

## SPEECH

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### **JOINT PROJECT OF THE EUROPEAN SOCIAL PARTNERS “JOINT STUDY ON RESTRUCTURING IN THE EU-15”**

#### **SYNTHESIS SEMINAR, BRUSSELS – 19-20 JUNE 2008 CLOSING PANEL**

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My presentation will be divided into four parts:

- Restructuring from a company perspective
- The role of the social partners in the field of restructuring
- A social partners' stocktaking on restructuring
- What comes next?

#### **I. Restructuring from a company perspective**

- Restructuring is essential to the survival and development of European enterprises. It is not a one-off action. It is a dynamic and continuous process of adjustment in the broader context of ongoing socio-economic changes in Europe and at the global level. It allows companies to make strategic decisions in order to move out of unprofitable activities and to develop more productive ones. Let me be clear about the following: restructuring decisions are company decisions.
- Restructuring can take different forms such as plant/branch/office closure; internal reorganisation; outsourcing of goods or services; reorganisation following merger or acquisition; relocation to another region or country.
- The nature of restructuring has changed significantly over the last three decades:
  - a) It does not only concern companies facing economic difficulties. On the contrary, it has become a precondition of economic success.

- b) Overall, restructuring does not have a negative effect on employment. I recall here that the intensification of restructuring has enabled the creation of ten million new jobs in the last ten years.
  - c) Restructuring may involve the relocation of some activities. But in 2003-2006, relocation represented no more than 10% of all job losses in Europe.
- Contrary to what many believe, globalisation means increased opportunities for both European companies and citizens. Our capacity to take advantage of the opportunities that globalisation brings about is closely related to our attitudes. Fears are sometimes based on unduly narrow approaches. Europe needs to embrace a more positive attitude towards economic and social integration and adapt to it instead of combating it.
  - In this context, flexicurity is the right framework to modernise European labour markets. The focus on job protection is no longer appropriate to provide security to workers. On the contrary, employment protection legislation threatens Europe's competitiveness and companies' capacity to create jobs and growth. Our efforts must be geared towards new forms of security by providing smoother job transitions. Rather than imposing restrictions on possibilities to terminate individual employment contracts, or introducing restrictions on the use of flexible forms of work, flexicurity rightly focuses on supporting companies' and workers' efforts to adapt to change as part of a modern labour law.
  - Implementing effective lifelong learning strategies in Member States is an essential ingredient in the flexicurity approach. With the main objective of increasing individuals' employability, adaptability and the overall level of skills, such strategies can help provide a platform for a well functioning labour market and a broad skills base, which are crucial to strengthen Europe's competitiveness.

## **II. The role of the social partners in the field of restructuring**

- It is true that restructuring may have painful social consequences. Collective redundancies can be required to safeguard the competitiveness of companies. The role of the social partners in the area of restructuring is twofold:
  1. On the one hand, a regular and constructive dialogue at company level can have an indirect influence on companies' restructuring decisions.
  2. On the other hand, when a restructuring operation is decided upon, a formal consultation procedure is organised in order to specifically consider the social consequences of such a decision and to agree on a social plan. An evolution towards individualised re-integration processes for workers who are made redundant has been highlighted in several national seminars, for instance in Austria. This is to be welcome as very much in line with the flexicurity agenda of adaptation to change.

- Social dialogue is needed to facilitate change. It should promote and sustain economic success, while ensuring that social consequences are duly taken into account by companies. In some cases however, social dialogue is used “de facto” as an instrument to prevent change. This is not acceptable. BUSINESSEUROPE is against any form of legislation, which can have the effect of preventing change.
- European works councils play a role in enabling a dialogue between companies’ managements and employee representatives on an ongoing basis and when restructuring occurs. Whereas the Commission will publish a proposal for a revised directive on 2 July as part of the social agenda package, it is crucial to keep in mind that the role of the directive is to set a framework facilitating social dialogue at the company level. The revised directive should therefore avoid getting into unnecessary details. In addition, the Commission should also make sure that European and national consultation procedures are compatible and do not slow down decision-making in companies.
- I believe that it is positive that European social partners engaged in a debate on restructuring and the broader context of economic and social change. Through discussions in the EU social dialogue we can better understand the challenges facing us. We can learn from each other on how to manage change. We can also identify success factors.

### **III. A social partners’ stocktaking on restructuring**

- This synthesis seminar is about taking stock of the work of the European social partners in the field of restructuring. It builds upon the experience gathered in the first phase of the project in 2003-2006, which was focused on Central and Eastern European Countries.
- As part of the second phase of this project, our aim today is to look in greater depth into the situation of Ireland, Netherlands, Greece, Italy, France, Austria, Denmark, Spain, UK and Sweden. I would like to thank the social partners in these countries for their support in the organisation of national seminars. These seminars have been very helpful to learn about the differences between countries, regional differences within countries and the variety of reasons lying behind restructuring operations and their success.
- On this basis, a synthesis report has been developed. This independent report outlines the lessons learned by the European social partners regarding the macroeconomic situation of ten EU-15 Member States and its impact on the nature and scope of restructuring operations. It analyses the role of the social partners in managing change in different national contexts.
- Flexibility and security, developing a shared diagnosis and agenda, dealing with current and future skills gaps, and silent restructuring are the four themes, which have been identified by experts as the most relevant ones to improve the work of the social partners in the field of restructuring.

- I would like to welcome this report as a useful contribution to the ongoing joint work of the European social partners in the field of restructuring.

#### **IV. What comes next?**

- The European social partners are committed to continue and finalise their joint project on restructuring in 2009. Our aim is to cover the 7 remaining European countries, for which no national seminars have been held yet. By the end of next year, the European social partners will have a full perspective on restructuring practices in the Member States in the EU-27.
- On this basis, the European social partners will have to assess whether further joint action on restructuring would be appropriate. If follow-up discussions are started, the “orientations for reference on managing change” - adopted in 2003 - would also be considered as a basis for further work.
- BUSINESSEUROPE welcomes the participation of the European Commission in this seminar. We see in this an opportunity for the European Commission to measure and acknowledge the interesting outcomes that the European social partners have been able to introduce in the past days.
- The European social partners are aware of the Commission’s own actions in the field of restructuring. We look forward the Commission communication on restructuring, which will be part of the social agenda package on 2 July. BUSINESSEUROPE encourages the European Commission in its efforts to build knowledge on restructuring. The Commission may also play a useful role in disseminating national experiences and organise a learning process between the member States. We however believe that any other form of action aiming to regulate restructuring operations in a way or another would be totally inappropriate at this stage. We were therefore happy to learn that the European Commission did not choose to consult the European social partners on a code of conduct for transnational collective bargaining.

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