater attention to the way we organised our collaboration, the way we used our experts, and the ways in which we could organise and mobilise employees in a group. We also had to become better at using national collaborative forums as platforms for cross-border collaboration.

## **Monday 3 September**

### **Simon Cox, EFFAT, and Kevin Curran, IUL: European and international experience regarding private equity funds and the organisation of employees in large hotel and catering chains**

#### **Kevin Curran**

What was the experience gained in relation to various unions, private equity funds, organisations, etc?

Kevin Curran said that he would like to talk about some of his observations, which might be helpful in future work.

The international labour movement and the TNCs: the IUL had 333 member organisations and more than 12 million members.

Many of the large TNCs started as smaller national companies. The large companies generally had many women employees and many employees working part time.

The companies became international many years ago, whilst the labour movement had not changed its structure to the same extent. Unions collaborated, but did not have the same possibilities of operating on an international scale. It was only in recent years that closer collaboration had been initiated.

The IUL café project; seven unions.

Our organisation rate was only 6%, for which reason we had to break down some of the national barriers. We had to become able to match the TNCs, and we had to adopt a new strategy.

Pay and working conditions were poor, and a group of workers were at the very bottom of the hierarchy.

We needed a structure that would enable the labour movement to take global action – ‘Power through unionisation’.

We had the opportunities, as we had TRs with knowledge and experience throughout the world that could be contacted.

Kevin spoke in detail about the assignments and responsibilities of EWC representatives and of shop stewards/union representatives. There was a big job ahead of us in terms of organising more members, i.e. more members in the transnational companies. We would only be able to gain more 'power' through unionisation. He gave a number of examples of how workers had been organised and agreements made in some of the major hotel chains in large US cities. He also mentioned the IUL project that had been initiated and which was based on partnership agreements according to which the IUL acts as coordinator. Based on the experience gained in this respect we should perhaps consider making our organisations more international. The capital and the owners of the large transnational companies (TNCs) were international and able to respond very quickly (overnight), just as they were able to restructure fast. We in the labour movement could not do the same, as it would be up to the national organisations to adopt policies and strategies.

### **Private equity funds**

Kevin mentioned the five private equity funds that had taken over the Danish telecommunications group TDC as a scary example of how the large equity funds worked. Their objective was to own a company for a maximum of five years and then sell it. However, the greatest problem was that during their short time of ownership they would strip the company of all assets and that they would raise loans to buy the company, pay dividends, etc.

Previously there would just be a number of individuals who bought shares. This was still the case. Only now some of the rich people would pool their money and were thus able to buy even larger companies and earn even more money. These people would expect very large returns on their investment, between 20% and 40%.

Once they had bought a company they would delist it on the stock exchange and completely new rules would then apply, for example about information provided in financial statements and with regard to the payment of tax.

Example: A company was worth ten million dollars. A loan equivalent to 80% of the value was raised and in the end there would be no reserves, only a lot of debt.

TDC was another example: The purchase price was 12 billion Danish kroner; the new owners borrowed 9.5 billion and transferred a number of assets, which meant that the debt went up to almost 12 billion. Nevertheless they went to the banks to borrow money for the bonus paid to the shareholders.

There was no intention of keeping the company for many years. It would typically be five years, and then they would sell it, perhaps splitting it up into minor groups. They assumed no employer responsibility and the only thing on their minds was profit.

### **Simon Cox**

They were working to introduce ethical rules and a code of conduct so as to ensure uniform rules for the equity funds. At the time, a lot was happening at the political level. Simon Cox attended the meetings as an expert, and it was possible to read about the debates on the website called Social Democrats in Europe. There was a White Book on this issue, but the responsible commissioner had

simply copied US legislation. Close collaboration in the consultation phase would be needed to ensure that the necessary legislative amendments would be made.

When asked about the conduct of the labour market pension funds, owned by wage earners, and whether their transactions involved great risks, Simon answered:

Yes, it is a problem. We recommend some ethical codes of conduct and standards. For example, the organisation of physicians has a fund which achieves considerable returns on investments. We told them that in order for them to profit, they would have to cheat others, and they have now changed their investment policy.

**Debate:** What to do?

No one was on the safe side. The largest fund, Blackstone, had a capital of at least USD 14 billion and could buy any company in the world.

We would have to look at our collective agreements, at guarantees given to employees in terms of dismissal in the event of sale. People who work in companies taken over by a fund should contact their unions and the union lawyers as well as politicians sympathetic to workers.

Job security would be the most important aspect in the long-term perspective.

The IUL had published a booklet, which participants were encouraged to read. They could also read more at the IUL website, which would have a link to a website making it possible to see the transactions which the equity funds were involved.

In the hotel and catering industry there were many takeovers. There were many takeovers in the industry and a low unionisation rate, with many people working in small and medium-sized hotels. We could only focus on the large chains in our joint efforts.

Why should we organise the workers? Because where there was a union, pay and working conditions would be better.

There were several key employees, but many companies outsourced some jobs such as cleaning, etc. The outsourced jobs would in many cases be performed by immigrants. They had many migrant workers.

The building was owned by another company and only operated by management. Hence there were different interests.

In the unionisation project carried out by the IUL the focus was on three-star hotels such as those located in several major towns and cities, which was to be followed by a joint strategy for unionisation.

HILTON, which had 105,000 employees worldwide, had been bought by the BlackStone foundation, which would probably be able to earn 50 billion by selling the buildings. We could have some joint action days in Paris, London, Copenhagen, New York, etc.

The equity funds' focus on hotel chains and catering companies meant that we would have to work together globally to tackle the challenges. The group would be able to react overnight, and we would have to be able to follow up on such fast changes and on our own victories in one country, as the rules in question would also benefit other countries.

Kevin stressed that he was perfectly well aware of the barriers associated with his line of thought, but it was a question of using resources optimally. What would we want to invest in? It was important to focus more on recruitment of new members. Some organisations said they could not afford it, but if we lost too many members we would die from the inside.

**Dansk Bank Invest** explained the objectives formulated by the bank to ensure that investments were ethically acceptable (see the enclosed PowerPoint presentation).

The objective of the company was to be one of the first making demands on the companies in which it invested. They had a number of partners that a given customer could use. They would screen a company before investment, for example with regard to whether it complied with the ILO conventions, was socially responsible, refrained from using child labour, etc.

**Djevat Hisenaj, Norway** about the situation in SAS Redizor

This group too had changed structure and ownership. There had been some disagreement as to the interests to be looked after in the EWC, one debate being about matters relating to human resource policy. The EFFAT was represented in the form of the expert Kerstin Howald, and meetings had been held with top management in Brussels (although the group had its registered office in Sweden). Our demand was more relevant information, but they did not seem to trust us completely and were reluctant to provide too detailed financial forecasts and outlook analyses.

They had conducted an analysis of the working environment, which management would use as a tool, at it would be impossible for them to go and check all the hotels on site. For this reason, 100% anonymous questionnaires had been used.

They would like to have more time to prepare the meetings and to have more than one meeting a year. The agreement was up for renegotiation, but the old agreement would remain in force until a new agreement had been adopted.

Markku suggested that the issue of franchised hotels should be included. In Finland none of the six hotels were covered by the EWC agreement, the alleged reason being that they were not owned by the group. We had to look at the necessary changes to the text of the directive concerning companies controlled by a parent company so as to ensure that such company structures could not be used to avoid the duty of information and consultation.

**Christer Söderman, Sweden**, about the situation in LSG

LSG had become the second largest airline catering company in the world. They would also like to have more than one meeting a year. At the meetings, the first day would be spent on reports from the individual countries, and the situation was the same everywhere: enormous competition, which meant that there was a great risk of losing contracts (which would normally cover periods of three

to five years). This resulted in pressure to generate profits and there was pressure on wages. There was a risk that we would be asked to accept lower wages in order to obtain a contract. It was important that our unions and union federations would work together to ensure that the outcome of this competition would not be social dumping. They had show willingness to meet the requirement of profitability and profit by closing a branch in Chicago. In Paris, they have merged with the competitor Gate Gourmet.

The most recent threat in connection with the renegotiations with SAS was that the airline had threatened to make agreement with all the small companies in the various countries.

## **Tuesday 4 September**

**Kerstin Howald, EFFAT** (see the enclosed PowerPoint presentation of KH's speech)

During the debate, the participants talked about the role of coordinators, the problem of unclear legal structures and aspect, the need to use 'the good examples' club' as a tool to ensure improvement of bad agreements and to put more interesting subject on the EWC agendas. They had also become aware that the groups operating in the Nordic area and in Europe were to be reviewed, as some of them are not in the list of active EWCs, for example the Fazer Amica group.

Simon said he would take this up in his work and that the reason might be that the group was in the list of food manufacturers.

There was great interest in the concept of social responsibility, for example the agreement concerning contract catering.

We should also be aware of the new work areas that were emerging in our industry such as Spa & Wellness and Golf Facility, and it would be important to look at the extent to which this work was covered by collective agreements so as to ensure that decent wages were paid. Perhaps it would also be necessary to develop new training programmes in order to ensure high quality in the jobs and good career opportunities for people who seek work in the industry.

**Therese Hulthén, HRF**, commented on the debates on unionisation and the recruitment of members.

The right-wing government in Sweden had attacked the traditional trade union movement in Sweden, and restructuring of the system of contributions to unemployment insurance funds, etc had resulted in an 11% decline in HRF membership since 1 January 2007. They had set aside 20% of revenue for recruitment projects. It was also discussed how the work could become more strategic and it had been decided to look at 250 of the largest companies to ensure they had elected shop stewards and other contact people.

**Jens-Petter Hagen**, Norway, supplemented by outlining the strategy of Fellesforbundet, which was very similar to the Swedish strategy, but in addition they had conducted interviews with current and former members, for which reason they had quite a lot of information about the reasons why people left the union and what it would take to make a former member join again. One reason for leaving was that people thought the membership fee was too high; another was that they did not 'feel part of

a team', which meant that they thought strikes and industrial action were unnecessary in the fight to obtain better collective agreements and better wages. This made them consider new ways of acting. For example: They would adopt a union angle in their work, and people should join the union because they share a common occupational background, and members should be more 'proud' of their union.

Unions should be more easily accessible, and the system they use to manage and collect membership fees should be flawless. It should be ensured that school children would hear about the labour market and the role of unions and their long history.

## **Conclusions / strategies**

They were divided into assignment that should take their starting point in EWC work and assignments to be carried out in the political system by unions and union federations, but of course local branches and local unions should support shop stewards and union representatives in their daily work.

### **The EWC and shop stewards**

- Better information and communication
- More time to prepare meetings, and more than one meeting a year
- Greater influence on determining items of the agenda
- New ways of collaborating so as to enable us to be at the forefront of developments instead of continuing to do everything on the basis of things that have already happened. We must act and meet!
- Better training of EWC representatives.
- Clear identification of the roles and responsibilities of member unions, coordinators and EWC members, and a clear agreement as to how the union federations should perform in their capacity of experts.
- Identification of structures in our work that ensure optimum use of resources
- Optimisation of lobby work. We should always have good contact with the central union organisation so that they would be aware of the relevant issues and could include them in their political arguments.

### **Central unions and international union federations**

- We should work to ensure that private equity funds be subject to rules and regulations that protect the rights of employees and make sure that the fund cannot build up debt in a company, just as company taxation of the values generated in a company should be ensured.
- Attempts should be made to counter the problems of outsourcing through improved legislation ensuring that the work outsourced would be carried out on the same terms as before the outsourcing. The rights of migrant workers should be protected. We were in favour of immigration, but immigrants should be offered the same pay and the same working conditions as workers in general in the countries of destination. We should fight racism, inequality and wage dumping.

- The central unions should focus on the recruitment of members and participate in campaigns that could increase the rate of unionisation in the companies where we had an EWC. We should use national collaboration structures as a basis for international cooperation, and we should bear in mind that power is achieved through unionisation.
- We should ensure a change in legislation so that franchising operations would be covered by the same rules and agreements as the parent organisation.
- We should follow the work related to the revision of the Information and Consultation Directive and coordinate political lobby work.

Minute taker:  
Aage Jensen

H:\Alle\H & R\Aage\EWC\konferencen\materialer til deltagerne\EWC notat\_UK (2).doc