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DEVELOPING COOPERATION OF EUROPEAN WORKS COUNCILS IN THE FINANCE SECTOR

UNI-EUROPA FINANCE

Developing Cooperation of European Works Councils in the Finance Sector

– A Summary Report –

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1 Introduction

UNI-Europa Finance organised a project under the title "Developing Cooperation of European Works Councils in the Finance Sector". The overall purpose was to enhance the cooperation of the employees' side in EWCs from banks and insurance companies. The European Commission supported the project financially.

The project was linked to the work of UNI-Europa Finance regarding multinationals. In 2002, UNI-Europa Finance adopted political guidelines on the operations of EWCs. The result was the creation of an EWC network that brings together trade unionists and unions covering nearly 30 companies. Each EWC has a UNI-Europa Finance EWC Coordinator among its members, in each country unions have appointed one or two UNI-Europa Finance EWC Advisors who assist EWCs and coordinate activities. In addition, in several companies UNI-Europa Finance participates in the EWC in an expert capacity.

The main objectives of the project were:

1. Developing a permanent structure for cooperation with a particular focus on exchanging information and experiences about the functioning and effectiveness of EWCs within UNI-Europa Finance, i.e. among unions and EWCs.
2. Taking stock of and producing an overview of the operations of EWCs, reflecting both the contents of EWC agreements and the actual practice of EWCs.
3. Identifying best practice in EWCs as well as problem areas. This includes the role of the EWCs in a narrow sense, establishment as well as information and consultation, but also in a wider one, e.g. formulating a company charter on social rights together with management.

Further aims were:

- Extending the cooperation to cover European companies in the future.
- Improving the link between the information and consultation structures at all levels.
- Integrating the acceding countries into the work of existing EWCs.
- Including or linking up with subsidiaries in countries not covered by the EWC Directive in Europe or beyond.
- Contributing to the process on revising the EWC Directive.

Three events were organised. A seminar took place in Brussels on 15 and 16 December 2003. The aim was twofold: to take stock of the practice in existing EWCs and to identify key issues that needed to be explored further. The major meeting was a conference a year later on 8 and 9 September 2004. Participants analysed the current state of affairs and to discuss the revision of the EWC guidelines against the background of practices of establishing and operating EWCs. The focus of the conference was not only on good examples and alternative practices, but also on hindrances and limitations to information and consultation. Great importance was attached to the regional and global dimensions, in the sense that a global development of the industry demands parallel global trade union structures. The two meetings brought together participants from 17 countries. They included national trade union experts and UNI's contact persons on EWCs but also representatives of other European trade union organisations.

As a part of and a follow-up of the project, representatives from EWCs in four key banks - Deutsche Bank, HSBC, Lloyds TSB and ABN-AMRO - met in Düsseldorf on 6 December 2004. A one-day workshop was held. The aim was to give EWC practitioners an in-depth opportunity to exchange information about their work. The participants saw a great urgency in developing cooperation. Moreover, they agreed to look at concrete cooperation on the issue of lifelong learning. The participants in the workshop agreed to continue this format of coordination and a further meeting is planned for the spring of 2005. The workshop also serves as a 'spin-off' model

for organising future meetings between a small number of EWCs to exchange experiences and work on common issues.

2 Practices of establishing and operating EWCs

The seminar launched the UNI-Europa project on developing co-operation between EWCs in the finance sector. It brought together the EWC experts and co-ordinators, nominated under the UNI-Europa Finance guidelines on European works Councils, for the first time. The importance of the issues under discussion over the two days was reflected in the large attendance of around 60 people, including representatives not only from existing EEA member states but also a number of representatives from acceding countries. The seminar was facilitated by Oliver Röthig and was chaired by Edgardo Iozia.

Sandy Boyle, President of the UNI-Europa Finance Steering Committee, and Bernadette Ségol, Regional Secretary, made brief presentations to open the seminar. Both focused on the importance of the work already done on EWCs and the need for this to be continued and developed over the coming years. This is especially true in terms of the enlarged EU, and in relation to a possible revision of the European Works Council Directive. It was then left to Oliver Röthig to outline the two main aims of the seminar:

- to discuss the existing UNI-Europa Finance EWC Guidelines against the background of the practices of establishing and operating EWCs.
- based on experiences with EWCs, the seminar will analyse and circumscribe areas in the work of EWCs that need to be explored in more detail.

His initial presentation then focused on the content of the current EWC guidelines. The underlying principle was a decentralised structure in which EWC advisors, up to two per country, were the linchpins of the network. Participants were reminded of the important role UNI has been given by affiliates in endorsing EWC agreements. The guidelines in their current form are both a 'manual' and a political document, which if taken literally would mean UNI being unable to endorse any current agreements. This is one reason for starting the process of revising the guidelines.

The concrete nature of the guidelines was highlighted as an issue in the subsequent discussion. An Italian representative commented that the complex trade union situations in different countries and indeed the different practical situations in different companies meant that there was a need for flexibility in defining the role of UNI-Finance's EWC advisors.

Most speakers agreed about the importance of using EWCs to progress the trade union agenda and to consolidate workers' rights. Where possible we should speak with one voice at the supranational level, that of UNI. Nevertheless, there was some concern about whether efficient co-ordination and common proposals are achievable. Moreover, there was a clear resistance to any move towards giving EWCs a negotiating role.

2.1 The Revision of the Directive and the Issue of Consultation and Confidentiality

The revision of the original EWC Directive by the European Commission is well overdue. It should have taken place in 1999. Jackie Grant of UNI-Europa gave a presentation on the background to a potential revision and the key elements of trade union strategy towards revision of the directive. Some of the key demands from the trade union side are that:

- the definitions of information and consultation should be in line with the directive on worker involvement in the European Company.
- the role of the European Industry Federations should be explicitly recognised.
- there should be clear limits on the use of confidentiality.
- the fall back provisions need to include enhanced rights for experts, training, select committees, pre and follow up meetings, paid time off and access to sites.

Whilst a revision of the directive is a necessity, it was made clear in the discussion that unless we as trade unions are organised and sufficiently prepared we would not be in a position to take advantage of any advances the revision may provide.

Oliver Röthig then spoke briefly on the growing problem of recalcitrant employers using arguments of confidentiality and stock exchange regulations to restrict employee representatives rights to information and consultation, particularly in advance of major restructuring announcements. The conclusion was that we need to ensure that negotiated EWC agreements include better definitions of consultation rights in cases of restructuring etc., and that unions must be prepared to test management rejections of consultation based on confidentiality in the courts.

2.2 Negotiating and Re-negotiating EWCS: The Cases of Fortis and Royal Bank of Scotland

Following the takeover of National Westminster Bank by Royal Bank of Scotland in 2000, the existing National Westminster global council was dissolved, as Andy Colognori from UNIFI, UK reported. The process therefore began of trying to negotiate a new European Works Council agreement for the Royal Bank. This process was made more difficult due to two key factors. The first was the inherent weaknesses in the transposition of the EWC Directive into UK law; the second was the less than positive attitude the employer took to working with the trade unions. An EWC agreement was finally signed in June 2003. The end result of the negotiations was disappointing, though not a total failure, in respect of the content of the agreement. In large part, the unsatisfactory nature of the agreement was a direct result of the attitude of the Royal Bank of Scotland towards true co-operation and partnership with its own employees. There are however some lessons to be learned from this experience. The most important is to ensure that delegates have sufficient time to get to know one another and to learn to work together. It is also vital that there is good contact between the various people involved before the Special Negotiating Body meets so that they can work together effectively.

Bruno Demaitre from SETCa. Belgium provided a much more positive example in re-negotiating an EWC: Fortis. In May 1998, the Fortis Group decided to buy the group Générale de Banque. Both companies were of a similar size and both had operated EWCs since 1996. The original proposal from Fortis was to terminate the Générale EWC and incorporate it into the existing Fortis EWC. However, this was decided to be inappropriate and it was felt new negotiations were needed to produce a new EWC agreement for the new group.

The directive provides no mechanism for the merging of existing EWCs, therefore a new procedure had to be developed. The subsequent work provides one of the best examples of co-operation between different EWCs to date. The bureaux of the two existing EWCs came together to begin the process of taking the elements of best practice out of the existing agreements to formulate the new agreement. Debate was concentrated on those issues where there were significant differences. Eventually in September 2000 they were in a position to begin negotiations with the employer and on 15 November 2000 the new agreement was signed by all the members of the special negotiating body, the UNI-Europa expert and the management.

In the discussion that followed it was pointed out that whatever the difficulties, or successes in negotiating agreements, as illustrated by these two case studies, what is important is how we as trade unions make those agreements work to our advantage in creating a genuine European Dialogue. In particular, it was important to intensify the cooperation among all unions organising in a company.

2.3 Networking of EWCs: the Experience of 'If'

If is a major Scandinavian, non-life Insurance company that also enjoys a significant presence in the Baltic States. The particular structure of this Pan-Nordic company, which is organised around business areas rather than national lines, has meant that the trade unions representing employees across Scandinavia in this company have had to develop an advanced system of co-operation. This is because decisions affecting employees are no longer taken at the national level but at the business areas or business unit level. Therefore, to have influence over these decision-making processes the trade unions have had to develop their systems to match those created by the company. Ulla-Britt Lundqvist of FTF Sweden spoke about the high level of co-operation that has developed.

The trade unions from the four Scandinavian countries, with the support of the Nordic Finance Union, have combined their resources to represent employees in If under the auspices of the Nordic Union Executive Committee (NUEC). This is a 9-strong body and aims to meet 12 times per year. The members of NUEC are often asked to represent the interests of employees from countries other than their home country. However, the strong relationships that have been developed, and it must also be recognised the good relationship that exists with the employer, has meant that in general this has worked well. The trade unions across Scandinavia have a relatively long history of close co-operation. The challenge now is how to successfully integrate new colleagues from the Baltic States post-enlargement.

This presentation generated a lot of interest and comment as it represented a system of international networking and collaboration far in advance of that experienced by most of the seminar participants.

Whilst the rationale for working co-operatively at the trans-national level was clear to those directly involved in the process, the question was asked as to whether ordinary trade union members fully understood what was going on. It was admitted that the reality is that generally ordinary members still rely on national laws and customs. Increasingly decisions are being taken at the Nordic level and therefore through NUEC trade union influence has to be bought to bear at this level, but for the ordinary member they are probably still mainly interested in the national level collective agreement. This lack of understanding of the international dimension was felt to be a problem particularly in companies such as If and also Nordea, which are particularly highly internationalised companies, but also everywhere trade unions are attempting to work more co-operatively at the trans-national level. There is a need to develop internationally active and knowledgeable union representatives. This is not always easy as members still do not often realise at what level decisions are now being taken, i.e. in the case of If at business area or business unit rather than the national level.

Further questions were asked about the particular structure of NUEC. It was commented on that the members of NUEC are not just the trade union leaders of the countries involved, but that it also includes shop stewards. They have to rely heavily on each other and therefore over time very close relationships have built up. There are no permanent union officials as part of the structure but they are free to call on union experts as and when required. The challenge of

supporting the integration of the Baltic countries into this structure is one that is recognised not just from the trade union side but also by the employer.

2.4 Preliminary Results

The first day of the seminar was concluded with some more general points being made based on the discussions that had taken place over the course of the day. A clear theme emerging from the presentations was the variety of experiences and the importance of recognising and respecting the differences that do exist and trying to take what is best from each model. It was felt that it is UNI's role to facilitate this by developing a real method of networking amongst EWCs. This seminar was proving to be an important step in building up a base of knowledge and experience.

However, the discussions had also begun to raise a number of important questions. How do we successfully combine the national and European levels? Is there a common thread to what we want EWCs to become? Can EWC guidelines be created that are flexible enough to apply to the variety of situations within which trade unions have to work? These were not questions that were necessarily to be answered through this seminar but they illustrated that we have much to learn from each other and also that there was a great willingness among UNI affiliates for this learning process.

2.5 The Problems and Opportunities of EWCs

Day two of the seminar began with a presentation by Peter Kerckhofs of the ETUI. A key statistic to be brought out of research carried out by the ETUI is that around 65% of companies covered by the EWC directive have still not set up an EWC. His presentation then looked at an analysis of different EWC agreements and provided examples of both good and bad practice. An interesting trend that was noted was that agreements are tending to become longer and more complex over time and also that the percentage of companies covered by the directive with operations in the acceding countries is also growing.

In responding to this presentation, the comment was made that if EWC creation continued at its current rate it would take 25 years for all companies to set up an EWC. This is unacceptable, there needs to be the political will from trade unions to pick up the pace of EWC creation and a role for UNI in identifying gaps in EWC coverage and encouraging these gaps to be filled.

EWCs do provide trade unions with significant opportunities and we must be prepared to put the time and commitment to make the most of these bodies and take advantage of EWC 'soft law', in that whatever is not forbidden is allowed. For example information and consultation on training or equality issues is not explicitly included in the directive but some EWCs are beginning to deal with these subjects. The structure of EWCs can also allow unions to develop co-ordinated responses during periods of trans-national restructuring.

Nevertheless, when we also look at the content of EWC agreement, in many cases they fall below the level set out in the EWC Directive. A striking example is the provision on EWC experts: it gives EWCs the right to be advised by one expert who is fully funded by the company. In a few cases, experts are not allowed at all or the company does not finance them. Otherwise, the practice is that travel and accommodation costs are covered; an appropriate fee however not.

One reason for not exhausting the law is that many agreements were concluded on a voluntary base so that the legislation is not applicable. While this is not necessarily problematic, it might exclude having recourse to the law and to legal standards established nationally in implementing

the Directive. Changing this situation is hindered by the feeling that it might cause conflict with the company.

2.6 EU Enlargement and European Works Councils

The impact of enlargement on the activities of many existing EWCs and potential new EWCs will be extensive. Raf Vadenplas, of LBC-NVK Belgium, gave a presentation on this subject based around the KBC bank and insurance group from Belgium. KBC currently has some 23,000 employees (full-time equivalents) in the existing member states of the European Union. However, it has some 32,000 employees (full-time equivalents) in the candidate countries. The impact on the composition and activities of the KBC EWC will therefore be considerable. KBC has a particularly significant presence in the Czech Republic and Slovakia, Hungary, Poland and Slovenia, where it has a 30-35% market share.

A number of challenges as a result of enlargement have already been identified. Among others the very different historical and cultural backgrounds that representatives from the acceding countries will bring will clearly challenge the ways of working that are already in operation. A particular issue is also the lack of strong independent trade unions in a number of countries where KBC has operations. This is a particular problem as the rules of the EWC make it clear that you have to be a union member to be an EWC member and, for example, there is no union representation at all in the Polish companies, whilst only 'in-house' unions exist in some other countries.

Enlargement is a major issue for UNI to face up to in its work with EWCs and this was reflected in the wide ranging discussion that followed this presentation. Giedre Lelyte from LTUCCE, Lithuania reminded everyone that all of the acceding countries are different. In the Baltic region approximately 70% of the finance sector is owned by Scandinavian companies, and they are hopeful that previous positive experiences with Nordic colleagues can be built upon. It is very difficult to develop social partnership in the Lithuanian finance sector as there is no tradition of this at all. Lithuanian trade unions have faced particular problems of HR representatives being placed onto EWCs, of companies setting up sham 'yellow' unions, and also that employers organisations are very weak making the negotiation of sectoral agreements extremely difficult.

A speaker from ETYK, Cyprus told the seminar that the three biggest Cypriot banks have activities in Greece, but there was not any union presence there, reflecting the difficulties that had been seen in relation to KBC group in Lithuania. However, OTOE, the Greek finance union, had worked co-operatively with the Cyprus finance union to help set up a union in the Cypriot banks in Greece to assist with future EWC negotiations. The view from Malta was that unions must work much more closely together, which includes a large role for UNI, to make sure that EWCs work effectively post-enlargement.

The Nordic Finance Union has been trying to support union development in the Baltic region and wants to be a positive influence on the climate between social partners. There is some thought that Nordic companies will set a good example for others in these countries in setting up effective information and consultation bodies. However, the Nordic, or indeed any system, of industrial relations cannot simply be exported into the acceding countries. We must first understand their ways of working and their culture and build upon this.

Greek union OTOE, assists banking unions in Romania, which are normally organised on a company base. This reflects the activities of Greek banks in the region which have taken over many smaller Romanian banks (including Postbank) or have opened branches there. The Greek banks together with Raiffeisen Austria and Societe Generale are the largest players in the Romanian finance sector. OTOE's objective is to help in the establishment of a federation of

unions that covers the entire industry. A similar process was successful in Bulgaria where a federation was set up in June 2003.

There is a general lack of information for ordinary workers about EWCs and what their purpose is and this is especially true in acceding countries. There is a very large information and education project to be undertaken, and this includes in many cases for employers and managers, around why participation in EWC structures is so important.

With a view to accession in May 2004, unions had to prepare for including the new countries in all EWCs.

2.7 European Company Statute and EWCs: The Example of Nordea

Nordea has been at the forefront of developing transnational structures, not just from a business point of view but also from the trade union side. It has now been announced that Nordea will become probably the first organisation in Europe to take advantage of the new European Company Statute and set itself up as a genuine European Company. For that reason the cross-border system of trade union involvement in Nordea has developed into one of the most sophisticated of any UNI affiliate as Kent Petersen and Nils Kruse of FSU, Denmark explained.

A single structure has been set up to represent the interests of all four Nordic countries in Nordea. The 'Nordea Union' has been given a strong mandate to negotiate on behalf of all four nations in Nordea on cross-border issues, whilst issues of purely national implications are still dealt with by the local unions in each country. Nordea union represents around 90% of the workforce of the company. There is a group council, which aims to influence overall company strategy, and can also set up sub-committees to negotiate specific issues. The strong principle of co-determination is also reflected in the four employee representatives on the supervisory board of the company.

Consultative committees have also been set up to deal with cross-border business unit issues. As with decisions taken at group level, these consultative committees had to be given the mandate by the national unions to take binding decisions, if Nordea Union was to have the desired influence over company decision-making.

The creation of "one-union", Nordea union, must be regarded as the employee representatives' organisational move in order to negotiate with Nordea on the same level and with the same cross-border decision making competence as the management. The apparent success of the structure that has been created says much about the participants' ability to overcome the significant cultural differences that do exist between the different Nordic countries. Overcoming these differences and improving communication are some of the key educational aims for Nordea Union as it moves forward.

The reasons behind Nordea's decision to become a European Company are felt to be mainly cost saving as it will give some tax advantages and will enable the company to operate under just one supervisory authority. However, this may also be a step in preparing for new mergers in the future. The question was asked as to how this change to a European Company would affect the trade union structure that has already been set up in Nordea. A project is currently underway to assess the potential problems, from the employees' side, that being a European Company may bring, as the full consequences are not yet known since this has never happened before. The belief is that the current system of involvement in the decision making process is stronger than that set out in the Directive and therefore will be sufficient when Nordea becomes a European Company. The main difficulty will be that the Nordea union currently only represents the four Nordic countries. There will be an urgent need to bring other countries inside the Nordea union family, particularly from the Baltic States and Poland.

For UNI-Europa, Nordea is a key pilot case, which will be very important in developing the knowledge base to enable unions to set up appropriate structures in European Companies. Therefore, UNI has given a clear commitment to support negotiations and be involved as much as possible. The experience of Nordea will provide the starting point for learning how unions can prepare themselves for the next case, wherever in the finance sector that may be. The European Company statute provides many opportunities and challenges. In terms of cross-border information and consultation, and worker involvement in decision-making, along with enlargement, it is one of the biggest challenges facing UNI and its affiliates. To be prepared, unions should pay special attention to discussions within companies on transforming to an SE.

2.8 Global Framework Agreements and Corporate Social Responsibility

A number of participants throughout the course of the seminar had commented that whilst recognising the importance of EWCs, we must also acknowledge that we cannot restrict our work to within the borders of the European Union. Finance is now a global industry and therefore the global dimension and its impact on industrial relations cannot be ignored. The experience of the AXA EWC in dealing with a global issue reflected these comments as Jean-Pierre Chemin from FdS-CFDT, France described.

AXA had taken the decision to offshore elements of its operation to India. As this only affected UK employees, it was very difficult for the AXA EWC to do anything as a body dealing with trans-national European issues. However, the AXA EWC was able to gain the agreement of the employer to send two representatives to inspect the Indian operations on behalf of the EWC and to report back on many of the concerns that were held about AXA potentially employing Indian workers on very poor terms and conditions.

The report showed that in many cases workers' conditions in India were better than those in the UK, and very little criticism could be made of AXA's Indian operations. However, possibly more importantly than the actual outcome of the process was the way in which an EWC had been able to look beyond Europe and, in an innovative manner, represent the interests of workers on a more global basis.

One of the issues that was identified in the discussion following this presentation was that trade unions have been traditionally poor in anticipating major changes. We need to improve on this to ensure that unions are not always playing catch up to an agenda dictated by the employers. The trend of outsourcing is felt by many to be unstoppable, and indeed whilst looking to protect jobs in Europe we must not deny other countries the development opportunities that this process brings.

One of the key issues is ensuring workers rights are respected wherever finance sector work takes place. The AXA EWC itself is working on a Charter of Rights for all employees of the company wherever they may be based. There was some discussion about how trade unions in Europe can encourage the development of trade union structures in these new industries in India by developing supportive links with local unions and encouraging the improvement of social conditions in these new workplaces.

This discussion was particularly topical as the issue of offshore outsourcing is going to be one of the subjects of this year's UNI-Europa Finance Conference in May. UNI has identified the potential in negotiating Global Framework Agreements to protect social standards. There are currently none in the finance sector but they are hopeful that the first will be negotiated within the next 12 months.

2.9 Conclusion

The presentations and subsequent discussions over the two days of the seminar began to identify some fundamental issues around EWCs. The debate was started on what we believe EWCs should be and how they should develop in the future. What was very clear was that the current EWC guidelines whilst a useful starting point are by no means perfect and will require some serious revision to ensure that they are relevant and appropriate as UNI affiliates develop their EWC work.

National unions will remain the cornerstone but there is a growing transnational influence and unions need to recognise this and develop their trans-national work in response to this trend. The future of worker involvement through EWCs and the importance of the European Company Statute in the way in which unions will work with EWCs are issues that need much attention from unions to prepare for future actions.

The rich culture in trade unions is a strength and it is important to make use of this combined knowledge to ensure that a model develops which will make the Europe of tomorrow meet the needs of everyone in Europe. This highly successful seminar was the first step along a long road for all trade unions.

3 Developing EWCs and the trade union response

The conference, part of the UNI-Europa project on developing co-operation between EWCs in the finance sector, was the follow up to the initial seminar that had been held in Brussels in December 2003. The conference brought together representatives from some 17 countries and 30 UNI affiliates.

The objectives of the conference were

- To discuss selected areas in the practice and operation of EWCs in depth.
- To begin to draw up a UNI-Europa approach for EWCs and the trade unions, that sets out how to improve their co-operation and the exchange of experiences. To also address salient issues and set EWCs in the context of the globalisation of labour markets.
- To start to identify the leading group of EWCs.

The conference was chaired by Edgardo Iozia and facilitated by Oliver Röthig. The conference opened with an introduction and welcome from Bernadette Sègol, the UNI-Europa Regional Secretary. Bernadette reinforced the importance with which the work that UNI-Finance had done on EWCs was held and highlighted the view that without active involvement of trade unions in EWCs a major element of the European Social Model was lacking. A key priority is to improve the co-ordination and co-operation between EWCs and to improve the networking of trade unions both within EWCs and between different EWCs.

3.1 EWCs in Context of Changing Finance Industry

Oliver Röthig began the main business of the conference with a presentation looking at the main issues that EWCs must face in the context of a changing finance sector. He focused on four key challenges; EU enlargement, the European company (SE), International/European regulation and globally acting companies.

Trade union responses to all of these challenges are key, and Oliver summarised the approach that should be taken in three points.

- In multinational companies there is a special responsibility for unions in the country where the parent company has its seat.
- A proactive approach from unions to anticipate change and exchange information, and therefore the key role for EWCs, is vital.
- The aim is to develop an integrated network bringing together all unions involved in a company across the world.

A lively discussion followed the presentation. Speakers reinforced the importance of developing trade union alliances. It was felt that particular pressure must be brought to bear on companies that appear to have contrasting attitudes to trade union involvement and social policies in different countries. As Oliver said in response, sometimes it is up to trade unions to force employers to 'behave well'. There were also contributions on the theme of developing common priorities for EWCs in multinational companies, supporting the development of union structures in countries where they are currently weak and making sure that trade union activities in a particular company within and outside of the forum of an EWC are mutually supportive.

3.2 EWCs and the European Trade Union Movement

Simon Cox from the ETUC's infopoint spoke to the conference about the current work of the ETUC in relation to EWCs. This is currently focused on two main areas. Firstly the revision to the directive and secondly a major survey of EWCs.

He firstly updated people on the progress made in attempting to get a revision by the European Commission of the European Works Council Directive. Movement on this subject continues to be slow. A first stage consultation was issued in April 2004, but with UNICE reluctant to enter into any form of negotiations there is, as yet, no news on the date for a possible second stage consultation. An added complication is what stance the new commission will take on this important issue.

The ETUC are also in the process of launching a major survey of EWC reps. They will contact around 9,000 EWC members with the aim of identifying more clearly the key problems that EWCs face, so that the limited resources that are available to EWCs can be better targeted.

In the discussion that followed comment was made that in any revision process the union movement must be vigilant to ensure that any desire on the part of UNICE to see a watering down of the directive does not succeed. The point was also made that in looking for an improvement to the directive we must remember that the union movement wants strong EWCs, not for their own sake but as a tool for workers and unions. Unions must look as to how to take advantage of the opportunities that are presented since despite its current weaknesses most unions do not take full advantage of the EWC directive as it currently stands.

3.3 Information and Consultation: Practice of Companies

The next conference session looked at positive examples of EWCs from both the insurance and banking sector. Jean Pierre Chemin, of CFDT France, began by talking about the experiences in AXA. The secretariat of the EWC meets ten times per year and management meets all costs of the operation of the EWC. One of the factors behind the success of this EWC is that the way in which the agenda is structured and determined ensures that it is relevant issues that are discussed, not just those determined by management. The secretariat is quite important in the

operation of the AXA EWC since it meets so regularly, however it was made clear that its role is one as a facilitator not a negotiator. Jean Pierre also said that we should not overlook that the fact that EWCs allow some degree of information and consultation at the cross-border level is a step forward from that experienced a decade ago. However, the question is what do EWCs do with that information. Do they share it sufficiently with staff, national trade unions and UNI?

Benny Lamens, from SETCa in Belgium, spoke about Credit Suisse. In 1998 Credit Suisse had taken over Winterthur, which had signed a voluntary agreement setting up an EWC in 1996. In 2002 the Winterthur agreement was expanded to cover the entire Credit Suisse Group. There is a full plenary meeting once a year and quarterly meetings of the select committee. A number of positive points about the operation of this EWC were mentioned. These included the fact that international contacts had been much improved leading to a better understanding of what was happening in other countries, there is good communication within Credit Suisse which can be attributed to the attitude of HR management and during a period of IT outsourcing the select committee of the EWC has been updated at each quarterly meeting with the latest information.

However, there are some things that it is felt could be improved. There seems to be a lack of enthusiasm between meetings and often communication with the EWC only takes place after decisions have been made. Whilst management like to use the EWC to show how well they have been doing there is a concern at the lack of practical actions that have arisen out of discussions. Overall the speaker felt that the EWC had been evolving in the right direction since its inception in 1996 but the main problem is that they are always faced with the facts after the decision has been made.

During the discussion following the presentations, the question was asked as to what the future was for EWCs, how should they continue to develop and improve. The opinion was that EWCs must build more solidarity between representatives from different countries. This is usually good during actual EWC meetings but once everyone has returned to their home countries there is a lack of regular contact between representatives, making it hard to develop that much needed solidarity. It was also stated that unions must be closely involved in the operation of the EWCs, if you just have the EWC without the strength of the relevant trade unions behind it then you are going to struggle to achieve real benefits for the workers.

3.4 EWCs and the 10 New Member States

The enlargement of the European Union in May 2004 had been highlighted by Oliver Röthig earlier in the conference as one of the key challenges facing EWCs in a changing finance industry. Wolfgang Greif of the GPA began this session by outlining the impact of enlargement on activities in Austria.

Enlargement means that whereas previously Austrian participation in EWCs was largely passive, with the majority of EWCs being in companies with their headquarters outside of Austria, many more Austrian companies will now fall under the umbrella of the EWC Directive. In the finance sector Austrian institutions have been some of the leading companies investing in the new member states. There is now the potential for there to be up to 11 EWCs in the Austrian Banking sector and 6 in the insurance sector. However, in working with EWCs in these new member states it will be important to strike a balance to take account of the economic, cultural and social diversity that does exist, and much work will need to be done in overcoming barriers to ensure that where EWCs are set up they work effectively.

Pavel Krejci from OSPPP in the Czech Republic then gave the perspective from one of the new member states. He stated that the Czech banking sector was relatively stable with the insurance sector one of the biggest growing industries in the economy. As in many of the new member

states most of the biggest banks are foreign owned. This has meant that even outside of the structures of EWCs Czech unions have developed experience of working with colleagues from other countries. However, in relation to EWCs he identified several points where he believed work must be targeted to ensure effective EWCs post enlargement. These included overcoming language problems and ensuring the effective integration of new members into existing EWCs. Three challenges appear most important in the immediate future. The fact that it is taking too long for some EWCs to expand to accept members from the new member states, that the number of EWC meetings that take place are too few to allow for effective working and that the co-ordination and exchange of information needs to improve markedly.

Giedre Lelyte of LKKDPS, Lithuania, then provided a Baltic perspective. A lot of work has taken place in attempting to organise finance workers in the Baltic states. There have now been close links with the Nordic Finance Union for approximately 10 years. Workers in the Baltic states are eager for full participation in EWCs. It brings the main company closer to them and allows them to feel recognised as contributors to the company and not just workers, and it can actually mean getting hold of information before local management. As she said, don't forget the people in these small countries, they want to be involved!

A major problem she identified was the lack of knowledge about the operation of EWCs among both employees and management. There is therefore a need for education programmes to build up the knowledge base in these countries. An important part of this is developing more co-operation and contact between so-called 'old and new' Europe. There is a danger that the longer it is left to involve representatives from new member states in EWCs the more difficult it will become.

The discussion that followed centred on the problems that have been faced in developing local representative structures in a number of the new member states. It was felt that whilst the existence of an EWC can help to show the importance of developing local structures to ensure that their interests are represented properly, EWCs should not be seen as a substitute for local representation. As a movement we have to insist upon, and support, the rights of workers in all countries to have their interests represented by effective trade unions.

3.5 EWCs and Regional Works Councils

Jim Lowe, of Amicus-UNIFI in the UK, spoke about the experience in Barclays where over the last few years, as well as an EWC there now exist regional works councils in Africa and the Caribbean. The reason behind the setting up of these regional works councils was seen as one of necessity on behalf of the employer. Barclays was running Africa as a single operation, rather than as separate countries, and therefore bringing worker representatives together from across Africa made sense. In the Caribbean the particular political situation of the region meant that to be successful the unions had to be involved and brought on board. Whilst both councils were set up relatively soon after one another, 1999 in Africa and 2001 in the Caribbean, the agreements are different. The African works council is much closer to the EWC model that we are used to whilst in the Caribbean it is more of a partnership agreement. However in both cases they steer clear of national pay negotiations.

All stakeholders in both forums have wanted these works councils to succeed. And in Jim Lowe's opinion the very fact that these forums were set up outside of a legal requirement to do so has contributed to their success in that the trade unions have truly wanted to talk to each other and work together on issues of common importance. He believes that they can provide an example of ways in which to reinvigorate EWCs. This is particularly in terms of the importance of trade unions communicating with each other, and working together across borders outside of the formal

structure of the EWC. One of the issues around the current Barclays EWC that he highlighted during the discussion was that everyone still represents their national interest at the EWC meetings. There is still no-one looking at the issues from a truly European perspective and this is something that needs to be developed if we are going to make EWCs a real success.

3.6 Global Framework Agreements and Company Codes of Conduct.

Robert Bailey, who had been participating in an internship programme at UNI, gave a presentation on the results of his work creating an Internet resource to look at multinational companies in the finance sector's approach to codes of conduct. His conclusion was that:

- Despite the very elaborate picture painted by many financial institutions, there are only a few who appear to be genuinely concerned for their employees and the well being of society in general.
- The primary emphasis of most companies is on sponsorship and other forms of community projects. These are relatively small in cost and highlight their unwillingness to change operations, and/or the way they carry out business activities, in order to improve social and environmental situations.

Commenting, Oliver Röthig said that companies are more and more using codes of conduct as promotional tools. In addition UNI is increasingly being approached by organisations such as ratings agencies and pension funds to give our view on the activities of particular companies. In addition UNI is particularly interested in moving beyond simple codes of conduct and negotiating global framework agreements in multinationals where UNI affiliates can exert influence.

3.7 EWCs and UNI-Europa

Judith Kirton-Darling, of UNI-Europa, began the second day of the conference by giving an overview of the work the UNI-Europa has been doing in relation to EWCs. UNI-Europa's work has been based around the four action points that came out of the May 2003 conference in Stockholm. These were;

- To create a network of EWC co-ordinators.
- The creation of EWCs in all eligible multi-nationals.
- To facilitate and co-ordinate the training of EWC members.
- To work within the ETUC on the revision of the EWC directive.

UNI-Europa finance affiliates are involved in around 96 EWCs, 1/3 of these are in the finance sector and another 1/3 in the graphical sector. In addition affiliates are currently involved in at least 15 special negotiating bodies looking to create new EWC agreements. UNI has been concentrating on developing a database to provide detailed information on all of the EWCs in which there is UNI involvement. To do this they have utilised the data being collated by the ETUC in its work. The aim is for this database to be a central information point for all EWCs covered by UNI, which will be regularly updated and will be a useful tool for those involved in EWCs on a day-to-day basis. It was hoped that this database would be online by the end of 2004.

In the discussion about this initiative it was asked whether it was just EWCs that were trade union dominated that were included in the database. The response was that UNI had tried to get details on every EWC possible, even if there was just one union member present. Other comments reflected that once this database is operational it is the responsibility of affiliates to ensure that information is passed on and it remains as up to date as possible.

3.8 The European Company: The Example of Nordea.

Rauni Söderlund, of SUORA Finland, spoke about the current situation in Nordea. This was an update on the presentation that had been given at the first conference in December 2003. Nordea is one of the first companies in Europe to look seriously at the possibility of transforming into an SE. Since last December the company has made little progress in transforming into an SE. This is because they are trying to find solutions to several important issues concerning tax, VAT etc. and are waiting for information from the European Commission in order to be able to do this. Nordea is formed of some 80 different legal companies and therefore simplification is the main driving force behind the desire to create an SE.

The speaker reminded the conference of the structure that had been created to allow the involvement of workers in Nordea, through the creation of the Nordea union, which had been outlined at the previous conference. Whilst the Nordea Union can be seen to have been remarkably successful, some failings were identified, particularly in relation to the future direction of the company to become an SE. The biggest weakness was seen to be the failure to get representatives from countries outside of the Nordic area involved in the representative structures set up by the Nordea union.

There was interest in how the experience of the unions in Nordea, as outlined in this in depth presentation, could be used as a template for what should happen if other SEs are initiated. It was highlighted that this is a very important part of UNI's work at present and the situation in Nordea provides a great opportunity for a learning process. However, we are lucky that it was Nordea that was the first to go down the SE route as there was already a good union structure in place. As a movement we must be prepared for when other companies, perhaps less well mannered towards trade unions, decide to convert to an SE. This is why UNI is working closely with the ETUC to develop checklists for negotiators to support them during an SE process.

The experience of the representatives from Nordea is that the directive on employee involvement in an SE is actually quite good and easy to follow, especially if there are strong trade unions in place. The real difficulties that have been encountered in Nordea have been on the business law side in relation to things like taxation and technical legislative issues. It is felt that these will prove more problematical to solve before Nordea becomes a true SE.

3.9 EWCs and Trade Union Alliances

Colin Medland, of the UNI Telecoms sector, updated the conference on a new initiative being undertaken by UNI affiliates in the telecoms sector. UNI is looking to set up structures to bring together affiliates active in the same multinational company, wherever in the world they may be. Objectives for the trade union alliances include sharing information across national boundaries, creating a common database on company investment and workers benefits and building solidarity through a network of mutual support.

The importance of the trade union alliances is that they are set up independent of any EWC that may be present in the company. They are designed to bring the trade unions together, not just the EWC reps, to try to develop a co-ordinated approach among UNI affiliates to their activities in a particular company. Activities include; international days to highlight worldwide concerns of workers in the same company; international meetings to share experiences; meetings with high level management; frequent contact through conference calls, e-mail, the internet etc.

Examples of companies that have set up these trade union alliances include France Telecom and Telefonica. Trade union alliances have also been used as an important stepping-stone towards negotiating global framework agreements in these companies. As was said in the presentation 'global companies need global unions'.

In commenting on the presentation, Oliver Röthig said that one of the aims of UNI-Finance is to develop similar trade union alliances within major multinational finance companies. Simply sharing information once a year at an EWC meeting is not enough to develop a coherent trade union response to developments in multinational companies. In addition it is important that working relationships are built up not just between the EWC reps actually sitting on an EWC but also between the different national trade unions they represent.

The telecoms sector in UNI has also pioneered the use of virtual committees as a tool for supporting the work of trade union alliances. Set up on the Internet and password protected, these provide a resource for reps from different affiliates to post information, contact each other, and debate issues. They can be useful in developing a culture of contact between unions across national borders but are reliant on developing interest in them from the bottom and not just the top, since without people taking the time and resources to put information into the virtual committees they will not thrive.

4 The way forward

An essential element in the trade unions' approach to EWCs is ensuring the close cooperation between employees' representatives on the EWCs and the trade unions. Likewise EWCs must build more solidarity and regular contact between representatives from different countries. Challenges posed on companies go increasingly beyond the remit of EWCs: companies become global actors without roots in any particular country or continent. As UNI's Oliver Röthig said: "EWCs provided one of the key tools to counter companies that more and more turned into entities operating without any clear national core. It is important that we enhance the cooperation of trade unions on EWCs and bring multinational companies to sign global framework agreements."

Examples like Barclay's Africa Forum or employees' involvement in Nordea show that EWC legislation is not a prerequisite for strong employee representation. Voluntary structures based on the commitment of the unions and companies seem to work better in some cases. Very often annual EWC meetings are big PR exercises with management, while, as a general rule, information and consultation in almost all EWCs is rudimentary.

Trade union alliances constitute an important complement to the work done by EWCs. Such alliances bring together all unions in a multinational with the objective to co-ordinate activities. One aim is to make companies abide by international labour standards and their own codes of conduct, for instance through global framework agreements between UNI Finance and a multinational.

EU enlargement constitutes a major challenge since social dialogue is often negligible in most of the new member states. UNI affiliates must work together to enhance structures by both strengthening unions and establishing solid systems of employee representation inside and outside companies. Unions from the old member states have a particular role in influencing developments, considering that most national markets in Eastern Europe are dominated by West European companies.

UNI-Europa Finance's EWC Guidelines provide an important instrument for organising the coordination of trade union activities in EWCs and multinationals. The Guidelines, however, need to be adapted to take account of changes in the finance industry, such as the emergence of the European company and the global dimension. A closer link-up between EWCs and unions is a key. Only then will EWCs function as useful tools for trade unions to advance employee rights.

The EWC project represented an important step towards the creation of a permanent and improved trade union structure of EWC cooperation. New company structures and new employee participation regimes are entering the scene, e.g. the European Company (SE). Trade unions need to deal with these new challenges at an early stage. With continuous structural developments taking place on the one side and the need to integrate the new Member States on the other, the importance of being alert and one step ahead when it comes to designing systems for cooperation and information exchange in multinationals will only grow, not only in Europe but worldwide.

UNI-Europa Finance Statement on EWCs and multinational companies

adopted by the UNI-Europa Finance Steering Group on 10 February 2004 in Nyon

In light of the discussion at the EWC seminar held on 15 and 16 December 2003,

with a view to improve the operation of the EWC Guidelines,

as a first step for revising the EWC Guidelines,

the UNI-Europa Finance Steering Group

1. calls upon all EWCs in the finance sector to integrate the acceding countries in their work. Representatives from the acceding countries should participate as full members from 1 May 2004.
2. calls upon all affiliates to prepare to start negotiations on setting up EWCs in those companies that will fall under the EWC Directive after accession on 1 May 2004.
3. calls upon all EWCs and affiliates to raise the issue of transforming to European Companies (SE) with management in transnational companies and to inform the Secretariat of any indication for such a development.
4. calls upon all affiliates, particularly the EWC advisors and coordinators, to always notify UNI-Europa Finance of the start of discussions on setting up EWCs, EWC negotiations and renegotiations. The Secretariat should also be provided with the latest versions of EWC agreements and internal rules of procedures as well as other agreements concluded by an EWC. These information are made available to affiliates.
5. decided that the EWC Guidelines also apply *mutatis mutandis* to SEs.
6. decided to use the term "EWC advisors" instead of "trade union experts" (Art. 7 of EWC Guidelines), in order to avoid confusion with the experts assisting an EWC (EWC Directive, Subsidiary Requirements, Point 7).
7. regards the standards set out in Art.3 of the EWC Guidelines as essential aspects for the conclusion of an EWC agreement. However, UNI-Europa Finance will decide on whether to endorse and support an EWC agreement based on an overall assessment of particular circumstances. Accordingly, not adhering to these standards in full does not automatically lead to the rejection of an EWC agreement.
8. reserves the right to endorse EWC Agreements as well as the appointment of EWC Coordinators, EWC experts and EWC Advisors after appropriate consultation.
9. pushes for the conclusion of global framework agreements with multinational (EWC) companies, including the recognition of trade union and UNI in company level social dialogue.
10. reiterates that the role of an EWC advisor is foremost to take the lead role in coordinating UNI Finance activities in companies whose legal seat are in his country and which have or are eligible to have EWCs. Coordination covers EWC/SNB members, all trade unions organising in a company, EWC Coordinators and UNI Finance. It includes in particular:
 - the establishment of EWCs and renegotiations of EWC agreements,
 - the appointment of EWC coordinators and experts assisting EWCs,
 - linking up with the overall coordination within UNI-Europa Finance

11. stresses that each EWC agreement should provide for two experts (reserved for UNI-Europa Finance and normally for a union from the EWC's seat country). The Directive does not limit the number of experts that assist the EWC. Moreover, the Directive sets out as a fall-back provision that the company funds at least one expert – this includes not only travel and accommodation costs but also an appropriate fee.
12. asks the Secretariat to set up pilot networks for a number of EWCs that brings together the company organisers from all unions that cover the respective company (EWC organisers networks).
13. requests the Secretariat to compile a list of experts participating in EWCs on a permanent base that come from UNI-Europa Finance affiliates (if applicable including their field of expertise).
14. reiterates that UNI-Europa Finance is revisiting the EWC Guidelines in light of the experiences gained with a view to make them more effective. They also have to be adapted to cover SEs. The aim is to present a revised version to the UNI-Europa Finance Committee 2005 for adoption.

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