European Framework Agreements (EFA) and the transnationalization of institutional power: The challenge of implementing the ArcelorMittal EFA in Germany and Spain

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Abstract

This paper presents the European Framework Agreement (EFA) between the EMF and the steel giant ArcelorMittal as a strategy to develop a labor voice in transnational corporations (TNCs) and examines the implementation process in the two countries of Germany and Spain. The paper argues that the EFA between ArcelorMittal and the EMF constitutes an attempt to expand workers’ institutional power across the European production sites of ArcelorMittal. The empirical evidence - derived from in-depth interviews with local worker representatives in Germany and Spain, members of ArcelorMittal’s European Works Council and members of the former EMF negotiation committee for ArcelorMittal – suggests that this attempt is largely failing at the moment as the implementation process meets many challenges on all levels. This can be explained at least in part by the absence of a union consensus on the different roles of works councils and trade unions in employment relations on the national and European level. As long as no agreement can be reached between relevant employee representatives inside ArcelorMittal, a revitalization of the EFA is highly unlikely to occur, even if external economic factors and the corporate culture towards social dialogue improve.

Key words
European Framework Agreements; transnational employment relations; ArcelorMittal; European trade unions
1. Transnational Company agreements: an evolving arena of multi-level employment relations

The internationalization of the firm has resulted in the emergence of a “multi-level and multi-strategic power arena”. (Köhler/González 2010b: 41). In times of corporate globalization, worker representatives wanting to participate in transnational employment relations need to develop multi-level strategies in order to effectively use the arenas of social dialogue available to them. In recent years, agreements on basic standards for work or employment relations between global union federation and multinational corporations (MNCs) have attracted increased attention by scholars of employment relations as a new form of transnational social dialogue. Similar to the situation with EWCs during the 1990s, many hopes are currently connected these transnational company agreements (TCA) as potential instruments to build up a labour voice in transnational corporations. Many authors claim that TCAs are an evolving arena of employment relations (Fichter, Helfen and Schiederig 2011; Leonardi 2012). The literature generally distinguishes between two types of company agreements on the transnational level: international framework agreements (IFAs) – sometimes also called global framework agreements (GFAs) - and European framework agreements (EFAs), the first being negotiated by global union federations, the latter by European trade union federations (Leonardi 2012: 38). Even though a limited number of agreements was signed already back in the 1980s and 1990s, the vast majority of agreements came into being after the year 2000. TCAs have thus developed from a marginal instrument of employment relations with only around twenty agreements in existence until the year 2000 to becoming a mainstream arena of social dialogue with more than 250 agreements signed as of 2013.¹ Figure 1 visualizes this quantitative development. The first transnational company agreement was signed in 1988 between BSN (today Danone) and the International Union of Foodworkers (IUF) (Gallin 2009:51).

TCAs are part of the general shift of employment relations from the sector to the company level. This phenomenon can be observed across Europe (Sisson 2013) which is why James Arrowsmith and Valeria Pulignano (2013: 207) talk about “a common process of fragmentation”. Transnational negotiations on company level today form an important part of the internationalization of industrial relations (Telljohann et al. 2009). According to Christina Niforou (2012: 352), there exists already a considerable body of literature on the potential implications TCAs can have on employment relations and on the implementation of core labour standards, for example Papadakis et al (2008), Schömann (2008) or Telljohann et al. (2009). However, empirical research on the actual implementation processes of TCAs is still rather rare. On the constellation of actors in negotiations that lead to the signing of agreement, remarkable findings have been published by da Costa et al. (2012) and Rüb, Platzer and Müller (2013), presenting case studies from the metal sector. However, as Niforou (2012:

¹ It can be expected that the actual number is considerably higher as not all companies and trade unions inform the European Commission about the agreements reached which leads to a limited reliability of the EC database.
(f)urther research is required on whether and how actors’ (converging or diverging) interests and motivations influence implementation and monitoring outcomes.” Also Rüb, Platzer and Müller (2013: 24) point out that there exists a “high level of theoretical speculation (in the sense of “educated guesses”) that continues to characterize the academic discussion of the conditions and consequences of transnational negotiations, with a comparatively thin foundation of empirical research”. This paper shall contribute to the evolving empirical basis on transnational employment relations in order to make sense of the various transnational arenas where management and employees interact as social partners.

**Figure 1** Evolution of transnational company agreements 1988-2013


The case study presented here is that of the European framework agreement (EFA) between the EMF (today industriAll) and the world’s largest steel producer ArcelorMittal. Headquartered in Luxembourg, ArcelorMittal is an important employer in the European steel industry with a global workforce of over 200,000 people (ArcelorMittal 2014: 5). The corporation is the global leader in steel production since its creation in 2006 through the hostile takeover of the European company Arcelor by its competitor Mittal Steel. The company’s CEO Lakshmi Mittal and his son Aditya Mittal who is the CEO for Europe hold tight control over all key business decisions in the company. The agreement between ArcelorMittal and the EMF was signed in 2009 with the aims of firstly, ensuring a socially responsible crisis management and the preventing future job loss through training arrangement (EMF 2009: 1) and secondly, “promoting social dialogue at national and local level” (Rüb, Platzer and Müller 2011: 173). The company had previously signed a global framework agreement on health and safety which served as a useful experience during the negotiation process. The EFA was reached after not even six months of intensive negotiations between delegates of the union federation, some of them
also being members of the European Works Council (EWC) of ArcelorMittal, and the management of the corporation.

In the following section I argue that the EFA can be understood as an attempt by industriAll to increase its institutional power on the European level by becoming a transnational negotiation partner to the ArcelorMittal management. I then present some tentative findings on the difficult implementation process in Spain and Germany as well as on the European level. Finally I conclude that the hesitant implementation process can be explained at least in part by the absence of a union consensus on the different roles of works councils and trade unions in employment relations. As long as no compromise can be reached between relevant employee representatives inside ArcelorMittal, a revitalization of the EFA – even if external economic factors and the corporate culture towards social dialogue improve – is highly unlikely to occur.

2. The European Framework Agreement between the EMF and ArcelorMittal: an attempt to expand labor´s institutional power across Europe

In reaction to crisis-related cost-cutting plans released by ArcelorMittal in 2008, the EMF met for an internal co-ordination meeting to draw up a strategic response. This quickly led to the negotiation of a European Framework Agreement with management. The negotiation process has been studied by Rüb, Platzer and Müller (2013) who have done interviews with employee representatives and managers from the negotiation group. As an important trigger for negotiations served the fact that the EMF general secretary had successfully established direct contact with the CEO Lakshmi Mittal before starting the negotiations. As the former general secretary states: “The initial experiences with Mr Mittal were very positive. The EMF was invited and we have had intensive discussions.” (Breidbach, Hering and Kruse 2013: 305). During negotiations, “the EMF exercised sole bargaining authority” as the EWC was not involved though informal channels of information between the EMF and the EWC existed (Rüb, Platzer and Müller 2013: 174). The EMF could build upon the experience with ArceorMittal in negotiating a Global Health and Safety agreement, signed in June 2008 between the EMF, IMF and United Steelworkers from the United States (Rüb, Platzer and Müller 2013: 178). The basic conflict between the EMF and management was how to deal with the squeeze in demand: distribute the remaining order among all European sites or concentrate production in the most profitable plants. While trade unions obviously preferred the first option, the CEO Lakshmi Mittal tended towards the latter (Interview As2, 2014). For the EMF the main objective was to commit the company to job protection and to improving employability of the workforce as well as “to achieve a socially responsible arrangement for managing the announced workforce reductions” (Rüb, Platzer

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2I am grateful to Michael Fichter for helpful remarks on the role of institutional power in EFA negotiations at the Hans Böckler Foundation Graduate Conference in Göttingen, Germany, in April 2014.
and Müller 2013: 175). In 2009, “there was very much uncertainty in the steel sector and especially in ArcelorMittal because the company has stopped nine blast furnace out of sixteen. (...) So people were very concerned” (Interview Tr1, 2014). The ArcelorMittal management was keen to improve its relationship with employees in the face of serious labour unrest in Belgium and France due to plant closures there. In the words of a trade unionist involved in the negotiations, Lakshmi Mittal “needed peace in the work force” and the agreement “was for him the prize for social peace” (Interview Tr1, 2014). Moreover there was a desire on the side of the new CEO to ensure a certain degree of continuity of management cultures after the takeover of Arcelor in order to build trust with relevant stakeholders. As Rüb, Platzer and Müller (2013: 175) point out, “(t)he fact that both the Arcelor EWC and the EMF had opposed the takeover meant that the new management was keen to incorporate the trade unions and the EWC through building cooperative industrial relations within the group.”

The final text agreed in 2009 after only five months of negotiations is titled “Managing and Anticipating Change at ArcelorMittal” (EMF 2009) and consists of four parts: employment protection during the crisis, employee training to prevent future redundancies during restructuring, improvements in social dialogue and implementation of the agreement through follow up committees. As general principles signing parties have laid down to “safeguard and develop the competitiveness” of the company, to “preserve and develop the employability” of its workers in Europe and to “develop the workers’ required competencies and skills”. (EMF 2009: 1) In the first part of the agreement, ArcelorMittal declares its intention to preserve and restart production sites that had been mothballed at the time in 2009. The company promises to “use all possible means to maintain the workforce” and commits itself to prevent “compulsory dismissals” and “to reach negotiated solution” respecting national and local collective labour agreements. (EMF 2009: 2-3) Part two deals with the anticipation of change through “providing information on the company strategy and forecasts” on company development as well as through the “anticipation of (...) qualification requirements” and an “active training policy” (EMF 2009: 3). In part three of the agreement social partners declare the priority of “a high level of social dialogue, especially in a period of ongoing cutbacks and temporary closures of tools and plants” and agree to “to promote social dialogue at European and local level” and to jointly define “minimum standards for social dialogue” where those are not in place yet. This sections calls for the reinforcement of the role of the EWC and information is agreed to be “conducted on a timely manner for ensuring the collective expression of ArcelorMittal workers”, respecting “the different competencies of the employee representative bodies at European, national and local level”. This wording cannot be regarded as very ambitious seeing that the legal basis of EWCs (Directive 94/45/EC of 1994) already provides for the right to information. Most importantly, section three re-establishes a Social Dialogue Group as a European-level body of negotiation between EMF and the company. This social dialogue group had been installed in Arcelor since 2002 had been inactive since several years. The agreement states that “the existing Social Dialogue group within ArcelorMittal is
The Social Dialogue group shall consist of 24 members, half of them from trade unions, the other half from the company management. The mission of the group includes monitoring and supervision of the agreement, “permanent exchange at high level” and review of certain “indicators” such as investments, competencies, training and sub-contracting. (EMF 2009: 4-5) Part four regulates the establishment of national follow up committees that monitor the implementation of the agreement and report to the European Social Dialogue Group twice a year. (EMF 2009: 5-6)

The EFA between ArcelorMittal and EMF forms part of labour’s strategic approach to inter-plant competition: the EMF aimed to decrease this competition by providing a common ground for crisis management, restructuring and training. For the European plants the agreement implicates “a balanced distribution of production across all sites” (Breidbach, Hering and Kruse 2013: 312). Most importantly however, through the implementation arrangements, the agreement also establishes a new channel of continued company-level social dialogue for trade unions, thus enhancing their maneuvering space vis-à-vis management and also in relation to the European Works Council (EWC). Trade unions are recognized as vital actors as the signing parties agree that “in all countries, social dialogue is based on the representativeness of the trade unions” (EMF 2009: 4) and trade unions become the principal social partners for management in the national follow up committees as well as in the European social dialogue group of the company. The follow up committees are assigned the role of reviewers for “the deployment of minimum standards” for social dialogue every year. According to Rüb, Platzer and Müller (2013), the agreement is a sign of the EMF’s increased bargaining capacity as the union federation acted “as an overarching actor able to unify (…) differing interests” whose “sole bargaining authority was acknowledged both by the EWC and national unions as well as by central management”. The EMF had also proven capable of committing affiliates “and to implement and secure compliance with a negotiated agreement”. (Rüb, Platzer and Müller 2013: 178-184)

This paper brings forward the hypothesis that the EFA can be understood as an attempt to enhance the institutional power of trade unions to influence company policy on the European level. Erik Olin Wright (2000) has brought forward a widely recognized distinction between two main power resources for labour: structural power and associational power. Structural power is two-fold as it refers to advantages or disadvantages derived from the relation between supply and demand on the labour market as well as to workplace power based on local context and on employee’s ability to disrupt the local production process. Associational power is built on the membership base of trade unions. (Silver 2003: 26f.) Richard Hyman and Rebecca Gumbrell-McCormick (2013: 30) argue that the capacity to organize rests not solely on the membership base of trade unions but also on internal democracy, union culture and a sense of collectivity. This is why in the respective literature the third category of organizational power has evolved. As Hyman and Gumbrell-McCormick (2013: 31) point
out, another important source of power is provided by institutions such as bipartite or tripartite bodies of social dialogue or laws regulating employee representation in the workplace. Such formal mechanisms for worker influence on capital accumulation or policy making are generally termed institutional power. Other authors further distinguish other forms of labour power, for example communicative power (Webster, Lambert and Bezuidenhout 2008) or logistical power (Hyman and Gumbrell-McCormick 2013: 31).

In the ArcelorMittal EFA we can observe an attempt by the EMF to establish a certain kind of European employment relations in which the European trade union federation enjoys an increased level of institutional power. The EMF attempted to revitalize the social dialogue group previously installed at Arcelor in 2002. Since the elimination of trade unionists from the company board – which happened shortly after the takeover of Arcelor – the EMF was faced with its marginalization in corporate decision-making. The idea both in Arcelor and later in ArcelorMittal was to create “a dual structure” of employment relations “consisting of the EWC as an information and consultation forum and a European trade unions representation tasked with undertaking social dialogue at group level” (Rüb, Platzer and Müller 2013: 177). Such a dual structure is strongly inspired by French industrial relation. IndustriAll tried to construct an alternative body of employment relations that acts alongside ArcelorMittal’s European Works Council (EWC) as a way to deal with the basic problem of restricted competences of the EWC which is merely a body of information and consultation. In fact, the idea of framework agreement grew out of the failure to install labour rights – among them: participation rights – in WTO agreements. Transnational company agreements as a new arena for worker representation are thus the result of the failure of the social clause initiative which in itself would have increased labour’s institutional power. (Fichter/ Helfen/ Schiedeig 2011: 85). The struggle for developing a labour voice in corporate globalization has shifted from political arenas to the arena of the private company.

The experience with the EFA is in many ways different from the implementation of the ArcelorMittal Global Health and Safety agreement from 2008. The company management and employee representatives have always had a shared interest in health and safety issues as the steel sector continues to be connected to dangerous work. Fatal accidents considerably damage the company image and have served as important triggers for the improvement of health and safety standards in AM (Interview Br2 2013). Both the Health and Safety agreement and the European framework agreement on anticipating change need to be seen in the context of the hostile takeover of Arcelor by Mittal Steel. The new CEO Lakshmi Mittal successfully – though temporarily – improved his image as CEO among European workers and politicians by allowing transnational employment relations to carry on in the newly created company after 2006. Part of this charm offensive was entering in social dialogue on the European level and permitting employee representatives on the company board. Today, the
considerably smaller board contains no trade unionists. Most core decisions are taken by the leading managers Lakshmi Mittal and Aditya Mittal and human resources managers have little room to maneuver.

In the following section I will explain why this attempt has largely failed according to the empirical evidence gathered as part of my Phd research. Certainly these findings are only tentative and need to be enhanced through further fieldwork but I argue that they do point out an important development: differing national cultures of employment relations and distinct local interpretations of the role of works councils vis-à-vis trade unions have seriously harmed the implementation process of the ArcelorMittal EFA. There is no consensus among labour representative as to what industrial democracy means for them today and accordingly what model of employment relations they are striving for. The dual representation model the EFA calls for is not a shared priority by all actors involved.

3. The challenge of multi-level implementation: Germany and Spain compared

When signed in 2009 the EFA was considered to be an example of “best practice in times of crisis” (Teissier 2013: 74) and soon the central management claimed that the agreement “had already intensified and improved local social dialogue” (Rüb, Platzer and Müller 2013: 183). Four years later, the overall assessment of the implementation process among employee representatives is rather modest. Some trade unionists claim that the EFA “was not of much value in the end” (Interview As2 2014). According to Breidbach, Hering and Kruse (2013: 312), the agreement has had little effect on the reality at plant level because in the course of the crisis the company has “changed its strategy and fosters a concentration on so called core-plants”. Still some trade unionists claim that the EFA should not be underestimated as a political resource in local negotiations because of the company’s commitments it contains (Interview Br1 2013).

When looking at European level of employment relations in ArcelorMittal, clearly there is little trace of a successful implementation of the agreement. The European social dialogue group between the EMF and the corporate management was formed as agreed in the EFA and indeed a few meetings took place. According to an IndustriAll representative the social dialogue group “was not bad but it never lived up to the expectations” (Interview Tr1 2014). As the crisis prevailed and mothballed furnaces were constantly shut down, the meetings became more difficult. Since over two years now, no further meetings on the European level have taken place. According to an industriAll representative, “we put it on hold because the situation was too confrontational” (Interview Tr1, 2014). An IG Metall representative states: „It became rougher, the words became harsher (...). Especially French and Belgian managers and trade unionists entered into extreme problems of communication during the
crisis.“ (Interview Du1 2014). IndustriAll is attempting to revitalize the European social dialogue group „now that the strongest emotions are over“ (Interview Du1 2014) but are faced with ever changing HR managers on the company side and a general retreat from active employment relations. An IG Metall representative voices frustration saying “this is part of the agreement (...) but we cannot enforce it” (Interview Du1 2014).

Apart from the issue of European social dialogue, the implementation of the other principles of the EFA – for example restart of blast furnaces and increase training activities - by the company can be called reluctant at best. Mothballed blast furnaces in Florange and Liège have not been restarted but are currently in the process of constant shut down. These plant closures in Belgium and France have not been anticipated or discussed with IndustriAll on the European level and have led to strong confrontations with trade unions on the local level. The development of concrete standards for training and information until the end of 2010 as laid down in part two of the agreement (EMF 2009: 4) was not implemented due to the stand-still in meetings between IndustriAll and ArcelorMittal. Though according to industriAll the agreement is still a valuable tool for labour because it “reflects intentions” and “clearly brought a number of issues on the table” they admit that it has not produced the desired results even taking into account that on the European level “results are probably less tangible” than on the national level (Interview Tr1 2014).

Concerning the national level, according to the agreement the national follow-up committees are supposed to “feed” the European social dialogue group with reports on the implementation of the EFA (EMF 2009: 6). As of today, national committees are either inexistent or largely inactive. Clearly „the company management was extremely reluctant to install the structure” (Interview Tr1, 2014) but also the employee side shows only hesitant ownership of the implementation process. Christophe Teissier (2013) has undertaken a first though limited evaluation of the implementation in France, Italy, Poland and Spain and admits that “the general assessment of the agreement may vary from one country to another“ (Teissier 2013: 87). According to Teissier (2013: 88) the overall assessment in France - where ArcelorMittal closed the plant in Florange against considerable and militant union protest - is rather negative, as according to trade unionists ArcelorMittal’s “global economic strategy (...) contradicts the spirit and term of the agreement regarding the safeguard of employment and jobs”. In Italy and Poland unionists claim that the agreement stays behind national legislation in terms of collective bargaining which is why they do not feel the need to install a national follow-up committee (Teissier 2013: 87). In Poland, France and Italy the agreement has not promoted “the negotiation of innovative agreements” and does not play a significant role in social dialogue. The findings for Spain seem to be more positive as the plant closure in Madrid was accompanied by the successful negotiation of a social plan between employees and management (Teissier 2013:84). However, I argue
that the impact of the EFA – as opposed to the impact of local bargaining capacity and national legislation – remains hard to assess.

**Implementation in Spain**

The Spanish system of employment relations is characterized by the duality of works councils and union committees in each workplace. Employment relations on the national level take place in a social dialogue committee comprised of various union federations and the Spanish company management. This body, though similar to the national social dialogue committees as established through the EFA, has always been an integral part of Spanish industrial relations which is why trade unions might not feel the need to install a new arena of negotiation according to the EFA. The national follow-up committee, though installed in 2009 (Teissier 2013: 85) is not in operation today (Interviews As1 and As3, 2014). Local employee representatives are mostly unfamiliar with the content of the EFA and do not make any reference to the agreements in their demands towards the employer (Interviews As1 and As3, 2014). They do however assign a lot of utility to the European Works Council as a crucial source of information which local management is often reluctant to provide (Interview As3 2014). The ArcelorMittal sites in Spain have been faced with various restructuring plans in the past and significant reductions in production since the beginning of the crisis. The steel plant in Madrid was closed in 2012 due to the slump in demand from the national construction industry. A local agreement with trade unions provided for a rather generous social plan including early retirement of many of the 300 workers affected or their relocation to other plants in Spain (El País 2012). Teissier (2013: 84) suggests that these measures show a certain commitment to the content of the EFA, in particular the will to maintaining purchasing power and preventing forced redundancies. Even though the Spanish workforce has been reduced by more than thirteen percent between 2008 and 2011, the job loss has been rather limited when compared to restructuring in France, Rumania, Ukraine or Poland (Teissier 2013: 80f.). However, in the Spanish case it is not clear whether the EFA has played any role in local social dialogue since the beginning of the crisis, either as a strategic tool for trade unions or as management policy. According to a former EMF representative from Spain, the EFA could not develop its potential because there is no local ownership on the plant level. In his words, “sometimes such issues like the agreement with ArcelorMittal are negotiated without them later reaching the local territory, which is important. Because it is the territory that looses in the end” (Interview As2 2014). Spanish trade unionists feel that the difficult situation on the European steel market will increase competition between plants belonging to ArcelorMittal as they fear capacities will need to be further reduced in order to come back to a competitive price level (Interviews As2 2014). A Spanish EWC member states that “not only in Spain but all over Europe there exists overcapacity” and according to him this problem can only be dealt with if either capacities are reduced or considerable investments are made in order to upgrade products to produce higher added value (Interview As1 2014).
In Spain the relationship between trade unions is very competitive which often prevents them from reaching unified positions vis-à-vis employers. Unlike industrial relations in Germany where IG Metall is the sole representative of steel workers, in Spain various trade unions compete in the same sector and are often unable to find a common position vis-à-vis employers. In 2012 a national framework agreement between ArcelorMittal and the trade union UGT was signed in Madrid as a basis for local negotiations on key working conditions such as working time or wages. Despite the importance of this agreement for each workplace, the two major trade unions UGT and Commissiones Obreros (CCOO) were unable to reach a common position which is why CCOO eventually left the negotiations (Interview As3 2014). This situation of social dialogue in crisis can be compared to the period of restructuring since 2004 at Arcelor - before the takeover by Mittal - in Asturias when the management reached an agreement with the trade unions UGT and USO without the consent of CCOO. The lack of trade union consensus has made restructuring in Spain a considerably more conflictive – and often more painful - process with less consultation of employees than for example in Germany where similar restructuring measures were undertaken during the same years (Köhler, Van den Broek and Martín Méndez, 2008). One Spanish employee representative calls „the co-management that exists only in Germany (...) a big luxury (un gran lujo) that we do not have“ (Interview as1, 2014).

Bilateral relations between the German plant of Bremen and the ArcelorMittal plants in the Spanish region of Asturias have been installed between 2004 and 2008 and have led to fruitful meetings between the works council members in those years. Both sides report this as a very positive experience (Interview As1 2014; Breidbach, Hering and Kruse 2013: 288ff). This exchange of information unfortunately failed when it was most needed: the annual meetings between trade unionists from ArcelorMittal Bremen and ArcelorMittal Avilés have stopped during the crisis. This has been partly due to increased financial constraints at local level (Interview As1 2014) but also due to the increase in tensions because of interplant competition. (Breidbach, Hering and Kruse 2013: 301).

In Spain the challenge of balancing competitiveness and job security continues to produce local solutions independently of European standards set by the EFA. The regional government of Asturias in the North of Spain where two ArcelorMittal plants are situated has recently signed an agreement on joint R+D initiatives with the company. The agreement aims to strengthen AM’s corporate research centre connected to the steel plant in Avilés and to improve the competitiveness of the production site. An investment of 40 million Euros is planned, paid one half each by the government and the corporation resulting in the creation of thirty new jobs for local professionals. (El Comercio 2014) The initiative was also based on the experience of a local politician who used to be involved in the EFA negotiations as EMF representative. In his view, continuous communication between government
officials and corporate managers is the key to anticipation of crisis which is why he stays well connected to both industriAll and the ArcelorMittal management (Interview As2 2014). In this way the spirit of the EFA is being carried on by those who negotiated it back in 2008 but less so by the national trade unions who are supposed to be in charge of the national implementation.

Implementation in Germany

Social dialogue in ArcelorMittal production sites in Germany mainly happens on the plant level and is generally considered as rather sophisticated and characterized by mutual recognition of social partners. This is due to the German co-determination laws that give works councils the role of co-managers with shared responsibility (Interview Du2 2014). Just as their Spanish colleagues, German works council members are very much concerned with the competitiveness of their local plant vis-à-vis other production sites. They try to influence local management and “European topics do not play such a big role” (Interview Eko1 2014). A loose co-ordination between the German plants exists through an IG Metall steel committee and through an informal working group where all German works councils of the company are represented (Breidbach, Hering and Kruse 2013: 275, 277). The German co-determination law provides for the possibility to establish a national group works council (Konzernbetriebsrat) but it seems employee representatives prefer the voluntary structure of the national working group as they do not want to move decision-making authority away from the local level (Interview Eko1 2014). A national follow-up committee for the EFA was installed soon after the signing of the agreement and regular meetings are taking place until today. However, the assessment of this body is mixed among employee representatives in Germany. IG Metall claims that it is a useful “meeting among friends” with progress-oriented social dialogue (Interview Du1 2014) and some state that the committee is helpful because it improves the co-ordination among German works councils in the absence of a national works council for all German plants (Breidbach, Hering and Kruse 2013: 310). However, other German works council members express doubts concerning whether the committee adds much value to the existing social dialogue inside ArcelorMittal Germany (Interview Eko1 2014). There still exists much “skepticism concerning the task, competencies and responsibilities” of the national social dialog committee which serves as a platform for information but not as negotiating body and currently lacks the ownership and initiative of national social partners (Breidbach, Hering and Kruse 2013: 276-277). An employee representative expresses frustration over the inability of IG Metall to use the national follow-up committees as a strategic tool which in his view is in their vital interest (Interview Br2 2014).

The German employee representatives agree that the national follow-up committees as well as the European social dialogue group are designed as new arenas of employment relations in the face of a rather weak EWC: “in principal what the EWC does shall be intensified through the national and
European social dialogue groups“ (Interview Du1 2014). In reality however, the national follow-up committee is characterized by a competitive alliance between management and employees and not evolving into a collective bargaining arena for trade unions. The company management uses this internal dialogue arena to improve the corporation’s external competitiveness through joint declaration on rising energy costs in Germany. Employee representatives align with management in order to defend the corporate interest which they readily accept to perceive as a common interest. As a member of the national follow-up committee admits: “We simply try to find common topics even though what we are doing there does not correspond to a hundred percent to the agreement” because they feel obliged to fulfill the basic obligations put down in the agreement “even though we do not really know why“ (Interview Eko1 2014). Employee representatives also express their concerns about what they conceive as continuing overcapacities among European steel producers. In their view, these overcapacities will lead to further restructuring soon (Interview Eko 1 2014) and thus “the fight over the continuation of production sites will increase“ (Interview Br1 2013). According to an IG Metall official, in most countries the installation of national follow-up committees as agreed in the EFA “simply does not happen” (Interview Du1 2014).

For most of the German employee representatives, the EWC still is considered to be the principal body for employee representation and they would like the EWC to play a stronger role in the implementation of the EWC. According to a former EWC member, the working group on restructuring could play a significant role in the crisis management through the formulation of common standards: (Interview Br2 2013). This working group is currently inactive (Interview Eko1, 2014) and plays no role in the implementation of the EFA.

Certainly these findings need to be further evaluated through additional research what becomes clear is that the implementation of the agreement must be seen as hesitant as best if not as largely failing at the moment. The company has not fulfilled any of the long-term commitments and very few of the short-term commitments. The fieldwork undertaken in Spain through interviews with trade unionists in ArcelorMittal does not reveal any consistent implementation process. For the case of Spain it becomes clear that a national follow-up committee has neither been installed nor desired by management or employees as for neither party the EFA serves as a key point of reference in national social dialogue. Therefore the Teissier’s (2013: 88) earlier findings that the EFA in Spain “is positively valued by both parties (…) as an instrument of crisis management and anticipation of change” cannot be confirmed for the year 2014. In Germany a follow-up committee has been established that does not exercise social dialogue in line with the agreement and has not evolved into a strategic tool for the German trade union IG Metall. On the European level, direct contact between corporate managers and industriAll representatives is very limited and the EWC plays no role in the implementation of the agreement, neither concerning the training aspects – for which further guidelines need to be
established – nor concerning the anticipation of future restructuring through increased sharing of information. Therefore I agree with Breidbach, Hering and Kruse (2013: 312) who state that “trade unions have not been able to react to the widely spread non-compliance with the agreement, neither on the national nor on the European level. Therefore, even though its signing was celebrated as a success - the agreement symbolizes the powerlessness of the employee side in the face of political and economic realities”.

**Reasons for the unsuccessful implementation process**

The reasons for the unsuccessful implantation process are at least three-fold. One is external: the constant lack of demand on the European steel market has resulted in the need to share pain between management and employees. The other reasons are resulting from strategic choices of actors involved. On the one hand there has been a shift of the employer from a social partner interested in real dialogue to a reluctant if not completely absent negotiator in employment relations. This has certainly hampered the implementation of the agreement. However, on the other hand employee representative have not developed the capacity to act as social partners who actively protect minimum standards while at the same time taking a responsible part in restructuring.

The reluctant implementation of the agreement has a lot to do with the current situation of the European steel sector where competition is fierce and existing overcapacities lead to reductions in the workforce. In fact hardly any ArcelorMittal plant is now running at full capacity. When the agreement was signed in 2009, the corporation obviously was awaiting a quick recovery of the sector which simply did not happen. German and Spanish trade unionists are evenly aware of this problem. IndustriAll on the other hand remains convinced that the management’s economic strategy of capacity reduction is harmful to the European steel sector and will result in problems on the supply side once the economy recovers. An industriAll representative states that “our argument was always to be careful because in the steel industry the moment you cut capacity, you cut them for good. And Europe will need these capacities in the future. (…)We have done a lot to show the world that not only the social consequences of what they do were unacceptable but also that their economic strategy was wrong actually in the long run” (Interview Tr1, 2014). The European trade union federation has thus far not been able to convince all national affiliates of this position which renders a unified reaction from unions towards changes in corporate strategy impossible.

In the context of the ongoing crisis the central managers of ArcelorMittal have completely changed their attitude of negotiation and social dialogue. According to industriAll, the management is “just paying lip service to social dialogue” without actually being “prepared to play that role” of a social partner (Interview Tr1, 2014). In the view of trade unionists “now there exists less interest in social
dialogue from the part of the ArcelorMittal management than before“ (Interview As2 2014). The corporate leaders Lakshmi Mittal and Aditya Mittal who used to be directly involved in the EFA negotiations in 2008 today have completely abandoned the field of employment relations and leave social dialogue to HR managers with little maneuver for decision-making. Meanwhile on the management side as well as among employee representatives, many of the key persons involved in the negotiation of the agreement have left their position since 2008. Employee representatives especially lament the exit of motivated HR managers due to constant changes in management in AM. This is true for the European level (Interview Tr1, 2014) as well as for the national level because also the Spanish HR manager has changed (Interview As2). Most importantly, the corporate culture has changed from a European stakeholder model under Arcelor towards an Anglo-Saxon model of shareholder value. This is certainly a major reason for the failure of the EFA.

The economic realities and the corporate strategy have clearly left little room for strategic action from the side of labour. However, the little maneuvering space left to labour under these circumstances seems not to have been put to use. One reason is the lack of agreement among trade unions concerning the crisis assessment. As has been stated by Teissier (2013: 89) there is no “shared diagnosis about the economic sustainability of the steel industry in France and Europe”. There is no unanimity of positions vis-á-vis the management. Some, mainly EWC members, claim that the company needs to deal with the overcapacities by reducing production and that trade unions in the respective production sites should argue for socially responsible restructuring rather than maintain a position of total opposition. The European federation industriAll on the other hand claims that the plant closures will render a quick recovery of the European steel industry impossible as a future increase in demand will not meet sufficient capacities on the supply side with the result of further shifts in production towards Asia and America. Indeed ArcelorMittal has recently bought a new steel factory from ThyssenKrupp in Alabama, USA, has increased investment in South America and is building another plant in India. Clearly this corporate strategy is at odds with European industrial policy.

Apart from the conflict over possible reactions to ArcelorMittal’s economic strategy, employees also lack a consensus concerning the model of employment relations they want to establish inside the corporation. Spanish and German trade unionists see a possible greater role for the EWC in the implementation of the EFA and only reluctantly – if at all – follow the industriAll decision of national social dialogue committees that could feed a currently inexistent high-level European social dialogue group. Again the tension is between French and Belgian cultures of industrial relations on the one side and the German model of shared responsibility on the other side. Due to the existing recognition of trade unions as social partners in German co-determination law there apparently is little need for an additional forum of social dialogue from the point of view of local works councils. Rather there seems
to be a desire among both German and Spanish trade unionists to expand the “German” model to the European level while political action should be left to industriAll. However, a greater role of the EWC in social dialogue – following the example of German works councils – is rejected by IndustriAll and by management. The European trade union federation does not want a strengthening of the EWC which “is an information and consultation body, (…) not a negotiation body. (…) ” At European level, we are saying, bargaining is a trade union issue. (…) It is not an issue for EWCs. They don’t have the mandate” (Interview Tr1, 2014). As a result of the bilateral exchange between the German plant in Bremen and the Spanish production site of Asturias after 2004 it became clear that there exists a consensus “between Asturias and Bremen (…) that the EWC should develop into a body of social dialog and of articulation of suggestions and demands from the side of employee representatives” (Breidbach, Hering and Kruse 2013: 296). This view does not meet much support from the European trade union industriAll. According to a former EWC member, this strategic disagreement among labour representatives “has become manifest once more, I believe, in the implementation of this agreement”, meaning the European framework agreement (Interview Br2 2013).

4. Conclusion: lessons to be learnt

There is a clear lack of consensus among trade unions throughout Europe on at least two core issues: firstly, how should they react to the economic crisis and its assessment by the corporation and secondly, what kind of employment relations model should they strive for inside the corporate network.

Among employee representative it is contested in how far trade unions in times of crisis have to adapt to the economic realities – and adopt the dominant management discourse of painful changes – and to what extent they need to act as a counterforce and reject the restructuring efforts. In this aspect EWC members from German and Spanish steel plants do not share the confrontational position of the European union federation. While German and Spanish employee representatives emphasize the existing overcapacities, the dominant discourse in industriAll seems to be the need to protect production sites by any means in expectation of a future recovery of the sector. Clearly, the consciousness of workers concerning their role as employees is different in each national context. The German and Spanish trade unionists take the corporate strategy of reducing European capacities largely as a given fact and try to deal with it by negotiating socially responsible restructuring agreements on the national level (in Spain) and on the local level (in both countries). Employee representative from Belgium and France who have experienced much fiercer workforce reduction might not be as ready to share management’s discourse of economic realities and this is maybe the reason why industriAll is also rejecting that discourse. Because of the conflicts over plant closures in Belgium and France, some former worker representatives argue that industriAll itself has lost interest
in the EFA (Interview As2 2014). Indeed an adaption to the moderate position of trade unions in Germany and Spain might result in a loss of influence for industriAll among workers in Belgium and France. Moreover, the lack of consensus among worker representatives in ArcelorMittal throughout Europe as to what kind of institutional power they want is an important explanatory factor for the current failure of attempts to build up such power on a transnational level. Industrial Democracy means worker participation – but what kind of participation or what degree of participation is an issue of contestation.

The analysis presented here has aimed to make sense of differences in the implementation of the EFA among different actors. The national traditions of industrial relations as well as national sector-specific factors have to be taken into account in order to understand the origins of strategic disagreements. In the case of ArcelorMittal we can observe a general retreat of the employer from the idea of industrial democracy which is rather worrying, seen that the steel sector is historically a stronghold of co-determination. The absence of ideological unity – which is a clear signal of the absence of influential intellectuals – is a major weakness of the European labour movement in its struggle to build up a defensive strategy. Tracing strategic disagreements back to the motives, views and historical trajectories of actors involved might serve as a first step to overcoming these differences and develop an effective labour voice in transnational corporations.
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