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## Where to locate production?

Martin Bartmann und Sabine-Blum-Geenen

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Hans-Böckler-Stiftung  
Magazin Mitbestimmung  
Hans-Böckler-Straße 39  
D-40476 Düsseldorf  
Telefon: 0211-7778-147  
E-mail: [redaktion@boeckler.de](mailto:redaktion@boeckler.de)  
[www.magazin-mitbestimmung.de](http://www.magazin-mitbestimmung.de)

Hans **Böckler**  
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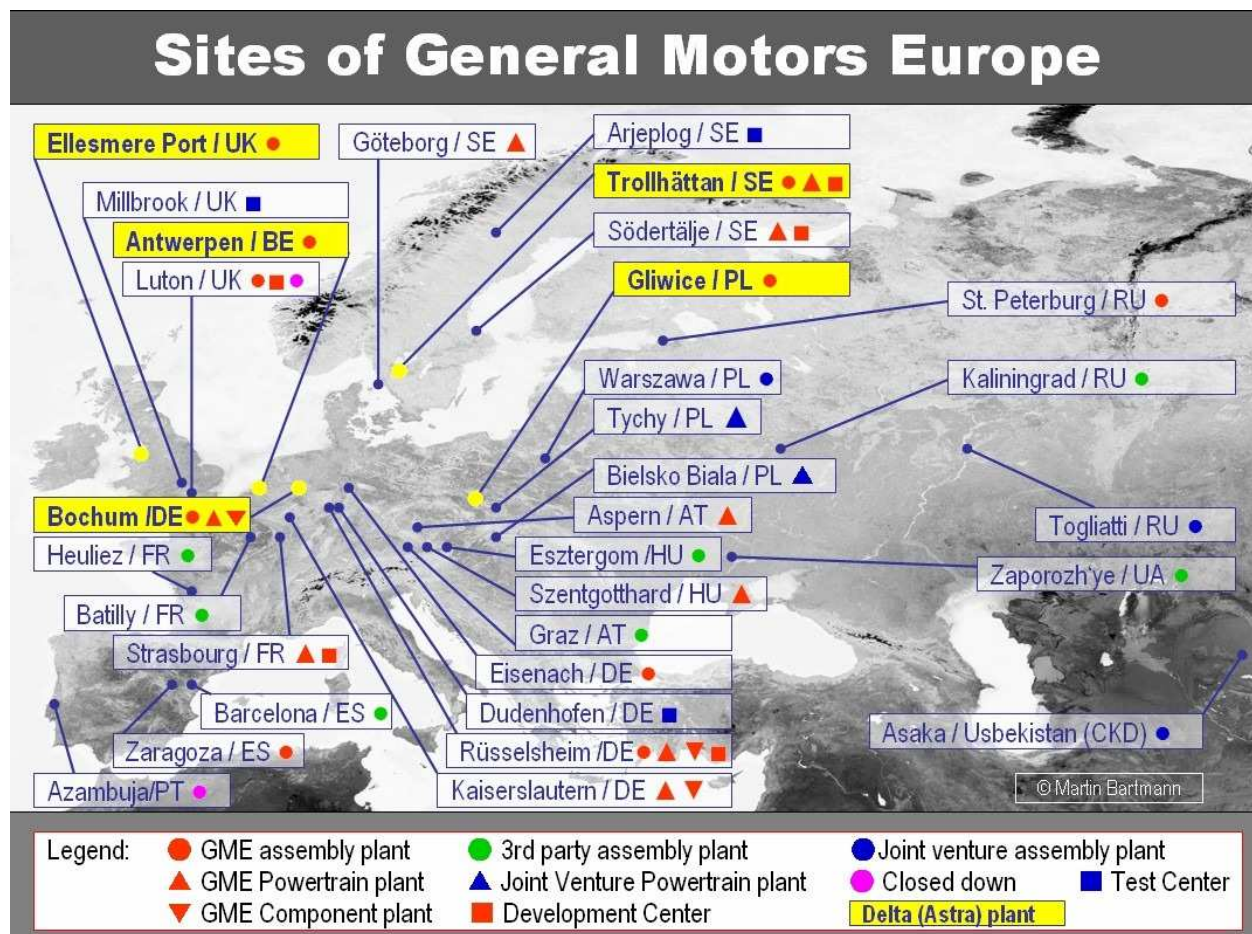
Fakten für eine faire Arbeitswelt.

## Where to locate production?

**TRANSNATIONAL EMPLOYEE CO-OPERATION** After a real struggle, GM Europe's employee representatives have just succeeded in convincing management to spread future production of the Astra fairly across the company's European sites.

By Sabine Blum-Geenen and Martin Bartmann. Sabine Blum-Geenen is head of research co-ordination within the policy department of the German metalworkers' union, IG Metall, and up until July 2007 was responsible for the EU project "Requirements and Perspectives of the General Motors Europe Employees Co-operation" (GMEECO). Martin Bartmann worked as a researcher on this project and is completing his PhD at Kaiserslautern Technical University with the support of the Hans Böckler Foundation.

It has now become the norm for companies in the automobile industry to play off different sites against one another and General Motors (GM) is particularly fond of this approach. The aim is to pressure its employees into making concessions on working conditions and labour costs. In the most recent competition - for the production of the next generation of compact class vehicles (the Astra, or the 'Delta platform' in GM-speak) - General Motors Europe (GME) had five plants bidding against each other.



The overall production volume involved is about 750,000 vehicles a year from 2010. In 2005, there were approximately 20,000 people working at the five affected sites in Antwerp (Belgium), Bochum (Germany), Ellesmere Port (UK), Gliwice (Poland) and Trollhättan (Sweden). As of mid-July 2007, the negotiations had reached the stage where it had been agreed to distribute production fairly and to keep all five plants open.

GM's strategic goal in playing different sites off against one another is to trigger a downward spiral of concessions on working conditions and pay. The company only negotiates with employee representatives at a local level in an attempt to create a bidding war between the individual plants. Management gives the impression that this contest, which it calls the "site selection process", is fair and transparent, with the winner chosen purely on the basis of economic factors that can be objectively justified. From the employees' point of view, however, the contest is anything but fair.

For example, employees are not responsible for, nor can they influence, factors such as the level of investment in the different plants or their workforce structure. In addition, as the contest for the Delta platform like other past similar competitions have demonstrated, GME takes other undisclosed factors into account in deciding where to locate production. These include the location of core markets and indeed the likelihood of industrial action at a plant.

## THE DELTA PROJECT

As early as January 2005, long before GME management officially announced that several plants would be competing for the Delta platform, GM's European Works Council, known as the European Employee Forum (EEF), created the Joint Delta Working Group (JDWG). Its aim was to ensure that the employee representatives from the affected Delta sites could co-ordinate their actions. This strategically important group included the local employee representatives, the EEF vice-chair, the coordinator from the European Metalworkers' Federation (EMF) responsible for GM, and - almost from the start - trade union officials from the five countries affected.

In addition, at European level, both the EEF and the Trade Union Coordination Group for GM (TUCG) based at the EMF were included in the discussions on the adoption of a common approach (see box on page 19). This rather complicated structure enabled an extensive information flow and ensured the participation of the -local, national and European levels.

In February 2005, the Delta Working Group adopted a basic set of "principles for equitable and equitable plant utilisation and for the site selection process". These place particular emphasis on the desire to work together to prevent site closures and job cuts. It was clear from the beginning that the resources available to the EEF and TUCG would not be sufficient to cover the co-ordination process required for the Delta Working Group. Germany's largest union IG Metall, therefore, developed an EU project in order to obtain the necessary funding.

The project was called "GMEECO - General Motors Europe Employees Cooperation" and its stated aim was not only for employee representatives to exchange information and get to know each other better, but also for them to evolve into an effective negotiating body with common goals and strategies.

As such, the project constitutes a model for employee representation in other multinational companies, since its goal was to develop a negotiating capacity that, if achieved, would represent a new level in terms of quality and would be a benchmark for subsequent Europeanisation of industrial relations. GMEECO soon demonstrated its special quality at its first joint workshop in Gliwice, Poland. There the 'Solidarity Pledge' was signed, committing the group's members to the JDWG's goals: no site closures and fair distribution of production - see Mitbestimmung 8/06.

Because production is falling and because higher productivity has led to fewer jobs, this is also known as the 'share the pain' strategy. These principles have never been called into question and have formed the basis of the group's strategy with regard to all the individual issues it dealt with, from Azambuja - the Portuguese GM plant, which was finally closed despite European-wide protests in 2006 - to outsourcing.

## THE SITE SELECTION DECISION

Up until the end of 2006, GME management refused to enter negotiations with the Delta Working Group on the site selection process. Instead, they adopted a strategy aimed at causing maximum uncertainty. Stories appeared that the company was supposedly considering opening up the competition for the Delta work to other GM sites such as Eisenach and Rüsselsheim. There were rumours that some Delta plants were negotiating locally - in breach of the European solidarity strategy. The unions suspected management was behind both of these. And management used invented figures and indicators and failed to provide other information - all in an attempt to wear down the employee representatives.

It was only in 2007 that management was finally prepared to discuss the future of the five affected sites at European level with the Delta Working Group and the EEF. An initial agreement was reached on 17 April 2007. This provides for Bochum, Ellesmere Port, Gliwice und Trollhättan to produce Delta vehicles from 2010. The Antwerp plant will not be closed, getting the production of a small four-by-four (SUV) for the Opel and Chevrolet brands. The Delta Working Group was thus able to achieve one of its key goals - avoiding any plant closures.

However, the negotiations on the details of the agreement had to be repeatedly broken off as GME constantly tried to pressure the employee representatives into accepting further concessions, and adopted a disingenuous negotiating strategy, in particular in relation to the production being allocated to Antwerp. The initial production volume offered by the company was little more than a disguised plant closure. The EEF and the Delta Working Group, therefore, organised another European day of action on 3 May 2007 in order to back up their demands and in particular to lend support to the workforce at the Antwerp site who had been on strike since 25 April. Once again, all GM's European sites participated in the day of action.

The situation as of mid-July 2007 is that GME has finally agreed to sign a 'European Future Agreement' for the Delta sites. It has also made a binding commitment to produce 120,000 units a year of the SUV models in Antwerp and to consider the possibility of manufacturing a further model there from 2009. In addition, it has agreed that the implementation of GM's outsourcing strategy, an extremely controversial issue for almost all GME sites, will also be regulated by a European framework agreement. All this has once again enabled the EEF to demonstrate its ability to negotiate agreements at European level.

## A NEW EUROPEAN FRAMEWORK AGREEMENT

The key decisions on the Delta platform have now been taken, even though some of the details have yet to be finalised. The most important thing is that the next generation of Astra vehicles will be manufactured by four of the five sites that were originally competing for the work, and it has been possible to prevent the closure of the fifth site in Antwerp. It is true that GM's European workforce has had to make concessions in order

to achieve this - the process has involved and continues to involve the loss and outsourcing of thousands of jobs.

But both the redundancies and the concessions would have been far greater had it not been for the joint solidarity strategy, and GME would certainly have closed at least one plant in Western Europe. The fact that the goals of avoiding plant closures and ensuring a fair distribution of production have been achieved can therefore be seen as a success. In addition, the recognition of the JDWG as a negotiating partner, and management's promise of a European framework agreement to formalise the decisions taken regarding the five Delta sites, are a clear indication that for multinational companies' employees and their European Works Councils it is well worth demanding and fighting for rights that go beyond the provisions of the EWC Directive.



**European Action Day 3 May 2007 at all GME sites – pictures from the Rüsselsheim site**

The high level of participation in the European days of action shows that there is a broad consensus in favour of European solidarity. However, constant employee involvement and information are necessary if this is to be sustained. There are still huge differences between sites in this respect, something that can often be attributed to the different rights and resources enjoyed by plant-level employee representatives. These differences in national industrial relations practices mean that any joint action is bound to require a great deal of coordination.

This makes the successful experiment with European-level representation undertaken by GME's trade union officials and plant-level employee representatives all the more remarkable. However, it is unlikely that any of this would have been possible without the structural and material resources provided by the GMEECO EU project, which ended in July 2007. If the impact is to be long term, it is essential to ensure that the structures that have been created do not collapse. This applies both to the close contacts that have developed between the participants in the project, and the vital knowledge of working and negotiating conditions at the different national sites that has been built up over time.

## **EUROPEAN EMPLOYEE FORUM**

### **From information forum to negotiating partner**

GME's European Works Council, known as the European Employee Forum (EEF), was established in 1996. As is the case with the majority of EWCs, the forum initially confined itself to the information and consultation rights provided for by the European Works Council Directive. However, the EEF has evolved to the extent that its activities now rest on three key pillars:

- It has demonstrated its ability to mobilise the European workforce through a number of concerted actions and European days of action.
- By signing European framework agreements with GM's European management, it has established itself as a negotiating partner able to conclude agreements on behalf of the workforce.
- The Trade Union Coordination Group (TUCG) involves both the national trade unions and the EMF in European strategic development. The TUCG was set up in 2004 and is based at the EMF.

The forum first started to adopt a more proactive approach in response to the challenges that arose in the year 2000, when the first European day of action was organised in order to fight the threatened closure of the Luton plant. Workers from sites that would directly benefit from Luton's closure participated in the action. Although it proved impossible to prevent the closure of the Vectra plant, at least GM did not pull out of Luton completely. A further milestone achieved in the same year was the European framework agreement on the GM-Fiat alliance, since this was the first time that the EEF had concluded an agreement on behalf of the workforce.

When management introduced another round of drastic restructuring plans in 2004, a further European day of action was organised, leading to a second European framework agreement designed to regulate the restructuring process.

By the time of the struggle to save Portugal's Azambuja plant in 2006, the EEF was able to implement an action plan over the course of several weeks involving concerted industrial action across all GM's European sites (see Mitbestimmung 8/2006).

### **FURTHER INFORMATION**

Martin Bartmann: Facing Tough Decisions - The European Works Council at General Motors. In: Mitbestimmung magazine - English Edition 8/2005

Martin Bartmann, Sabine Blum-Geenen: The challenge of the solidarity pledge - Growing confrontation within General Motors -Europe. In: Mitbestimmung magazine - English -Edition 8/2006

<http://www.gmworkersblog.com/> - the General Motors Workers Blog