



12TH BIENNIAL

EUROPE WORK EMPLOYMENT

**ANTICIPATION AND PARTICIPATORY CHANGE
MANAGEMENT IN COMPANIES DURING A PERIOD
OF CRISIS AND TECHNOLOGICAL CHANGE**

PROCEEDINGS

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RECORD OF THE PROCEEDINGS

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INTRODUCTION

◆ **Fulvio Fammoni**, President of the Giuseppe Di Vittorio Foundation, Italy

We are hosting for the second time this conference on Europe, employment and innovation which enables us to broaden our scope for reflection beyond daily and national problems. In fact, the headquarters of the multinationals we will discuss (on which Lasaire has conducted research) are at times outside Europe.

To continue the analysis from the previous addition, worker participation through the social dialogue and transnational cooperation will remain at the centre of our discussions. At issue is to anticipate changes in companies in the face of restructurings and changes in progress in all sectors of the economy.

Today, we are feeling the consequences of a crisis that has persisted for 7 or 8 years, as shown by the economic data on Italy, whose results are among the poorest in Europe. Uncertainties are growing and the unprecedented political situation, taken concomitantly with a technological upheaval as important as industry 4.0, is magnifying the difficulties. We shall first broach the restructurings in Italy, then examine three groups where turns of events have had a positive impact and influenced the European works councils and the negotiations.

Clearly, what concerns the participation of workers goes against the grain of most of the other themes evoked in Europe, all the more so as our argument runs against populist narratives which discredit the role of partners and social forces. By closing ranks with the defenders of a European dimension, we are reasoning by taking account of national situations, but also by seeking to broaden our long-term vision. When speaking of economic development, we do not want to speak only of the all-out financialisation of our economy. And in speaking of participation and economic and social choices, we want above all to combat fears, apprehensions, individualism, selfishness and separatism.

◆ **Jean-Cyril Spinetta**, President of Lasaire, France

This seminar is part of the 12th Lasaire Biennial entitled *Anticipation and Participatory Change Management in Companies during a Period of Crisis and Technological Change*. Lasaire has historically been an association that brings together trade unionists, employers and experts in a participatory process to strengthen social relations in Europe. We have been mandated for this project by the European Trade Union Confederation, the Workers' Commissions (Spain), the FGTB (Belgium) and the CFDT (France). This project has received the support of the European Economic and Social Committee, the Greek Economic and Social Committee, the Bulgarian Economic and Social Committee, the Belgian National Council of Labour, the Italian Giuseppe Di Vittorio Foundation, whose president I wish to thank, the Spanish Foundations 1st of May and Largo Caballero, the German trade union IG Metall, and the Romanian trade union Cartel ALFA. It is moreover financed by the European Commission.

Against a backdrop of technological, economic and financial upheaval marked by restructurings, changes, mergers, acquisitions, relocations and the impact of outsourcing, this project aims to promote innovative actions relating to the involvement of workers and their representatives, by promoting the social dialogue and transnational cooperation. To that end, we rely on concrete case studies of multinationals established in a number of European countries, including Italy.

After a lull due to the economic crisis, 2015 and 2016 were record years for mergers and acquisitions at global level (\$5,000 billion in 2015). The American region clearly dominates, followed by Asia-Pacific, whilst Europe is at a level exceeding \$1,000 billion with a very strong intensity of merger and acquisition operations that are still in progress.

This project broaches eight questions :

- Which factors have caused major changes in companies and in groups since the 2007-2008 crisis? We may note rapidly the consequences of the completion of the single European market, the introduction of new technologies or new forms of organisation, fluctuations in activities caused by the economic crisis, and the competitiveness and profitability race.
- How have the workers' representatives reacted to these changes? We can cite rapidly the negotiations for agreement with the trade unions, information and consultations of elected bodies, but also decisions already taken without real prior consultation.

- At what level of employee representation did the action take place? At the site, enterprise or company, the group as a whole at national level or the group as a whole at European or global level?
- How are coordination and cooperation organised between these different levels, and in particular, are there employer strategies to pit the different sites threatened by relocation or closure in competition against each other?
- On which points has the action of employee representatives focused? Defending jobs, defending working conditions once the decisions are taken by management, or counterproposals on the strategy of the company or group, even before the decision is taken? What have been the results?
- What resources are at the disposal of workers' representatives for the technical command of dossiers in anticipation or intervention situations, in case of technical changes, mergers or restructurings? We shall delve into the access to economic and social information and training of workers' representatives, and courses of action inside and outside the trade union.
- In case of restructuring, how have the workers' representation bodies been recomposed in the new scope of companies and groups?
- Finally, on the experience of the last ten years, to what extent and in what areas have workers' representatives seen their capacity for anticipation and action improve or deteriorate?

The implementation of this ambitious project comprises three phases. First, there is a study phase, currently in progress, conducted by the Lasaire experts. The method is based on the qualitative study of a sample of multinational companies present in several Member States, the Holcim-Lafarge merger in the cement sector, the General Electric-Alstom merger in the electrical construction sector, the Iberia-British Airways merger in the air transport sector, the Nokia-Alcatel merger in the telecom sector, the restructuring of ThyssenKrupp in the metallurgy sector, the meal voucher in the services sector, the restructuring of LVMH-FNAC-Darty, likewise in the service sector, to which we add the case of Italcementi. Six countries are targeted more particularly: Germany, Romania, Spain, Italy, Belgium and France.

We are today in the participatory phase where the work of the Lasaire group is presented and discussed during seminars in five countries: in Madrid on 24 October 2016, where we studied the case of Iberia-British Airways; in Brussels, on 8 December 2016, where the FNAC-Darty case was analysed in the main; in Rome today, where we shall analyse three cases: STMicroelectronics, Thyssen-Krupp and Italcementi, then next 21 April in Bucharest, and on 7 July in Frankfurt, where we shall broach the remaining cases.

Finally, the third phase will correspond to the closing conference on 12 and 13 October in Paris, which will summarise our work and make as innovative proposals as possible to the European Commission, the different institutions and the social stakeholders on the theme of change in companies.

As Fulvio Fammoni underscored, the single market and the technological changes are going to accelerate restructuring operations and changes inside companies. We know that public opinion in many countries is moving away from the European ideal it previously espoused. If we want to find convergence in progress against this agitated backdrop, our action on these operations, which are undoubtedly necessary in large measure, must be based on close synergy to enable everyone to adhere to the European ideal once again.

PANEL DISCUSSION ON RESTRUCTURINGS IN ITALY SINCE 2008:
THE CAUSES AND ECONOMIC, SOCIAL AND TECHNOLOGICAL CONSEQUENCES

◆ **Comso Colonna**, Department of national industry, CISL, Italy

Since 2008, the theme of restructuring is at the heart of our work. During these years of crisis, Italy as a whole has undergone restructuring, even beyond the reorganisations in industry. According to ISTAT, 20% of companies are faring well, 20 percent have practically closed their doors, and 60% are trying to survive. These are sobering figures.

Although largely undervalued, the work of the trade unions carried out in cooperation with the Ministry of Labour and Economic Affairs has made it possible to save a very large number of jobs, thanks to the faultless involvement of Italian trade unionists on the territory. But the lack of a steering committee, which has nonetheless been asked for by the CGIL, CSIL, and UIL to manage this crisis, stood in the way of having an overall view of the situation and of anticipating the change processes. The solutions found have been on a case-by-case basis. I will cite a few cases of companies that we have studied: Natuzzi, Merloni, Whirpool, Indesit Nuovi Cantieri, Speed Line.

I shall go over an experience we have had as a trade union in an attempt to provide a more global view of the crisis. In line with the determination of CISL to engage in our territories, I formed 14 regional focus groups composed of industrial managers (more than 200) to analyse how change situations had been experienced and what lessons could be drawn. In fact, noting the disastrous consequences of a declining GDP in industry on the social balance on the one hand and the regional balance on the other (let us take the example of Liguria, Marche and Sardinia), we realised how important it was to relaunch the industrial sector for GDP to recover.

The restructuring operations were particularly difficult to conduct in Italy which is faced with such typical problems as the lack of appeal of the territories, limited capacity of institutions and local authorities to manage certain processes, bureaucracy, insufficient infrastructure and facilities and a lack of corporate culture. The examination of the causes of the crisis, such as globalisation, internalisation of the production process, the emergence of values, and chains of global values has often been neglected. There are certain territories such as Campania, where certain sectors are collapsing following the disengagement of the State.

The other element which came out of this research is the near bankruptcy of business management. Extraordinary industrial plans that turned out to be simply pale imitations of old models pursued by not very competent managers led to critical situations that have stalled locally actually because employers have failed in the management of processes, not to mention a lack of diligence on the part of Confindustria at the negotiating table, at the national, regional or local level. In parallel, we have witnessed a harmful fragmentation of employers, with the emergence of other confederations. That said, the good news is that some new companies have been created, mostly in niche sectors, and the agri-foodstuffs sector posted good, albeit insufficient, results to regain past employment levels.

Beyond this analysis, let us examine some proposals of the CISL to respond to the transformations. The relaunch of industry needs a new outlook that relies on two fundamental paradigms, for us: the objective of ecological sustainability in industrial production and the digitisation of production processes. That is the issue of industry 4.0. To this is added the revision of the four cross-cutting priorities of the entire industrial system: the size of the company (SMEs mostly), which makes it incapable of occupying the market or weakens it in times of crisis; the capacity to manage these SMEs, whose new owners desert the locals. Most of them are family-owned companies confronted with generational succession problems. By way of illustration, the secretary of the FIOM said that the older generation was face down in the factory, while the young generation spent its time belly up at Formentera; the development of skills and research topics in companies which passes for qualification; and finally productivity. It is obvious that if industry and the entire system are not productive, our competitiveness suffers the consequences.

◆ **Rosario Strazzullo**, Coordinator of industrial policies, CGIL, Italy

Our thinking on the causes of the current situation must comprise two parts. There first is industrial development. Let us bear in mind the way in which the Italian system reacted at the time that the single currency was introduced, namely a rebound by novation, bankruptcy or uncertainty; and European unity, because discussing the social importance of negotiations in this context has made us realistic about the present and future of industry. On the mergers at national and international level cited by Mr Spinetta, research conducted by the Mediobanca research and development observatory showed that, in eight years, the number of Italian multinationals with a turnover exceeding

€3 billion went from 17 to 15. We all have in mind relocations of decision-making headquarters and changes of majority shareholders. Furthermore, we have noted that the multinationals controlled by the State are still on the forefront and their number is increasing, with Fincantieri, Eni, Enel, and Candy being the best known. This speaks volumes on the industrial history and transformation in our country. To remedy the devaluation of industrial life linked to the transfer of decision-making headquarters and acquisitions, we must identify and take into account the weak links of the employment market so as to reform negotiations.

The trade unions have reviewed their position to make proposals that could have enormous consequences. I am referring to the content of the common proposals by CGIL, CESE and Confindustria. We have to solve the problems of consensus inherent in the inevitable choices of a different approach. We must moreover fight to impose our role in industrial development.

The last part of this intervention concerns the actions to be pursued from some lines of approach that were suggested by the case study proposed. We must strengthen our commitment on the international front. The EWCs represent an essential infrastructure that has between 18,000 and 20,000 representatives, but the directives apply to only 1/3 of the companies at this time. They must therefore apply what is provided for the consultation and information to all companies then incite them to practice supranational forms of negotiations, albeit incomplete, by relying on an infrastructure that boasts 292 supranational agreements, a part of which is indicated in the data sheets. We must also enable representatives to gain access to supranational training. Our organisations already manage projects to that end, like the CGIL which provides training at European level, managed by the national realities.

One point has to be brought to mind when talking about Thyssen in our documents. We need independent opinions. The CGIL has prepared a project to obtain them which it is putting in practice in a certain number of important cases. We have in particular asked for opinions concerning changes in decision-making structure or management bodies – data which are lacking in public institutions.

Then there is the vast campaign on wages at European level, cited by Brussels a few days ago. In reading the report drawn up by our colleagues who took part at that meeting, you will note that we are getting back to issues that are very close because they are indissociably from our discussion today. The question of reciprocity of the states is essential, whereas today we are talking about an anti-incursion law in Italy. We must therefore enhance the European identity of organisations, structures and acquisitions and link the negotiations to the industrial development process.

Finally, relying on the case study of STMicroelectronics, we shall try to devise constructive solutions from a European perspective. This study provides remarkable material that should enable us to give more thought to and move forward on our project.

◆ **Michele Tartaglione**, Department of private negotiations, UIL, Italy

I represent the UIL. Mr. Colonna of the CISL, Mr Strazzulo of the CGIL and I have the same concerns.

Some 450,000 jobs disappeared between 2007 and 2015. To apprise you of the current situation, we have been following some sixty roundtables at the Ministry of Economic Development since last September on the crisis that affects 32,000 workers. This crisis has become structural. 80% of our economic system is composed of small and medium-sized companies. As a trade union, we admittedly often focus on the dramas of large companies to the detriment of small companies which nonetheless made Italian manufacturing great.

The situation calls for targeted actions to bring about a structural change on how to deal with crises in our production system. As Cosmo Colonna said, one of the main limits lies in the lack of a long-term vision, which prevents us from finding sustainable solutions capable of changing the entire production system. Our country needs a new industrial policy. How will we chart it? What means will we deploy to do so? An increased effort is needed to improve the tools like social buffers. We are also convinced that to register, we must promote new investments in Italy, public and private, to relaunch our economic system, as the globalisation of products, goods and commodities is unfortunately not synonymous with opportunities for workers. Without a satisfactory regulation, without management thereof at European and national level, in the absence of avenues and guidelines to respond to the negative impact of a crisis or such an important change, we will bear witness to increasing imbalances and inequalities.

One of my first commitments as a trade union official was the restructuring of the Parmalat group. I grasped very soon what were the limits of an intervention policy without common vision on a unitary line of development to be given to our country. Our reflective work shows which essential contributions will have to be made. A certain number of parameters must be changed concerning in particular negotiations, participation, training and skills. It is

clear that the intrinsic changes of productivity, such as technological development, require us to find new tools to promote growth in industry 4.0, and thus improve the lot of our workers. We must give the latter an opportunity to weigh in on the vital choices of their company, the survival whereof constitutes a promise for personal, territorial and national development.

All this cannot be done without training plans. We took part in the drafting of a document to promote investment in the field in order to develop new skills in a fast changing world.

As Rosari stated, we are open to requests from Europe because the work of EWCs obviously helps us pool positive energies. Only by uniting our forces, values and skills will we be able to reverse the trend and turn changes into opportunities for development and production and the social situation of our workers.

◆ **Susanna Camusso**, General Secretary of CGIL, Italy

This crisis has penalised the entire European manufacturing system, barring a few exceptions, such as Germany. In Italy it is fragmented and divided. Important sectors of activity have been acquired by other countries. As Rosario said early, 1/3 of the companies are doing well, others are on the verge of collapse. Part of the companies have been internationalised while others followed a relocation policy or are trying to get settled where labour costs less. Then there are two other factors. First, on the small is beautiful principle, the size of a company is not increasing, although this approach is criticised by all. Then, the increase in job insecurity leads to inevitable deskilling. We can also add little commitment from Europe. We have attended long discussions on the international markets and market economies but without ever broaching the subject of an industrial policy to be adopted. All this has led to disparate policies between countries and has promoted as switch of profits from the manufacturing system to the financial and property system.

Through the many references of the European Commission, we noted that Europe has reduced negotiations to their local dimension as part of a destructuring rationale. How do we plan to raise the level of European negotiations which is otherwise relegated to implementation policies for Europe? It is desirable not to have state aid. Competition policy is important, and there is often talk of anti-monopoly, but there is no proposal for guidelines except in connection with some support measures for the policy of a particular country. The European works councils are the first tools at our disposal.

Can international framework agreement be concluded which, in addition to concerning large companies, extend also to sectoral accords? Then which policy should be pursued in Europe, bearing in mind that the ETUC's wage campaign does not suffice?

The corporate policy is destined to fail, so a process for the distribution of social aids and revenues should be put in place in Europe. We are thoroughly convinced that unless it focuses on work and the quality of work Europe risks disintegrating. It has the choice between regaining its flagship role for many European workers or crumbling further. It is clear that a system of customs duties cannot promote the Community.

We are faced with a phenomenon entailing a transformation of industrial processes far more profound than those in the past, because it has to do with the speed of the renewal of these processes. Whether qualified as industry 4.0 or digitisation, it actual refers to processes that are changing the structure of the corporate system, relations between manufacturing production and services and the ration between the work available and the social organisation of the country. We are not altogether ready to tackle the problem, and Europe has made the first error by limiting the discussions to the national scale without any European authority taking part. The risk is a wide disparity of labour policies in Europe.

Liberalism and non-regulation have led to extensive polarisation of inequalities, with, on the one hand, those who will become interchangeable in the labour market, and on the other those who, owing to their skills or location, will reach the top of the development and organisation pyramid. In view of the disastrous results on the social front caused by this polarisation, an intervention on European scale, which would enlarge the scope of training, is primordial. The question does not concern only the training linked exclusively to the support for a process of constant innovation, but that of millions of workers who have to be able to adapt to constantly changing contexts and developments. Faced with a need for training in an extended field, two options are possible: either the control of the process, or the discrimination rationale for those who have the means. We must think how workers can intervene in terms of access to enhancing and qualifying training schemes, but also training so that they can interact with the occupational environment by considering precisely everything that is happening in the employment world. It is a weapon that could prove very useful. Then, in order to avoid the risk of polarisation, the way that the organisation of work is negotiated

has to be broached. It includes the issues of training and the management of technological factors and repercussions on employment, in local and national negotiations.

Furthermore, if innovation and digitisation generates potentially a reduction of work in general and of manufacturing work in particular, as in recent years, it is difficult to imagine national policies that would promote the distribution of labour. History in Europe has shown that each country has clashed with the European models through its choices. I nonetheless believe that if we do not want to have a perspective based on welfare income, work must remain a central point for individuality. In the same way as for its organisation, the distribution of work and working time will once again become a fundamental priority for the participation of workers in business life as apart of a general, national and European approach.

All this seems essential to us to anticipate the processes in progress, without limiting ourselves to a posteriori lessons, all the more so as the stakes do not lie only in the choice of this or that industrial system, but in the social cohesion of our countries. Resigning ourselves to considering the consequences of all that without looking ahead at what changes it would entail for modes of production and the provision of services, would be short-sighted – something we simply cannot afford if we start from the fact that work is a central issue. We can conceive of the social aspects of innovation on the one hand, and remedy the wrongs that the crisis and liberalisms have caused by devaluing work and making it precarious on the other.

◆ **Cesare Damiano**, President of the Labour Committee of the lower house of Parliament, Italy

I share the fundamental indications of Susanna Camusso. I proceed from a political point of view because of the position I occupy. I think that that these thirty years of liberalism have contributed to an increase in inequalities. When we speak of globalisation, we should add the adjective “liberal” to the term. I say this as a man of the left who has seen this process take shape. We have tried to reduce the damage but have not managed (I am referring to political forces) to devise an alternative policy to liberal globalisation. We have examples: Mr Clinton and his action concerning Wall Street, the elimination of certain constraints to financial capitalism, Mr Blair and this proposal of a third way, which I never shared, political and strategic actions that promoted deregulation.

It would be a good thing to return to the analysis of the transformation of capitalism. Policy at this time gives preference to contingency and day-to-day approach at the expense of a vision of the future and is not capable of intervening in changes appropriately. Having gone from the old industrial capitalism to financial capitalism, we now arrive at a digital capitalism with its batch of unprecedented consequences on the situation of workers, social relations, the fate of companies and their development procedures. It is imperative to consider other possible paths.

We have to understand what globalisation hinges on in terms of relocation and internationalisation. Relocation has picked up steam through the search to reduce costs and not better conditions of innovation and quality of production. Internationalisation has been relatively weak as far as our companies are concerned. I am in favour, when Italian companies that are leaders in strategic fields look for outlets for their production outside the country. Let us take the example of Piaggio. In setting up a factory in India to produce the MP (scooter), Piaggio makes it possible to satisfy local needs, which does not mean eliminating the strategic direction, nor the core function of the company in Italy in terms of innovation in vehicles and mopeds. Internationalisation can prove useful because it multiplies the sites and outlets, which is not the case with relocation.

Although insufficient, an initial response can be found in the works council. I am convinced that the participation of workers in the strategic choices of companies will be developed fully by extending the European legislation in force, which already provides for it in the board of directors of large companies for everything to do with internationalisation and relocation. France has for that matter extended this provision of the public sector to the private sector.

As regards the social partners, the question of their representativeness arises from a strategic point of view. For example, the quality of discussions and negotiations during the roundtable that was held in September 2016 on the protocol for pensions made us forget our negative attitude to centre-left governments, such as that of Mr Renzi.

We must also measure the influence of the employers' organisations and assess the danger represented by social dumping contracts, private contracts that are constantly multiplying, fake entrepreneurs' associations – I am thinking in particular of the call-centre sector, where agreements are being concluded with sectoral trade unions, in particular the UGL. I moreover point out that, as chairman of the Labour Committee in the lower house of Parliament, if this aspect is not clarified, I would no longer invite this trade union to the negotiating table. The levels of

remunerations provided by the national conventions are not complied with in these contracts, where the wage value can be divided in two -- the bakery, the call centres, some sectors of public administrative authorities and ministries, to cite only those who use these private contracts in their invitations to tender. This scandalous drift must be denounced, and the problem can be dealt with only by broaching the issue of the legitimacy and representativeness of large labour organisations and the company.

To conclude, the social protection (welfare) system, on which we are called to intervene if we want to avoid what happened under the Monti government, is vulnerable, particularly in a context of crisis (which is currently topical). The time between early redundancy and early retirement used to be relatively short and accompanied by social support measures, such as early retirement or technical unemployment. Today, the risk of being made redundant is at around the age of 50/55, whereas retirement age is delayed by 5/6 years, and the shorter social buffer than in the past is not capable of filling this considerable loss of earnings, resulting in an increase of poverty. We therefore tried to intervene on early retirement through the social pension assistance. We must nonetheless search for appropriate social buffers to cover this gap and remedy the classification difficulties or return to employment concerning this age bracket. By way of reminder, since 1 January 2017, there is no longer any protection in case of mobility or technical change, 180,000 workers are going to find themselves unemployed.

We moreover note a weakening in the number of intermediate occupations (in the tertiary sector, for example) pushed aside by occupations with a high level of qualification, undoubtedly linked to digitisation in our society. Beyond that, the trend is for autonomous work, in an increasingly more liquid society where employment is getting emancipated from the rules and is proving more and more individual. The law on autonomous work speaks also of smart working. In Italy, 250,000 workers are already working like that at this time. In the lower house of Parliament, we asked that his reference be added. Not only that, but we specified that smart working is subordinated work, and as such, the conditions applicable on the salary and regulatory plan for all those working outside the company are the same as those for workers who work inside the company, but we must also have more representative trade unions and put these new realities of work in a more regulated framework. Furthermore, to protect those who cannot refer to a collective agreement with the force of law, namely the conclusion of an agreement between the different stakeholders, we must consider indispensable fixed thresholds, in particular as regards salary.

Competition must not be the search for the lowest price, but the search for the right price, in compliance with a certain number of criteria for all those who have an occupation not protected by legislation. The Prodi government had adopted measures that fought unfair competition in the private professional sector – competition moreover deprived of advantages for the users. Contrarily, Mr Sacconi had proposed to introduce the principle of total derogability concerning employment contracts – a decision that was not followed up. As to Europe, its concept of competition is defective.

These are the major themes we must discuss. I believe that the CGIL has the capacity to go beyond the prevailing inertia and try to deal with these new realities.

FIRST ROUNDTABLE ON THE STUDY ON THE RESTRUCTURING OF STMICROELECTRONICS

◆ **Robert Mounier-Véhier**, Treasurer, Lasaire, France

The Franco-Italian company STMicroelectronics was created in 1987 from the merger of the Italian company SGM Microelectronica and the French company Thomson Semiconducteurs, itself stemming from a start-up hatched in the laboratory of the Department of Atomic Energy in Grenoble, which specialises in electronic components. STMicroelectronics specialises in the design, manufacture and marketing of semi-conductor chips (analogue and digital printed circuits on silicium media). When created, STMicroelectronics was ranked 14th in the world. STMicroelectronics has been listed on the stock exchange since 1994, but 27% of its capital is held by the French and Italian states, guaranteeing sound resistance to hostile strategies. Today, this company is international, incorporated under Dutch law, with its executive and operational headquarters in Switzerland near Geneva. This group has some 48,000 employees throughout the world, 22,000 in Europe, shared equally between France and Italy. Employment has remained stable in Europe in spite of the restructurings or voluntary departures.

The production of STMicroelectronics is based on analogue and digital printed circuits on silicium media. It is focused on a range of products like decoder processors, photonic components, micro-controllers, analogue power circuits, volatile memories. The main research and development and manufacturing sites in Europe are located in Italy and in France. The company moreover has production and/or assembling plants in Asia, India, Malta and Morocco. Thus, the industrial model of STMicroelectronics is the Fab-lite model, in which only products with a competitive advantage are manufactured internally, and commonplace products are outsourced. The latter is the opposite of the integrated model, where everything is manufactured internally, or the Fabless model, where the entire production is subcontracted, and only technological research is kept internally.

The representative institutions of the staff for each country, provided by the legislation in force, are in place. There is a European works council. In practice, the social dialogue in the representative institutions of the staff is quite complicated, more often formal than decisional, with discussions occurring more directly between the trade unions and the management bodies.

Driven by a fast-growing market hovering at the \$400 billion mark, this industry, involved in most economic areas, requires sizeable investments in research and development (miniaturisation, new products, new expensive plants, etc.). There can be no industrial development nowadays, in fact, without the contribution of electronic components.

Very aggressive on the market during its first 18 years, it reached its apogee in 2005, the year in which it ranked 5th in the world, with a turnover of 8.9 billion. But a change of management board is concomitant with the appearance of the first difficulties. In 2007, NXP and Freescale left the Crolles 2 alliance. In 2009, there was a joint venture with Ericsson to make chips for the mobile telephone market. In 2011/2012, the telephony crisis at Nokia, main customer of STMicroelectronics, had very serious repercussions on the company's health. In 2013, STMicroelectronics and Ericsson went their separate ways, although they were in the process of putting a new product on the market. In 2015, STMicroelectronics ranked 10th in the world again with a turnover of 6.9 billion and announced financial losses which were certainly due to a drop in sales, but also to the cost of its separation with Ericsson. Between 2005 and 2015, the turnover dropped by 20% and investments by 75%, but dividends to shareholders went up from \$107 million to \$350 million.

This determination brought the central French council to call for the appointment of an independent expert to analyse the situation of STMicroelectronics in France and Italy. In parallel, the European works council had sent an open letter to the shareholding governments to alert them of the situation, indicating the results of the expert study, underscoring their high concern about employment, and questioning the conditions of management. Governmental officials would thus call for a change of governance, a new management, and a clear definition of strategic lines. As a result, in the beginning of 2016, STMicroelectronics decided to abandon the production of consumer components and re-focus on the automobile sector and the Internet of Things. It announced a 40% drop in dividends and the loss of 1,400 jobs, including 800 in Europe. The reaction of employee representatives was not long in coming, whilst demanding a strong recovery in investments. Negotiations were initiated, in particular to put in place a voluntary departure and internal mobility plan concerning 430 people. In November 2016, the CEO of STMicroelectronics considered that the new strategic choices were bearing fruit and that the company had recovered positive results (growth in turnover and recovery in the sales of certain products).

The industry of European semi-conductors represented about 250,000 direct jobs in Europe, 10 times more, i.e. 2,500,000 jobs if the entire value chain is added, and nearly 10% of the GDP. The European trade unions, brought together under the aegis of Industriall, pointed out that there was an inconsistent situation, with public expenditure made in Europe, but jobs of the future being created elsewhere (China, Taiwan, United States, South Korea). In fact, as underscored by the President of Acsiel, the trade union of French professionals in the electronic industry, whereas there are aids in research and development in Europe, that is not the case for production, contrary to many countries which are fighting to help set up production factories on their territory. One example is Globalfoundries, which was offered more than €1 billion by the State of New York toward its establishment costs. There is therefore a need to review European law which has become obsolete in a context which has changed considerably, envisage the possibility of calling on independent experts at European level and above all, find places for sharing and exchanges concerning the strategy of companies. It is also necessary to envisage the coordination of the microelectronics sector at European level to ensure Europe's independence in this strategic sector and secure sustainable and ecological industrial development. Finally, there is undoubtedly a need to engage in a reflection on the rules of free and not distorted competition inside the European Union, and between the latter and the outside world.

◆ **Mariano Bona**, European Group council, STMicroelectronics, Italy

In spite of a fragility inherent to the nature of the semi-conductor industry, the combined determination of the Italian and French States succeeded in giving Europe an industrial success in the 1990s. This success is also the fruit of the involvement of all the trade unions, workers, universities, and research organisations, showing that there is a great porosity between the social and economic dimensions. In the 2000s, a change of CEO (departure of Pasquale Pistorio, arrival of Carlo Bozotti) and policy, saw a preference be given to a purely accounting vision over an industrial vision. Thus, from 1984 to 2004, STMicroelectronics generated three billion in profits and paid out 300 million in dividends, and from 2004 to 2014 it made three billion in losses and paid out two billion in dividends. The successive abandonments of entire areas of activity solved certain financial problems momentarily, but gradually weakened the company, generating in parallel a loss of skills and increasing discouragement of the staff which could no longer understand the situation and strategy of STMicroelectronics.

Today, with the connected car and the Internet of Things, the company has opted for strong strategic lines. But to make progress on those lines, it has to hire massively, when the company is still a prisoner of an outdated structure in which the workers and human resources are a burden and not an opportunity for the future. Concerted efforts by all economic and social stakeholders have been stepped up in recent months to tackle these new challenges and arrive at a global framework agreement that guarantees fundamental social rights throughout the world, and create a global trade union group with a true place for discussion and decision-making. The management of STMicroelectronics has not realised the scale of these latest developments and is still stuck on its strict obligations, refusing demands from our negotiations, in spite of more and more concerted action by our trade unions. These obstructions are aggravated by a defective European policy on micro-electronics, the idea being to create a sort of micro-electronics "Airbus" at European level, all accompanied by major investments in industry.

In conclusion, the observation is positive on two points. We know that it is altogether possible to expand our vision beyond the local and national interests and to overcome pitting companies in competition to build international solidarities that go beyond the limits of Europe with the creation of the worldwide trade union network. We hope to be able to develop this capacity further, which is a winning asset for the future of our company.

◆ **Valentino Corno**, European Group Committee, STMicroelectronics, Italy

Born from a company that had losses in Italy and losses in France, STMicroelectronics has become an innovative company which found the strength to become a world leader. It is therefore necessary to find again the idea of an industrial project, fed by objectives which are not only financial. This can be done by banking on internal resources.

◆ **Carmelo Papa**, Managing Director of STMicroelectronics, Italy

We are listed on the stock exchange in New York, Paris and Milan. As the first listing on the stock exchange was in New York, we will speak in dollars. The long-term average of our turnover corresponds to industry in general and the sector devoted to research and development in particular (ca. 20%).

The semi-conductor market (\$350 billion on a world scale) lies at the foundation of modern development. We are building the bricks that make computers, radars, satellites and many other things work, to such a degree that we

are feeding a market five times bigger than ours. In addition, there is the services market (Google, Yahoo, etc.), which is another five times bigger than the electronics market. The result from the first multiplication must therefore be multiplied again by five.

According to our company's tradition and in spite of a severe crisis, the workforce has not been reduced, even with the disappearance of Nokia which made STMicroelectronics lose \$2.2 billion in turnover from one day to the next. This unfavourable downturn, combined with a strong determination for social protection, generated a crisis for three or four years, which started getting overturned in 2016, with 1.5% growth in profits, and even more promising prospects for 2017. We are following the Fab-lite model, and do not give out to external companies what we can do ourselves. Whereas our initiative objective was to outsource 25% of the work, we never got beyond 8% to 10%, because we think that our internal manufacturing capacity distinguishes us in a positive manner. We are one of the rare Italian companies to do so.

Out of the 10,000 Italian workers, 5,000 are in production, and 1,700 work in research and development whilst cooperating with many universities (Padua, Bologna). We proceed the same way as France or elsewhere and our technicians are working side by side with the teams that participate in public research on long-term objectives. This cooperation produces concrete results such as the upcoming placing of "silicon carbide" on the market. With the launch of 250 to 350 patents per year, we are targeting the top of the line of the market, in a period of difficulties, while saving jobs. Our two lines of development are the Internet of Things and the SmartDrive. Our strategy is beginning to bear fruit. The doubling of the share's price in New York and Paris has evidently made the finance world appreciate ST's new lines of development. In appropriating this major industrial revolution, SmartDrive and the Internet of Things, the Italian State and the French State can look forward to a bright future for these two sectors which do not require very heavy investments. The current investments will make it possible to enlarge the capacity to 8 chips in Catania, and to start the capacity in Agrate to cover our activity in the industrial sector of micro-components in the next five to six years.

◆ **Roberta Turi**, National secretary, FIOM, Italy

I would like to broach here the subject of our trade union approach and our participation and intervention to anticipate and manage the changes of the company, i.e. the heart of the Lasaire study.

About 9,800 staff are distributed in eight production units. In Italy, the three most important sites are Agrate and Catania, homes to the plants where semi-conductors are made, and Castelletto in Lombardy. Five other sites are established in Campania, Puglia, and Valle d'Aosta.

Most staff are white and blue collar workers (2,400), and even though the level of trade union affiliation is not very high (17%), 70% take part in the election of the RSUs (unitary trade union representations) and representative bodies of the workforce. As FIOM-CGIL, we are the leading trade union in terms of affiliates and delegates elected in the IRPs (personnel representation bodies). The provisions of the company agreement to regulate relations provide for 24 delegates who meet with the company representatives four times a year. In the last agreement that FIOM signed, advisory participatory committees (for companies who employ more than 1,500 employees) have been established to replace the joint works observatory, our objective being to strengthen the participatory principle. They must be convened by the company in case of a major strategic choice concerning the industrial organisations and employment prospects. The national collective agreement, currently being drawn up, also provides for ad hoc training for the workers' representatives who are members of these committees.

In 2015, in spite of a climate of uncertainty, these consultation steps with the aid of experts (the advisory committees did not exist yet) enabled us to solve conflicts linked to the redundancy procedures concerning 420 people, after the liquidation of Micron. This cooperation with the experts enabled us to support and show clearly all the mechanisms which led to the company's financial difficulties, authorising us to engage in dialogue on equal footing with the governmental authorities. But the various unsuccessful calls from these bodies, ong gone unheeded, made room for a roundtable that brought together not only all the sectoral and confederal trade unions but also the employers' associations of the sector, the ministry of education, the ministry of research and the regions.

The initial objective was to make the discussion on the micro-electronics sector and the interventions by all public stakeholders public and transparent. The four meetings which were held remain unresolved, demonstrating yet again the difficulties of engaging in dialogue with the government.

That is why a European process was called for. Even if legislation supporting a model for participating in the company's life is necessary, it will be difficult to move forward without legitimation corroborated by a different attitude from government.

Last point: we presented a platform for the renewal of our additional agreement where we introduced other possibilities for participating in the life of the company, and we hope that we can add innovative elements from this perspective in the new contract.

◆ **Antonio Dragotto**, Human Resources Manager, STMicroelectronics, Italy

GENERAL DISCUSSION

◆ **Jean-Cyril Spinetta**, President of Lasaire, France

We are in a very high-tech sector where falling behind on the innovation front may lead to an impasse in spite of good economic and financial results. Do you think that in having opted for the Internet of Things and SmartDrive, you now have the size in terms of research and innovation to tackle the challenges of the future?

With 20% of the turnover allocated to investment (between €1.4 and 1.5 billion per year), do you think you are at a good level to stay the course? What do you make of Mariano Bona's suggestion for a European electronics "Airbus?"

In essence, STMicroelectronics was created in 1987 to enable Europe to exist in this sector. Exactly 30 years later, does it have the capacity to face Intel, Samsung, Toshiba and/or all the majors at world level?

◆ **Carmelo Papa**

It is up to Europe to define the strategic industrial choices of the different Member States in order to act on a world scale, bearing in mind that the interest of this industry is fundamental for creating jobs, and as a basis for many other sectors. The European authorities must decide to maintain factories in Europe and help companies by proposing tax relief for work.

It will take colossal investments to be able to rival the United States, Japan, South Korea and China, which are already doing as much. But this sector generates stable employment, with a multiplier effect, inasmuch as it involves the suppliers and related industries. It is therefore absolutely vital for Europe, which has come out in favour of the protection of industry in 2020, to mobilise by facilitating investments.

◆ **A participant**, Founder of Lasaire, France

50 % of the jobs will be computerised. Have you considered the future of work in the micro-electronic sectors without the human element? Has your manufacturing company started to consider possible initiatives to maintain employment?

◆ **Carmelo Papa**

The choice of SmartDrive and the Internet of Things corresponds to a strategy adopted by Europe and the entire world, but it must be accompanied by a legislative update. What happens when there is an accident between a robot vehicle and a small Fiat 500?

Industry 4.0 is a term invested in Germany. In the United States, they call it Industrial Internet. We are taking part in research aimed at improving manufacturing efficiency through robotisation. This development is accompanied by a cultural change on the calculations and management of quantities of data that have become gigantic. ST has all the technologies needed to develop industry 4.0. It can thus look at the future without fear, on condition of taking these new parameters into account.

◆ **Jean-Cyril Spinetta**

Given the scope of investments in R&D, are there European companies that can be absorbed or are you running the risk of being absorbed by Asian or American groups?

◆ **Antonio Dragotto**

We have to bank on our competitiveness. Even with the trade union pact established with Italy and France and our shareholding form, we have been capable of getting out of the crisis. Why shouldn't we be able to absorb others? We already acquired small companies in the past. The manufacturing of silicon carbide in Catania or the components produced in Crolles have never been outsourced and we have no intention of doing so. Those are proprietary skills that enable us to improve our results compared to the competition.

◆ **Jean-Cyril Spinetta**

I was given to understand that the concerted effort was more satisfactory in Italy than in France, and that new Italian works council provided a more appropriate response than French works councils. It also seems that FIO is looking to involve the Italian government and regions, and that given the difficulties of getting them involved, wanted such concerted efforts to be considered at the European level. Have I got it right?

◆ **Roberta Turi**

I am not able to draw a parallel between Italy and France, since our industrial relations are managed differently.

When our company got rid of its memory sector, a concerted effort followed by a referendum among employees led to a democratic consensus on a management protocol after six months to dismember the branch, with the active support of the Ministry of Economic Development, which provided certain guarantees by providing a consultation table.

The new company contract introduces greater involvement of trade union representatives in major decisions relating to changes or strategy.

The problems of dialogue between the central government and the regions brought us to call on the European trade union IndustriALL to raise awareness in the European community of the importance to support this sector and mobilise it in that direction.

◆ **Jean-Cyril Spinetta**

The social dialogue is insufficient in France, and the capacity of ST to listen to trade unions is limited. Nevertheless, through the central works councils, the legal provisions accord us possibilities for first rate expertise with very relevant results. Unfortunately, this community of analysis does not necessarily involve the same choices as management on the actions to be pursued.

Which intervention level should we opt for? To illustrate what I am saying, I shall cite the example of FD-SOI technology. At Crolles, with the help of CEA, Let and international laboratories, we have reached the cutting edge (28 nanometres). Alas, the development works in 14 nanometres were stopped, and those in 10 nanometres have not been started. Everything has come to a halt, in spite of recent announcements about 14 and 10 nanometre chips. The support of a European framework within which there are strong bases such as Infineon, GlobalFoundries and competent laboratories with a common determination to develop this technology is indispensable in order to stay the course.

As to the SmartDrive, bearing in mind that it is a searing technological revolution that is going to change the automobile market completely in the five years to come, are we present? Are our efforts sufficient?

In the same vein, like mobile telephony, the Internet of Things, for which we are making products, requires absolute proficiency in the system of micro-computers, but we do not use our expertise.

A sustained dialogue between the management of ST and the trade unions must be urgently initiated to define a real strategy and tackle the current challenges.

◆ **Carmelo Papa**

STMicroelectronics was the leader in the field of MEMS and encountered considerable success. The use managed to assure entirely the design, manufacturing and marketing of equipment now accessible throughout the world. When I started the adventure of MEMS with Benedetto Vigna, the turnover amounted to \$3 million. We thought we'd give it a try for six months before stopping everything. In the end, we raised this turnover to \$650 million. Alas, the prices of these products wound up dropping by some 70% and our response to preserve this sector did not suffice. We turned to other developments. Following a strategy of constant openness to new sectors has enabled us to revive growth since last year.

◆ **Jean-Cyril Spinetta**

Have the links with public research been sufficiently maintained in Italy? In France, everything goes through the CEA and the laboratory for electronics and information technology (LETI).

What is the opportunity for trade union representation in the board of directors? France has legislated on the matter. Personally, I am a staunch supporter of this proposal. Thirty years after being created, is ST really a multinational or is there a certain tightness between the French and Italian shares?

◆ **Carmelo Papa**

We can always make progress if we remain flexible on either side. But each entity (company and trade union) must stay in its place in such competitive sector.

The trade unions must be able to respond to the company because avenues for improvement can emerge from this interaction. The strategic choices belong to the company, without possible delegation, without any intermediate discussion phase that would weigh down its task. The company decides and announces the options selected. Then, points of agreement can emerge if the discussions are in good faith.

◆ **Robert Mounier-Véhier**

One of the objectives of this roundtable has been attained inasmuch as we are united to enrich research. Conversely, it should be noted that social management is still highly marked by the laws of the states. We must move forward on this subject if we want to achieve social harmonisation at European level. The same applies on the economic front, which we would like to see extended at world level. Furthermore, the councils must be clearly defined as venues for discussions. Due to an extremely competitive market, confidentiality must be respected there. But employees must have access to information relating to the strategy for sharing.

SECOND TABLEROUND ON THE RESTRUCTURING OF THYSSENKRUPP

◆ **Joël Maurice**, Economist at Lasaire, France

Michel Fried, who unfortunately could not join us, is the author of a study which illustrates my presentation, a summary of which has been handed to you.

In its current configuration, the ThyssenKrupp group stems from the alignment of Krupp with two large German steel companies. First Hoesh, acquired in 1991 to prevent it from being taken over by British Steel, then Thyssen, with which it merged in 1999. Today, it is the second European steel producer after ArcelorMittal. It ranks 19th in the world, with an annual production of 13 or 15 million tonnes of steel. This is equivalent to all French production. The activity of ThyssenKrupp has been reduced considerably (down by 21.3%), its turnover going from €54.4 billion in 2008 (i.e. 2.5% of French GDP) to €42.8 billion in 2015. Employment registered a similar drop worldwide, from about 200,000 to 155,000 employees, or a 22% reduction.

The crisis in the steel industry is the result of two contrary effects: the drop in demand for steel in Europe, due first to financial and economic crisis that broke out in the US in 2008, before spreading to Europe, and then the downturn in the Eurozone since 2010 because of the sovereign debt crisis. European steel production thus went from 210 million tonnes in 2008, to 166 million in 2015, i.e. a 21% decline, whereas American production was also down, but to a lesser degree (15%). On the other hand, we witnessed a spectacular increase in Chinese steel production, which amounted to 60 million tonnes in 1990, but now stands at 800 million tonnes, i.e. half of the world's production capacity, with its production overcapacity alone covering nearly the equivalent of the overall European production, i.e. 15 million tonnes. These circumstances inevitably had a dumping effect for Chinese steel on the world market. Unfortunately, Europe's reaction was still more moderate than America's in terms of protection.

This context illustrates the complexities European steel companies have to face when recalibrating their strategy, as dictated by necessity. ThyssenKrupp is today composed of six branches, or high added value units, whereas steel represents only 20% of the turnover and 20% of the workforce. Lifts are the most important branch in economic terms, with nearly 33% of the workforce. Then comes Component Technology, which makes spare parts for the automobile industry, then Industrial Solutions which includes in particular ThyssenKrupp Marine Systems, world leader in the production of submarines (conventional, not nuclear).

Whereas the group has diversified successfully, and done so in 80 countries, its activity depends largely on the health of the automobile industry. Furthermore, Germany, which is still its main territorial base, now employs only 39% of its workforce, compared with 43% in 2009. The other European sites, which accounted for up to 23% of the workforce, have also started to decline (20%). Conversely, ThyssenKrupp has diversified in emerging countries, in particular in Asia. The management of the group has been highly centralised to create value as required in this branch. In recent years, however, those goals have not been reached. This in part has strengthened the negative judgement of management on the group's profitability in spite of the restructuring efforts. This pressure on the management model explains in part the deleterious climate that reigned in the group and prevented the managers of the different branches from overcoming their difficulties with central management. Then came several understandably complex problems of change of management, bearing in mind that the group's principal shareholder (23% of the capital), which insists that the group must be managed according to long-term objectives, is the family foundation Alfred Krupp Von Bohlen Halbach. The fact remains that the remuneration of shareholders has always taken a big place in the group's annual reports.

ThyssenKrupp has been restructured extensively, but refused to sell off subsidiaries that it intended to get rid of. The group has thus been forced to maintain a higher level of investments than foreseen, which has resulted in a success of often negative free cash flow. The group's situation has deteriorated significantly. In 2009, the rating agencies reduced its rating from BBB to BB, making it non-investment grade. Put another way, while being highly discredited among investors in general and having lost half of its equity, the group had to increase its financial debt by accepting that banks impose a financial aid ratio on its equity limited to 150%.

In December 2013, unable to take part in the increase of capital (planned for €884 million that year), the family holding had to accept the entry into the capital of a Swedish activist fund called Cevian Capital. A seat on the board of directors was granted to it. Cevian Capital holds 20% of the capital of ThyssenKrupp since June 2016, i.e. nearly as much as the majority shareholder. To preserve its power, the family fund had nonetheless had resolutions

adopted limiting the possibility of increasing the group's equity in future, in particular though the issue of convertible bonds. The major restructuring operations of the group were thus carried out in a difficult financial context. In fact, the intentions to sell the activity had preceded the announcement of a massive restructuring plan in May 2011 known as Impact, which provided for: €10 billion in assets to be disposed off, concerning in particular the most capital intensive activities; a reduction of the turnover of 23% from its 2010 level (€42.6 billion); a reduction of 35,500 jobs, i.e. less than 20% of the total workforce in 2010 (177,500 people). This plan was to enable ThyssenKrupp to pay off its debts, improve its results and make them more resilient and more resistant to vagaries.

This plan seems to have been accepted relatively easily by workers' representatives who endorsed in particular the disposal of the stainless steel business and more specifically the closing of the plants in Krefeld in 2013 and Bochum in 2016. It is worth pointing out that in February 2013, while the announcement of the restructuring operations of what constitutes the core of German steel had been disclosed via the press, the management of the group had not yet submitted them either to the supervisory council nor to the workers' representatives. IG Metall denounced the attitude of the group's management in the strongest terms and declared that it was against any cut and dry redundancies, as well as the reduction of Germany production capacities, stating in conclusion: "The workers must not foot the bill for management's past mistakes." Finally, in September 2013, the German collective agreement for steel was renegotiated, working time and wages were reduced, but the 13,000 redundancies initially planned were cancelled.

Thus, the major steel making sites were maintained, in particular the historical site of Duisburg. In the end, the plan enabled the group to reduce its global turnover by 25% compared with 2001 and to cut 23,200 jobs, more than half in stainless steel. However, in 2015, the disposals provided in the Impact plan had been achieved only partially, as the group had not managed to sell off a number of its activities, and had been ordered by the Commission in Brussels to keep a part of them. Steel production units were closed in Germany, the American steel plant and some shipyards were sold as part of the plan, but ThyssenKrupp had to keep its Brazilian CSA plant, its special steel plant in Terni, Italy, and a magnetic sheet plant in Isbergues, France.

Citing first an economic downturn due to competition from Chinese exports, in 2016 ThyssenKrupp announced that the drop in steel prices had become structural, and that consequently, the consolidation of the branch was back in the news. Consequently, the cost of European steel activities had to be reduced, from 800 to 1.6 billion euros (?). In April 2016, IG Metall qualified this announcement as an "aggressive objective" and responded by organising a day action christened *Steel is the future*, which brought together 45,000 workers from different German steel companies. The group acknowledged three months later that it was in talks with Tata Steel, which had announced its intention to dispose of its British business. This situation elicited a strong reaction from the president of the works council of ThyssenKrupp Steel Europe who did not see any justification for this agreement with Tata Steel. According to him, it was clearly in contradiction with the agreement, signed in 2014, guaranteeing jobs on the steel sites until 2020.

A number of observers stated that the German group would not be interested in the takeover of all the British business of Tata Steel, which had largely become loss-making. Nevertheless, some believe that an agreement to create a joint company bringing together the Dutch steel works of Tata Steel, which is largely profit making, and the steel site of Duisburg belonging to ThyssenKrupp, could lead a synergy for significant gains, estimated at €300 million by Commerzbank. But the idea at times raised of an alignment between Thyssen and Salzgitter, the number 2 German steel maker, seems little likely, because the State of Lower Saxony, which holds 27% in the capital of Salzgitter, is hostile to this alignment. Given the possibility of a large-scale restructuring, we can see why IG Metall was surprised about the absence of information for the supervisory council of ThyssenKrupp and the workers' representatives.

◆ **Claudio Chipolla**, General Secretary, FIOM, Italy

In addition to the dates, various aspects of the reorganisation described in detail above are consigned to the history of the Terni site, the ST of Terni. In fact, it is among the companies that have undergone this type of reorganisation decided by ThyssenKrupp.

The remembrance of 6 May 2011 is still fresh in memory. ThyssenKrupp announced the famous Impact plan to all production sites. According to this plan, stainless steel, not standard steel, but stainless steel, was no longer part of ThyssenKrupp as parent company. The group was getting rid of this sector (strategic, in our view), due to economic difficulties brought about by management investment errors, particularly in Alabama.

A conflict unprecedented since the 1950s ensued. Violent clashes took place for nearly four years, culminating between 7 July and 4 December 2014, when strikes were organised accompanied by a total blockage of the

establishment that lasted more than 42 days, in opposition to the industrial plan which provided for the closure of the electric furnace of the Terni plant, and the elimination of 600 jobs. We were convinced that other solutions could be found to recover the financial losses of the last years, for instance by investing in innovation, the staff and the quality of their training. In fact, the Terni steel site is of strategic importance in terms of the local and even national economy. Let us bear in mind that Germany and Italy are the first European consumers of stainless steel. Finally, the trade unions and Thyssen Krupp concluded an agreement on 4 December 2014.

In a conflict which figures prominently as a symbol, this agreement is the result of serious and fruitful negotiations between the company and the trade unions without external interventions outside the parties. For its part, ThyssenKrupp reviewed its approach to the industrial plan and the trade unions made constructive proposals, compatible with the objectives of the group. The second point, closely related to the first, has to do with the diversity of approach and management method in trade union relations from one country to another. We cannot but note a difference in the procedures employed: in Germany, a solidarity agreement was concluded to save jobs, but not in Italy. Our proposal to reduce the working time to reduce staff expenses by as much so as to save jobs and maintain professional skills was not heeded, which led to departures. The group could have chosen to economise on raw materials, invitations to tender or other aspects, bearing in mind that the cost of labour in a steel company does not exceed 5% of the turnover.

The European regulatory framework against which this conflict is played out does not provide a common guideline whether it be on rights, wages, environmental laws or energy dumping. The multinationals are therefore adapted to the national policies of countries where they are established. The Italian government, to single it out, has not shown any commitment to industrial policy nor any combativeness in the face of this crisis situation.

That being said, the results of agreements obtained after the conflict are substantial. Terni retained its activities; investments, as provided in the agreement, amount to €175 million. The fact of preserving the specific character of the site is a strong point for Italy. The minimum threshold of production below which major problems can occur, i.e. 1,000,000 tonnes of steel, is also guaranteed. These are particularly positive results to which we have made a very active contribution.

There is a great deal of work still to be done on the organisational front, however. In terms of profitability, the establishment suffered and is still suffering from the void left by 300 departures. The situation has improved. We should therefore find competitiveness mechanisms, not only by reducing wages and rights, but through an efficient system of invitation to tender. Furthermore, the information, knowledge, participation, and sharing of objectives are absolutely essential elements that we wish to deal with in order to be able to tackle critical situations efficiently.

Since 2011, we no longer participate in the European works council, but we must still intervene to try and solve a certain number of critical points while we are at it. In 2011, ThyssenKrupp decided that special steel would no longer be part of the group's activity and would be sold. Before being acquired, we must increase our results significantly in order to promote the specific features of Terni in optimal fashion, put the quality of our work to the fore and defend the strategic importance that the site represents in terms of economics in this region of Italy.

◆ **Massimiliano Burelli**, Managing director, ThyssenKrupp, Italy

First of all, I think it is fundamental to put ourselves in the place of ThyssenKrupp. In February 2014, the European Commission forced the company to take back a site which had lost €600 million in five years, between 2008/2009 and 2013/2014. In such a context, balancing the accounts to revive prosperity was clearly an overriding priority. As Claudio Cipolla underscored, the agreement signed with the minister showed its efficiency: After eight years of losses, the accounts of Acciai Speciali de Terni are in the black again for the financial year (1 October 2015 / 30 September 2016). The work carried out jointly by the company, the trade unions and all participants turned out a winner.

But whereas the income statements are a concrete reality, it should nonetheless be borne in mind that the world is undergoing constant, rapid and unforeseeable changes. I would cite the precipitated fall of Lehman Brothers or the unexpected Brexit. We must consider strategies that take account of exogenous factors capable of having a negative impact on the company at all times and to consolidate our future for the near and medium-term.

On the Terni site, we and the trade unions opted to focus our attention on reference markets which are profitable and less exposed to aggressive commercial rationales from Asian countries. Asia is capable of supplying in very large quantities standard products such as iron steel which can be purchased easily anywhere. Acciai Speciali de Terni is now trying to tighten the market around a clientele composed of end users, smaller producers in terms of

size and financial resources who need shorter delivery times and assurance of quality products. In this way, we are hedging against the possible disappearance of these customs duties which protect us at this time. I fully support the planning and anticipation rationale. In this context, it is vital to evoke one of the fundamental levers for success, namely the involvement and motivation of human resources, what we did when we decided to redefine our strategic plan for the five years to come.

To succeed in this new challenge, we must get our operators to be competent in terms of the product, manufacturing process, and be capable of reacting internally. In technical terms, this is called a transformed line, i.e. a transformation of rationales that promotes flexibility in production. Stainless steel, for example, is used for all sorts of things, from pots and pans to decorative elements, which increases its market potential.

We are focusing extensively on changing the footprint of our clientele. We have been trying since the end of the conflict to expand our commercial structure, which had until then been too polarised on the national territory. We are trying to export our production abroad and are present in Germany, Poland, France and Spain. To avoid going through a situation as in 2014 again, we are sparing no effort to optimise our capacity to respond to an ever renewed clientele which has the financial means to buy quality – a requirement that Asian countries will not be able to meet.

Finally, working with innovation in mind is a guarantee for success. We are a “University for Steel,” in a way. History has taught us that we must never rest on our laurels. Research, development, innovation, partnerships with universities, and all stakeholders in a position to support our ongoing improvement process and our products constitute a fundamental pillar of our strategy.

◆ Markus Grolms

ThyssenKrupp made a major strategic mistake by setting up a steel plant in Brazil and subsidiaries in Alabama, thinking that low cost production in Brazil and sales with comfortable margins in the United States would lead to sizeable profits. Two thirds of the company's value were destroyed as a result (between €8 and €10 billion), €600 million remaining to be covered after the sale of the Brazilian plant for €1.5 billion. That said, a company that suffers such a loss but is still on the market, has strong potential, including in terms of human resources.

Our trade union, which is also part of the supervisory board, was never in favour of such an investment. When the project turned out less lucrative than foreseen, and even dangerous, the only thing we could do at the time was warn management, which alas was late in stopping the investments. A new management then took over, and the inevitable restructuring phase was initiated to make up for the loss in value, even though the equity of ThyssenKrupp is around 8% today. The Terni plant was part of that restructuring.

The management and the trade unions have shown that joint efforts lead to positive results. The restructuring that occurred in Germany by the closing of two sites and the shutdown of stainless steel production helped prevent redundancies by proceeding to redeployments. The co-determination process we practice here gives us the possibility of being heard, and also leads to shared responsibilities.

If the strategic choices are the sole responsibility of the company, the manager who has imperilled the company and destroyed all those jobs must be held responsible. As it is not what we see, we insist to be involved more and more in the decisions, and this demand on the part of IG Metall, must also be that of all European trade unions. But we will be heard only if we represent a force in the company, and for that we must be able to count on the support and mobilisation of all trade unionists in the discussions. I am happy for our colleagues at Terni for the favourable outcome which would not have been brought about without these strikes. As far as the enlarged negotiations are concerned, we have a European works council, of which I am the coordinator, but negotiations take place in Italy, and the legal constraints must not allow the German part to interfere in them. That said, we are giving workers the possibility to express themselves as we did with AST through coordination meetings. Before managers who are not highly disposed to listen, we have the strength of numbers (40,000 members of IG Metall). In Brussels, the Italian part of the European works council made its voice heard; at times the discussion is more difficult to engage, depending on the issue, but things are improving.

I shall cite another example where our action bore fruit. In Spain a steel production unit for the automobile industry was closed by ThyssenKrupp because of strong pressure on the cost of cars, without terminating the licence to the regional government, thanks to our intervention combined with that of the Spanish trade union. There were 120 redundancies, but the licence remained valid if the site were to reopen. Moreover, in a show of solidarity, we reduced our working time to offer our Spanish colleagues an opportunity to come and work in Duisburg. 170 of them followed us. The Spanish site has since been reopened and production is today in full capacity because the steel market has

positioned itself differently. This event illustrates the fact that strength and solidarity inside the company are more effective than the social dialogue dictated by directives and regulations from the Brussels bureaucracy.

To conclude, we need regulations to defend ourselves and to defend our work tool against powerful investors and shareholders who considered ThyssenKrupp as a commodity to be broken down for profits.

GENERAL DISCUSSION

◆ **Stefano, Acciai Speciali, Terni, Italy**

I would like to take advantage of the presence of the managing director Mr Burelli to make an observation and ask a question.

You announced that following the conflict, production and the turnover were saved. But every month, we have to stop the hot equipment because of a drop in orders. You announced the abandonment of black steel to give preference to a new clientele, but black steel is the part of production that saved the equipment to arrive at this million tonnes. I am therefore concerned by the objective you announced. Targeting end users can prove an impediment to our survival in the future. A service centre is being closed in Ancona.

My other remark concerns the relations between the company and the workers. The quality of the discussion has improved, but wouldn't it be possible to go further, since corporate strategy, participation, salary enhancement, and ongoing development are issues that deserve being examined in depth? Involving workers even more in the company's project would contribute to its development.

◆ **Massimiliano Burelli**

Last year, we closed with one million liquid tonnes. This year will be better. The production stoppages in the hot equipment are due to the fact that the railway line from Turin was not yet operational; it will be as of next month. We are thus going to make up the days of technical unemployment at the steel works and the hot rolling mill. Your fear about targeting end users is unfounded, as there will be effect on the production of black steel nor any reduction in volumes. Unlike wholesalers, these customers rework the product, which led to a reduction in the mix only. Finally, Terninox in Ancona is controlled by AST, but it is independent, with its own chairman and board of directors. Its closing is due to a drop in the production of household appliances in the regions. We are going to switch to new productions which will not be situated at local level.

The development of human resources has been my priority since I arrived. Our course is headed in that direction and we are determined to harmonise our meetings and discussions in the future.

◆ **Joël Maurice**

The question concerns Mitbestimmung (co-determination), which characterises relations in the organisation of German companies. You are the emanation of the powerful German trade union IG Metall. When you take part in major strategic decisions in meetings of board of directors, or rather supervisory boards, do you do so as representatives of German workers within the limited framework of your country, or can your capacity to speak up extend to the entire management of the group, i.e. its global strategy?

Could you indicate to us, without disclosing any professional secrets, to what extent you can influence its global strategy?

◆ **Markus Grolms**

In Germany, co-determination is regulated. Because of our participation in the supervisory board, we exercise a certain control over management and thus over the strategy. We also get our voice heard among shareholders, but that is where our decision-making power stops. The supervisor board consists of 20 members, ten from each side, and the chairman of the board, who has a double vote, ultimately decides. On the other hand, we subject management to the pressure of the relevance of its strategic choices: "Have you really taken all points into account?" and the responsibility to workers that arises: "are you really convinced, for instance, that building a steel

plant in Brazil is a profitable project?”.

THIRD TABLEROUND ON THE STUDY OF THE RESTRUCTURING OF ITALCEMENTI

◆ **Marinella Meschieri**, National secretary, FILLEA, Italy

Unlike the companies mentioned previously, the cement sector under which Italcementi falls is based on an essentially local market. We cannot, in fact, envisage any outsourcing because the nature of the product, as the transport costs would destroy profitability, with the exception of exports rendered possible by the border location of a site.

Between 2008 and 2015, 81,000 companies closed in construction, hundreds of thousands of workers lost their job, and cement production collapsed (from 47 million tonnes in 2007 to ca. 19 million tonnes in 2016).

Following the crisis of the internal market, we had already introduced the idea of reorganisation project for Italcementi. At the time, the company employed 18,000 workers throughout the world, thereby pursuing an economic policy capable of thwarting any financial losses through a presence on European and even world markets.

In July 2015, we were informed that our site had been put up for sale and that it had been acquired by HeidelbergCement. The rather fragmentary information, coming from the works councils of the two companies, led us to demand an immediate interview with the German owner. We got no reply, given the European anti-trust regulations, which prohibit any meeting before the transactions are completed.

Through the intermediary of a third company, a dialogue was established between Italcementi and HeidelbergCement on an industrial plan, only the main lines of which are known to us. In spite of the meetings between the two works councils, information remained fragmentary. We then called on the Italian government to have the Ministry of Economic Development intervene to obtain an interview with the buyer. A series of meetings ensued where we made concrete proposals to HeidelbergCement to save part of the jobs and stress our concern to maintain the research centre of Italcementi, which enjoys an international reputation (Italy pavilion at the Milan world expo built exclusively with biodynamic concrete invented by Italcementi). We launched a national strike and organised an event at the registered office in Bergamo to support our proposals for the Italian part and reach an agreement on the social plan concerning overstaffing. The dismissal of 400 people, mainly women workers, would have been catastrophic for a small town like Bergamo.

In the absence of national legislation favourable to the new guidelines that take account of the environmental factor, our industrial sector fell considerably behind in Italy. Its cement works for example use only 10% to 15% alternative fuels for energy generation in the best of cases, whereas Germany makes common use thereof and one production site in Austria uses 95%. Scientific studies show that the use of alternative fuels does not represent an economic disaster.

In July 2016, Heidelberg, which had completed the acquisition phase, representing a total of 62,500 workers on a world scale, limited management by Italcementi to the Italian part only. Redeployment solutions in other sites of the country were found for persons made redundant, but our decision-making capacity became derisory, within only one Italian representative in the works council. The non-existence of a European legislative framework prevented us from taking part in the supervisory board, which was in Germany.

When the German group Dyckerhoff was acquired by the French federation Unicem, we noted that our German colleagues had been informed about this operation through the board of directors and, independently of the anti-trust law, had obtained extensive information, even informally. We then realised that the Italian group should also have contacts with Germany, which did not occur much outside the single meeting at the ministry with the German director. Italy has very restricted, even non-existent operating margins in decisions when it comes to choices relating to investment, for instance, and the works council provides information only on the results, which we already know through other channels. I therefore insist on the urgency to extend trade union representations at European level to facilitate the circulation of information so as to play an active role in decisions. My request is not only in relation to Italy, but other countries who have not been able to take part in the European works council of Heidelberg.

Furthermore, we would need a works council in Italy to discuss information and ideas between the central hub and the sites. To our great satisfaction, the Ministry of Economic Development convinced HeidelbergCement to keep the Bergamo research centres which will become the world research centre and employ 60 people. We would have liked the same thing concerning the process.

◆ **Giuseppe Agate**, Human resources Manager, Italcementi, Italy

I would add a few elements to Marinella Meschierri's very exhaustive presentation. Italcementi came into being during the unification of Italy, it contributed to the reconstruction effort after the war, to the main infrastructure initiatives. Then the crisis hit for everyone.

From a production of 46 million tonnes in 2006, we are down to 18/19 million today for a capacity of 50 million, without changing the work force, but with volumes 65% below the market potential. The number of employees was reduced to 2,200 (from 3,600), that of complete cycle sites to 6 (from 18), mixed concrete sites to 120 (from more than 150), with repercussions on the company's balance sheet, i.e. a reduction of turnover (which amounted to €1 billion in 2006) by half. Since 2016, with the buyer HeidelbergCement, a colossus present in 60 countries with more than 60,000 employees, we are witnessing a process to reorganise Italian production and the Italian headquarters, with a gradual elimination of international control coordination services. Only the Bergamo research centre, a key to the expertise of Italcementi, has resisted, and is now in the service of the entire group.

Everything has been put in place for the optimal management of the industrial reorganisation process needed to get out of the doldrums. At the same time as the revision of the regulation in force and the employment reform (Jobs Act), a significant investment plan was implemented: more than €150 million in Italy in the last three years, and more than €60 million by the group in the last ten years. Furthermore, in consultation with the trade unions and the local and national institutions, we put in place a social plan aimed at guaranteeing exceptional measures to help with income and healthcare, by investing in a redeployment aid policy to help with the hiring of workers coming from Italcementi, and to reinforce skills so as to make this sector attractive again. I underscore in passing the positive aspect of worker participation in the approval of proposed measures. We are to complete this endeavour at the end of the year and we will be able to measure the first results.

I share Marinella's point of view on the limits in the acquisition sharing process on a European scale, the restrictive regulation relating to works councils on a European scale. In 1995/1996, right after the acquisition of Ciments français with Ciments Calcia and Unibéton, the management of which was handled up to last year, Italcementi was the first operator in the construction sector to create a European works council. With the introduction of Heidelberg, five countries are represented in the group. Pursuant to the anti-trust law, which concerned only one country where two groups were superimposed, the subsidiaries of Belgium were transferred to third parties, and this enabled us to share the acquisition process which concerned 15 European countries. I would also evoke the limits of a local policy which, in order to deal with complex procedures, has propounded only social buffers such as the restructuring of the company or sector, whilst underestimating the alternative interest of an industrial and energy dimension.

Two points to end: this industrial sector falls under the "commodity" or poor product category. The maximum radius of action is 200 kilometres for cement, and 200 kilometres for concrete. International in dimension, the market remains very local nonetheless. We should rely on innovation in future to develop products with a bigger profit margin such as biodynamic cement and anti-smog cement which are still niche products. On the other hand, there is the dematerialisation of processes, the competence of new cement operators to contend in a changing industry, the rejuvenation of the workforce working on a larger availability and flexibility of professional profiles.

GENERAL DISCUSSION

◆ **Joël Maurice**

My question is for Mr Agate. I am working on the Holcim-Lafarge merger. The European anti-trust commission asked Holcim-Lafarge, which is in a monopoly situation, to dispose of part of its assets, which it did to CHR. The latter in turn sold them to Heidelberg and you, for the same reason as Holcim-Lafarge, have sold your Belgian subsidiaries. I do not understand very well this complex game of disposals in the name of anti-monopoly regulation. Could you enlighten me?

◆ **Giuseppe Agate**

The Lafarge-Holcim merger process entailed having to dispose of a certain number of assets acquired by CRH. The same applied to the acquisition of Italcementi by HeidelbergCement. The only superimpositions identified by the anti-trust legislation for the matter at hand, concerned Belgium and the United States. One of the main strong points of this acquisition process was the very low superimposition in terms of country between these two groups – the process is therefore the same. As regards the acquisition of HeidelbergCement, we limited ourselves to Belgium. The result was the disposal of the Belgian subsidiary of Italcement to an Italian operator; for that matter, Cementir.

CONCLUSIONS

◆ **Fulvio Fammoni**

Throughout this seminar, which I was very delighted to host and organise jointly with our friends from Lasaire, we tried to present the general framework of restructurings and technological developments in Italy, by relying on positive case studies where there has been a synergy between companies and trade unions to arrive at agreements. The particular nature of Italy has to do with the structure of the country, the size of its companies, but also the fact that the notion of territory makes the difference in a globalised market.

Trade unions and companies must transform the mechanisms of discussions to get European rules moving. I am convinced, for example, that the real difference for the future of the budget pact is not to play the flexibility card, but the fact that investments must be excluded from its calculation.

The investment programme of the Juncker plan appeals to us and we are counting on it. Unfortunately, the climate is not favourable in Europe, as attested by the research study we conducted right before the electoral periods in the Netherlands, France and Germany.

Finally, we note another development in participation in Italy (CGIL document), which is lacking from Italian legal contents for that matter. On the issue of the effective recognition of trade unions or employers' associations, we are faced with a constant change of governance, bilateral mechanisms, funds. We want to wager on Italy's capacity to move forward on these questions within the meaning of the quality of sharing. Sharing means accelerating the decision-making process to reach agreements more rapidly.

◆ **Joël Decaillon**, Vice-President of Lasaire, France

Our discussions revealed a contradictory need for European, perhaps even universal tools, to deal with the situations generated by globalisation, such as creating a worldwide network of trade unions in the electronics industry. We saw at the same time a profound rejection of the European feeling, particularly in the world of work – a real discrepancy between legitimate need and political expression, and real difficulty for trade unions to overcome.

I was sensitive to a certain number of arguments such as the close articulation between European projects, industrial projects and services to be promoted, the manufacturing aspect of electronic production (in the case of STMicroelectronics) which leads to a recourse to overqualified staff. We have gone from the old workers' trade union world to a universe of organisation and qualification. Problem solving in the face of technological and industrial challenges does not stem from flexibility and job instability, but from pragmatism. Airbus understood as much, and

created an academy to train its future engineers at the highest level and offer them sustainable career opportunities. Conversely, we must take into consideration the diversity of the labour market, in terms of different conceptions and articulations of employment, services in the market of personal assistance. I am referring to Bruno Terntin who has studied the subject extensively and has stated that the trade unions are in a situation where they have to find the means to reunify all workers. The European projects will not, for the time being, satisfy this demand for a refocus. The incessant talk based on the drop in labour costs, flexibility and restructuring of the labour market is becoming unacceptable and destabilising for all. Outlook and insecurity are incompatible.

We must also delve in depth in the part concerning negotiations and the social partners. I have heard many statements on the development of work, relations, quality of the dialogue and relevance of the anticipation dialogue. We are far from reaching a conclusion on this point. In the years to come, dialogue without anticipation in the guidelines will be difficult to maintain because the entrepreneurial system imposes new policies in terms of environment, public health, conception of growth activities, productivism. Social relations must be enshrined in a new outlook for anticipation to guarantee real negotiations.

I consider that the term social dialogue has an extremely ambiguous meaning in relation to the requirements imposed on negotiations nowadays. Negotiations are first and foremost principles and rights, where the term "social dialogue" covers a vague notion of these different aspects. Whereas a system like the German one shows precision, the same is not true in other countries, especially when it comes to restructurings. The stakes in anticipation and negotiating capacity will be broached in our final conference.

The stakes are considerable, and Europe will be efficient only if we are clear about the articulation of projects, through systems that allow for proper negotiations. Relying on the infernal pace imposed by financial considerations to manage the world is inconceivable. Democracy needs other times. If we consider that it is a secondary element, the people will take their revenge.