

European Works Councils and transnational restructuring. European Foundation 2006

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EWC joint texts responding to restructuring exercises – General Motors

The General Motors (GM) Europe European Employee Forum (EEF) has negotiated a series of five European-level agreements with management. One of these (signed in 2002) covered 'principles of social responsibility', while the other four dealt with specific restructuring exercises, providing frameworks for subsequent implementation by negotiations and consultations at national level. These covered:

- the effects on employment and employees of GM's alliance with Fiat (2000);
- handling restructuring at Vauxhall (2001);
- a restructuring programme at Opel (2001);
- a Europe-wide restructuring plan to cut costs and boost competitiveness (2004).

The negotiation of framework agreements on the implementation of Europe-wide restructuring seems to have become almost routine (though the accords are not necessarily achieved without employee-side pressure). The 2000 framework agreement, which was to be implemented at national level, regulated the effects for employees and employee representation of planned joint ventures with Fiat and included guarantees on the employment conditions of staff transferred to the joint ventures. The three subsequent framework agreements have dealt with company restructuring and cost reduction plans, and have been put into effect by bargaining at national level. Broadly speaking, these initiatives have not affected the essential restructuring itself, but provided guarantees for staff in terms of avoiding compulsory redundancies and plant closures, and ensuring a 'socially responsible' approach to implementation, along with information and consultation throughout the process.

To take the most recent example (EWCB, 2005d), in October 2004 GM Europe announced a restructuring plan aimed at cutting costs by €500 million a year in order to improve competitiveness, with a workforce reduction of 12,000 (approx. 20%) across Europe. The EEF and trade unions called for negotiations over the plans, demanding no plant closures and no compulsory redundancies, and organised a 'European day of action'. Talks opened between the EEF and management, leading to the conclusion of a 'restructuring framework' on 8 December. This provided that management and employee representatives would 'work together during the restructuring with continuing information and consultation and with the intention to reach mutually agreed solutions'. Progress and sustainability would be reviewed at meetings of the EEF steering committee.

The framework agreement did not seek to prevent the loss of 12,000 jobs at GM Europe but to manage the process in such a way that plant closures and compulsory redundancies were avoided – though with no apparent guarantees on these points. According to unions, the deal 'set conditions for changes to occur in a socially acceptable manner, minimising the consequences for workers, their families and communities'. As well as agreement on aspects of GM's business strategy, the framework covered competitiveness and staffing.

Competitiveness. Both parties intend to avoid a site closure in connection with the restructuring initiative. To this end, they will seek to improve the competitiveness of GM's European sites to enable their sustainable operation in future. Decisions on future volume allocation, capacity utilisation and site selection will be based on the principles of sales and marketing strategy, general demand situation, manufacturing strategy, financial effectiveness, competitiveness, and employment situation and 'separation cost'.

Staffing. Management and employee representatives will work together in good faith to find 'financially sustainable and socially responsible solutions for the necessary manpower adjustments'. This includes both parties examining potential business opportunities in order to lessen the impact on employees. Solutions may include 'voluntary separation' programmes, early retirement programmes, specific local programmes based on national legislation, and transfers to spin-offs, joint ventures, partnerships or other locations. If there are enough participants in these

schemes, this will 'enable us to work towards results without forced redundancies'. Both parties acknowledge that these measures cannot be 'limitless in cost and timing'.

Implementation of the framework was to occur at national level, involving trade unions and/or employee representation bodies according to national legislation and practice, with the agreed provisions becoming legally binding. For example, in Germany, which was to bear most of the workforce cuts, a subsidiary agreement on how this reduction would be achieved was signed in March 2005 by national management and workers' representatives at Opel. It provided that departures would, in the first instance, be voluntary and would involve severance packages, retraining and job placement.