Perceptions of globalisation: attitudes and responses in the EU

Context
Structure of report
Attitudes to globalisation
Institutional responses to globalisation
Bibliography
Annex 1: Questionnaire to national correspondents
Annex 2: Overview of national surveys on attitudes to globalisation
This report explores the employment impact of globalisation and reviews the attitudes and responses of national governments and the European social partners to this phenomenon. It first looks at the attitudes of the different stakeholders in the 27 Member States of the EU, including Bulgaria and Romania which joined the EU on 1 January 2007, as well as Norway. It then examines the responses of governments, employers and trade unions in these countries to the process of globalisation. Finally, the report gives a brief overview of national surveys of public opinion on globalisation which have been carried out in recent years. The study was compiled on the basis of individual national reports submitted by the ERM correspondents, and these are available on request from the European Foundation for the Improvement of Living and Working Conditions.

Context

The globalisation process — in terms of the integration of markets for goods, services and finance on a worldwide scale, the rationalisation of production across countries and its location in places where costs are lowest — seems to be developing rapidly in the world economy. At the same time, this process is being accompanied by increasing economic integration at regional level, particularly within the European Union (EU) following the completion of the Single European Market and the recent enlargements accommodating countries in central and eastern Europe.

In practice, it is difficult to distinguish between the effects of these two parallel processes. Both have led to increased productivity, higher levels of real income and the creation of new business and employment opportunities, as production has shifted to areas of comparative advantage and as the most efficient companies have gained market shares. However, these processes have also led to an intensification of competition in EU Member States, as well as significant job losses in companies which have lost market shares and in activities where costs are lower elsewhere.

Thus, the experience of globalisation — and of European integration — is likely to have been mixed. This applies equally to attitudes to globalisation, despite the overall gains to income and jobs which, in principle at least, globalisation should enable to be attained. The central objective of this comparative report is to first examine the perceptions of globalisation among governments, employers, trade unions and individuals, including their attitudes to the process and how much these differ both between each other and across Member States. Secondly, the report aims to consider the responses to globalisation and its effects in terms of the policies implemented and the action taken by governments and the social partners. This is not only of interest in itself, but is important for giving an insight into the extent of support in different parts of the EU, which have enabled the globalisation process to develop to the same degree as the scale of opposition to it.

Although the report attempts to distinguish between the process of European integration and its effects and that of globalisation, it is evident that such a distinction tends to be extremely blurred among both the social partners and the public at large.

Both parts of the study are based on the results of a questionnaire completed by national experts in each of the EU Member States, as well as in Norway. The experts were asked to identify both the opinions expressed and the positions adopted by governments, the social partners and the public, as reflected, on the one hand, in policy statements and opinion polls and, on the other, in the specific action taken. Therefore, the attitudes and opinions reported and the policies and measures described are largely those cited by the experts concerned. As a result, the report’s findings are mainly based on the national experts’ interpretation of these attitudes, policies and measures and as such are inevitably subjective. Nevertheless, the report represents their measured view of the prevailing situation in the different Member States.

Structure of report

The report is divided into two parts. The first part focuses on attitudes to globalisation of the different stakeholders in the current 27 Member States of the EU (EU27), including Bulgaria and Romania which joined the EU on 1 January 2007, as well as Norway. The second part examines the responses of governments, employers and trade unions in these countries to this phenomenon.
The first part of the report begins with an overview of public opinion polls containing questions on globalisation, most especially the recent Eurobarometer surveys. It examines the changes in public perceptions of globalisation, which are shown to have occurred over a relatively short period of time. The report then reviews the attitudes of employers and trade unions to globalisation in the different Member States, as assessed by experts in each of the countries.

The second part of the report considers the position of governments and the social partners in relation to the relocation, or offshoring, of activities and the acquisition by foreign-owned companies of domestic enterprises, especially in key sectors of the economy – both of which are tangible parts of the globalisation process.

Attitudes to globalisation

Public opinion

Relatively few national surveys of public opinion on globalisation or related issues have been undertaken in recent years in the EU Member States. Details of the surveys which have been conducted are summarised briefly below and described in more detail in Annex 2 of this report.

Nonetheless, in the recent past, a general question on globalisation has been included in the Eurobarometer surveys of public opinion across the EU (EB 65 and Special EB 251, 2006).

Moreover, a Flash Eurobarometer (151b) (2Mb PDF), conducted in 2003, was devoted to an extensive survey of attitudes to globalisation among people in the EU15 countries. The results of these surveys, and how they compare with those of national surveys carried out in a number of countries, are summarised below. Moreover, a review of recent national surveys and a comparison of the results with those from the Eurobarometer are presented in Annex 2 of this report.

Eurobarometer surveys

The Eurobarometer survey conducted in 2003 in the ‘old’ 15 EU Member States (EU15) began by giving respondents a short definition of globalisation and then asked them whether or not they were in favour of its development. Accordingly, globalisation was defined as: ‘the general opening-up of all economies, which leads to the creation of a truly worldwide market.’ Some 63% of those surveyed across the EU15 responded that they were in favour of its development, while 29% were opposed to it and 8% of whom were ‘totally opposed’ to such a process. The remaining 8% were neither in favour of nor against globalisation (see Table 1).

Overall, the 2003 results revealed a generally positive attitude to globalisation across the EU. This was particularly evident in the Netherlands, where 78% of respondents were in favour of globalisation, as well as in Ireland and Germany, where 71% of respondents in both countries favoured such a development (Table 1). The only Member State where the majority of respondents were against globalisation was Greece, with 51% of interviewees being opposed and 47% being in favour of this phenomenon. Moreover, only a slim majority of respondents were in favour of globalisation in Spain (51%) and Austria (52%), although a relatively large number of people (20%) in the former country were neither for nor against its development.

<table>
<thead>
<tr>
<th>Country</th>
<th>Eurobarometer results 2003*</th>
<th>Eurobarometer results 2006**</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In favour of globalisation</td>
<td>Against globalisation</td>
</tr>
<tr>
<td>AT</td>
<td>52</td>
<td>40</td>
</tr>
</tbody>
</table>

© European Foundation for the Improvement of Living and Working Conditions, 2008
<table>
<thead>
<tr>
<th>Country</th>
<th>Eurobarometer results 2003*</th>
<th>Eurobarometer results 2006**</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In favour of globalisation (%)</td>
<td>Against globalisation (%)</td>
</tr>
<tr>
<td>BE</td>
<td>64</td>
<td>27</td>
</tr>
<tr>
<td>BG</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CY</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CZ</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>DE</td>
<td>71</td>
<td>27</td>
</tr>
<tr>
<td>DK</td>
<td>60</td>
<td>26</td>
</tr>
<tr>
<td>EE</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>EL</td>
<td>47</td>
<td>51</td>
</tr>
<tr>
<td>ES</td>
<td>51</td>
<td>30</td>
</tr>
<tr>
<td>FI</td>
<td>66</td>
<td>26</td>
</tr>
<tr>
<td>FR</td>
<td>63</td>
<td>33</td>
</tr>
<tr>
<td>HR</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>HU</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>IE</td>
<td>71</td>
<td>22</td>
</tr>
<tr>
<td>IT</td>
<td>67</td>
<td>28</td>
</tr>
<tr>
<td>LT</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>LU</td>
<td>66</td>
<td>29</td>
</tr>
<tr>
<td>LV</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>MT</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>NL</td>
<td>78</td>
<td>17</td>
</tr>
<tr>
<td>PL</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>PT</td>
<td>63</td>
<td>15</td>
</tr>
<tr>
<td>RO</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SE</td>
<td>58</td>
<td>26</td>
</tr>
<tr>
<td>SI</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SK</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TR</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>UK</td>
<td>60</td>
<td>27</td>
</tr>
<tr>
<td>EU15</td>
<td>63</td>
<td>29</td>
</tr>
<tr>
<td>EU10</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>EU25</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

© European Foundation for the Improvement of Living and Working Conditions, 2008
Notes: Results indicate percentage of total responses. *Question asked in October 2003 Eurobarometer: Globalisation is the general opening up of all economies, which leads to the creation of a truly worldwide market. Are you personally totally in favour, rather in favour, rather opposed or totally opposed to the development of globalisation? **Question asked in spring 2006 Eurobarometer: Could you please answer for each of the following whether the term brings to mind something very positive, fairly positive, fairly negative or very negative: ‘globalisation’?

Source: Eurobarometer, October 2003 and February–March 2006

The subsequent Eurobarometer survey (EB 65), conducted in the spring of 2006, suggests that support for globalisation may have waned over the intervening three years, although the question posed to respondents was somewhat different: the interviewees were not asked whether they were in favour of globalisation, but whether the term brought positive or negative connotations to mind (Table 1). No definition was given of the term in this instance. The results of the 2006 survey revealed that some 42% of people in the EU15 regarded globalisation as something positive, compared with 63% of respondents in 2003 who were in favour of globalisation. At the same time, for 41% of the respondents, globalisation bore negative connotations, compared with 29% of respondents who were opposed to its development three years earlier, for 13% of the 2006 respondents, globalisation had ‘very negative’ connotations, compared with the 8% who were ‘totally opposed’ to its development in the previous 2003 survey.

The 2006 Eurobarometer survey covered the 10 new Member States that joined the EU on 1 May 2004 (EU10), as well as the EU15 countries. The survey’s results showed that the proportion who regarded globalisation as a positive development was smaller in the EU10 than in the EU15, albeit only slightly, at 38% compared with 42% of respondents respectively. Some 41% of people in the 25 Member States (EU25) overall cited a positive image of globalisation, with only 7% having a very positive one. At the same time, the proportion not answering or not knowing what globalisation meant was larger in the EU10 than in the EU15, at 20% compared with 15% respectively.

The number of respondents who viewed globalisation as a positive phenomenon was comparatively larger in Denmark (76%) and Sweden (67%) than elsewhere in the EU. In fact, among the remaining EU countries, Malta was the only country where the proportion of respondents citing a positive view of globalisation was greater than half, amounting to 51%, although a substantial number of people, namely 39%, did not answer the question.

At the opposite end of the scale, the proportion of respondents with a negative view of globalisation was largest in Greece (74%) – just as the proportion against globalisation in 2003 had been greatest in this country – followed by France (61%), Germany and Austria (57% respectively), and the Czech Republic (54%). For Greece and Austria, the 2006 results are in line with those for 2003; however, in Germany, the results seem to represent a marked shift in attitudes compared with the 2003 survey results, where 71% of respondents claimed to be in support of globalisation.

This apparent shift in attitude against globalisation is confirmed by another Eurobarometer survey on Europe’s future (Special EB 65.1 (2.17Mb PDF)), also published in 2006, which contained a short section on this issue. In particular, the survey asked people whether they thought globalisation represented an opportunity for companies because of the opening up of markets or, alternatively, whether they considered it a threat to companies and employment. Since the same question was asked as part of the 2003 survey, it is possible in this case to directly compare the responses, at least for the EU15 countries.

Whereas in 2003, some 56% of people in the EU15 saw globalisation as an opportunity, in 2006, only 37% of respondents in the EU25 held the same view (Table 2). Moreover, while 39% of people in the EU15 in 2003 regarded globalisation as a threat, three years later, the corresponding proportion in the EU25 rose by eight percentage points to 47%.

In just four of the 25 Member States – Denmark, Estonia, the Netherlands and Sweden – did the majority of respondents in 2006 see globalisation as an opportunity for companies; moreover, only in Denmark was the majority greater than a small one, at 77%. This contrasts with the responses to the 2003 survey, where only a minority of respondents held this view in just four of the EU15
Member States – Austria, Belgium, France and Greece. Moreover, in 2006, in only 11 of the 25 Member States did a greater proportion of people regard globalisation as an opportunity rather than a threat, compared with 12 of the EU15 countries in 2003.

In all of the EU15 countries, except Denmark, the proportion of respondents who view globalisation as an opportunity for companies declined between 2003 and 2006 by 10 percentage points or more. Similarly, throughout the EU15, apart from Denmark and Spain, the proportion of respondents who consider globalisation as a threat to companies and employment increased over the three years. This is particularly evident in Germany and Finland, where the proportion increased by 23–24 percentage points and where the previously large majority who regarded globalisation as an opportunity now viewed it as a threat.

Table 2: Respondents’ view of globalisation’s impact on companies and employment, 2003 and 2006, EU25 (%)

This table highlights Eurobarometer respondents’ view of the impact of globalisation on companies and employment in 2003 and 2006 in the EU25 countries.

<table>
<thead>
<tr>
<th>Country</th>
<th>Eurobarometer results 2003*</th>
<th>Eurobarometer results 2006*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Globalisation represents a good opportunity for companies due to the opening up of markets (%)</td>
<td>Globalisation represents a threat to employment and companies (%)</td>
</tr>
<tr>
<td>AT</td>
<td>50</td>
<td>41</td>
</tr>
<tr>
<td>BE</td>
<td>45</td>
<td>53</td>
</tr>
<tr>
<td>BG</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CY</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CZ</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>DE</td>
<td>61</td>
<td>35</td>
</tr>
<tr>
<td>DK</td>
<td>64</td>
<td>30</td>
</tr>
<tr>
<td>EE</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>EL</td>
<td>40</td>
<td>58</td>
</tr>
<tr>
<td>ES</td>
<td>56</td>
<td>35</td>
</tr>
<tr>
<td>FI</td>
<td>60</td>
<td>34</td>
</tr>
<tr>
<td>FR</td>
<td>40</td>
<td>58</td>
</tr>
<tr>
<td>HU</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>IE</td>
<td>63</td>
<td>33</td>
</tr>
<tr>
<td>IT</td>
<td>63</td>
<td>32</td>
</tr>
<tr>
<td>LT</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>LU</td>
<td>53</td>
<td>43</td>
</tr>
<tr>
<td>LV</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>MT</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

© European Foundation for the Improvement of Living and Working Conditions, 2008
Globalisation represents a good opportunity for companies due to the opening up of markets (%)

Globalisation represents a threat to employment and companies (%)

<table>
<thead>
<tr>
<th>Country</th>
<th>Eurobarometer results 2003*</th>
<th>Eurobarometer results 2006*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Globalisation represents a good opportunity for companies due to the opening up of markets (%)</td>
<td>Globalisation represents a threat to employment and companies (%)</td>
</tr>
<tr>
<td>NL</td>
<td>63</td>
<td>35</td>
</tr>
<tr>
<td>PL</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>PT</td>
<td>55</td>
<td>39</td>
</tr>
<tr>
<td>RO</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SE</td>
<td>65</td>
<td>24</td>
</tr>
<tr>
<td>SI</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SK</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>UK</td>
<td>61</td>
<td>35</td>
</tr>
<tr>
<td>EU15</td>
<td>56</td>
<td>39</td>
</tr>
<tr>
<td>EU10</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>EU25</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Notes: Results indicate percentage of total responses. *Question: Which of the following two propositions is the closest to your opinion regarding globalisation?
Source: Eurobarometer, October 2003 and February–March 2006

More specifically, whereas in 2003, the majority of people surveyed regarded globalisation as a threat in just three of the EU15 Member States – Belgium, France and Greece – in 2006, this appeared to be the case in seven of the EU15 countries – Austria, Belgium, Finland, France, Germany, Greece and Luxembourg – in addition to two of the new Member States, Cyprus and Slovenia. In Belgium, France and Greece, the majority viewing globalisation as a threat had increased more considerably, with 64% of respondents in the first country holding this view, along with 72% of respondents in the latter two countries.

National surveys and dimensions of globalisation

Relatively few national surveys of public opinion on globalisation have been carried out in the EU in recent years, which provide additional insights into popular attitudes to globalisation besides those indicated in the Eurobarometer surveys just summarised. A list of the few surveys that have been carried out, together with summary details, is contained in Annex 2 of this report. Nevertheless, some of the surveys that have been conducted, unlike the Eurobarometer surveys, make a distinction between globalisation and the process of European integration associated with the establishment of a single market within the EU.

Moreover, a few of the surveys make a distinction between the different dimensions of globalisation – particularly between the relocation of jobs abroad through offshoring and the foreign acquisition of domestic companies – and seek to explore differences in attitudes to these processes.

One example concerns a recent survey in the Netherlands. Whereas a large proportion of those surveyed reported seeing advantages for the Dutch economy in increased globalisation and greater European cooperation, the respondents also expressed concerns about the specific consequences of these processes. In particular, some 77% of respondents considered the potential disappearance of

© European Foundation for the Improvement of Living and Working Conditions, 2008
jobs to low-wage countries as a major problem, while 70% expressed the same view about the takeover of domestic companies by foreign-owned enterprises. 

The latter issue was also addressed in Slovenia, albeit a few years earlier, in the Slovenian Public Opinion Survey – conducted in 2001 by the Public Opinion and Mass Communication Research Centre (Center za raziskovanje javnega menja in množičnih komunikacij, CJMMK) at Ljubljana University and published in 2004. The majority of those surveyed expressed a preference for domestic companies remaining in domestic ownership, or at least for domestic shareholders to constitute the majority. Some 31% of respondents believed that inward foreign direct investment was most likely to have a beneficial effect on the economy, in contrast to 23% who considered it more favourable if the majority of shares were owned by foreigners. Similarly, 29% of the respondents considered that the government should not promote majority foreign ownership of companies, compared with 18% who thought the opposite; at the same time, 24% thought that the government should make no attempt whatsoever to influence ownership.

In Poland, the majority of people interviewed in a national survey, conducted in 2006 by the Public Opinion Research Centre (Centrum Badania Opinii Społecznej, CBOS), considered that globalisation – defined as the growth of economic relations and interdependence – would be beneficial for the country. Young people and those who were unemployed expressed the greatest concern about the possible negative effects of globalisation on employment. However, for the majority of people, globalisation, and more particularly European integration, was associated not with inflows or outflows of foreign capital, but with the opening up of borders and enhanced migration opportunities.

In the Netherlands, public attitude towards further European integration seems to be more ambivalent than in relation to globalisation. Although 45% of those surveyed considered that the EU had a positive effect on the development of the Dutch economy, only 28% expressed support for further European unification, as opposed to 71% who were in favour of further globalisation.

In Belgium, although no recent public opinion surveys on globalisation have been undertaken, a number of trade union representatives interviewed as part of the present study expressed greater opposition to relocation to another EU Member State than to a country outside of the EU. The reason for such a view was that, while the respondents could understand the justification for moving to a country with much lower labour costs, they believed that cost differences across the EU should not be so substantial.

Employers’ attitudes to globalisation

Although it may not formally be the case, most employer organisations across the EU have, in practice, a position on globalisation. This is reflected, for instance, in official statements, speeches, communications, reports and behaviour in particular situations. The majority of employer organisations consider that globalisation has a generally positive effect, even if they do not always make a clear distinction between foreign inward investment, foreign ownership of companies and the relocation of activities to other countries. However, they have also underlined the need for strengthening competitiveness in the face of globalisation as an argument for more business-friendly policies: such as reducing taxes on labour and wage costs, adopting a more positive attitude to immigration, streamlining bureaucratic procedures and improving infrastructure.

According to the main employer organisation in the United Kingdom (UK), the Confederation of British Industry (CBI), producers located in the country have a favourable position in global markets. Although it is acknowledged that ‘the eastwards expansion of the European Union and the entry into the global marketplace of low-cost Asian economies means companies are facing new competitive pressures’, it is considered that this is balanced by ‘opportunities to sell into fast-growing markets’. In CBI’s view, many British companies have responded to the increase in competition in global markets by combining innovation with cost reduction and ‘as one of the most liberalised economies in the world, the UK is well placed to continue to embrace change’.

In Denmark, the main employer organisations have also adopted a generally positive view of globalisation across most sectors of the economy. The basic view is that a global economy creates
growth and should be regarded as a challenge rather than a threat. The largest Danish employer organisation, the Confederation of Danish Industries (Dansk Industri, DI), provides support and advice to members who are considering offshoring their business activities. DI has also published a number of reports and surveys on globalisation and relocation, including a report in 2004 entitled The global challenge. Nonetheless, this does not mean that DI considers offshoring to be the best solution in all cases.

The majority of employer organisations in Hungary tend to be equally positive about globalisation, although this partly reflects the importance of foreign-owned companies among their members. Therefore, organisations mainly representing domestic companies, typically small and medium-sized enterprises (SMEs), sometimes adopt a more negative view of the entry of foreign-owned companies into the economy. In the retail trade sector, for example, shopping centres in the suburbs, large stores and factory outlets, which are predominantly owned by big international chains, are blamed for the demise of small shops in traditional city-centre shopping centres.

In Portugal, the Portuguese Industrial Confederation (Confederação da Indústria Portuguesa, CIP) and the Portuguese Industrial Association (Associação Industrial Portuguesa, AIP) highlight the importance of labour market adjustment as a response to globalisation. According to these organisations, labour legislation should take into account the need for change and adaptability on the part of companies exposed to the increased competition brought about by globalisation, to help broaden workers’ range of skills and to enable work to be organised in a more flexible way.

In Austria, neither the Federal Economic Chamber (Wirtschaftskammer Österreich, WKO) nor the Austrian Federation of Industry (Industriellenvereinigung, IV) have adopted an official position on globalisation as such. However, both have repeatedly called for a significant reduction in company taxes and non-wage labour costs, in order to maintain or improve the international competitiveness of domestic companies. In 2005, the reduction in taxes on corporate profits, from 34% to 25%, by the then conservative-populist government was strongly supported by business associations as an important means of encouraging companies to remain in the country instead of relocating abroad and, in turn, of keeping jobs in Austria.

The main demand of businesses today – notably of SMEs that derive little benefit from reduced profits tax – is to lower non-wage labour costs in the form of wage-related levies and taxes, such as social insurance contributions or municipal rates, which are claimed to be higher in Austria in international terms than taxes on profits. According to WKO, a significant reduction in these costs is also required to prevent large-scale outsourcing and relocation of production abroad.

In the Netherlands, the country’s largest employer organisation, the Confederation of Netherlands Industry and Employers (Vereniging van Nederlandse Ondernemingen-Nederlands Christelijk Werkgeversverbond, VNO-NCW), has also used globalisation and, in particular, the prospect of relocation of activities to industrialising economies, as an argument for labour market reform. It is argued that the creation of a favourable climate for the establishment of businesses is needed, which means a more flexible labour market and wage moderation, also needed is a shift to knowledge-intensive sectors of production and to higher value-added activities through innovation and a better-educated workforce (VNO-NCW, 2004).

Employer organisations in Malta have not taken a strong position on globalisation, except to emphasise the need for domestic enterprises to be competitive and for more foreign direct investment to be attracted into the country – even if this means more foreign ownership of companies. The Malta Federation of Industry has also defended the right of businesses to be allowed to transfer operations abroad if they choose to do so.

In Sweden, the official opinion of the Confederation of Swedish Enterprise (Svenskt Näringsliv) – as expressed by its Senior Communication Adviser, Joakim Bogdanoff – is that globalisation, whether in the form of offshoring or the foreign ownership of companies, tends to have positive effects, stimulating an increase in competitiveness and giving access to a larger global market. Nonetheless, the confederation also believes that the openness of the Swedish economy to globalisation should be complemented by policies aimed at establishing an attractive environment for the development of advanced economic activities and of dynamic small businesses.
In Finland, according to the Confederation of Finnish Industries (Elinkeinoelämän Keskusliitto, EK), the key factor regarding the effect of globalisation is how businesses and the government adjust in response. In its view, domestic investment and foreign investment are not necessarily in conflict with one another but mutually reinforcing. Therefore, foreign investment is seen as bringing not only direct benefits through improving the competitiveness of the companies concerned, but also indirect benefits through increasing the wealth and purchasing power of developing economies, thus creating demand for goods and services produced in Finland. At the same time, it is recognised that globalisation may be a threat to a country’s capital base and its capacity to fund public expenditure, if production is increasingly transferred abroad.

According to the findings of a report by the Union of Luxembourg Enterprises (Union des Entreprises Luxembourgeoises, UEL), employer organisations in Luxembourg took advantage of the reported decline in the country’s competitiveness indicators in 2005, to emphasise the need to both improve the country’s attractiveness to foreign investors and diversify activity away from an over-reliance on the financial sector. UEL also called for an end to the automatic adjustment of wages in line with the cost of living, which it argued penalises companies that are operating in an increasingly competitive environment (UEL, 2007).

In Belgium, globalisation is viewed positively by the Belgian Federation of Employers (Fédération des Entreprises de Belgique/Verbond van Belgische Ondernemingen, FEB/VBO), the Union of the Middle Classes (Union des classes moyennes, UCM) and the Flemish Employers’ Organisation (Vlaams Economisch Verbond, VOKA). This is attributed to the fact that it facilitates economic diversification and the expansion of activity, thus bringing increased prosperity and more jobs. As in other countries, the need to maintain competitiveness in the face of globalisation has a prominent place in arguments in favour of reducing taxes on labour, adopting a more favourable attitude to immigration and so on.

Employer organisations in Greece view globalisation as both a challenge and an opportunity for companies and the business environment to adapt to the demands of international competition. Moreover, in an opinion (OKE Opinion 122, 12/2004) issued by the Greek Economic and Social Council (Oikonomikh Kai Koinωniki Eutuphoni, OKE), in 2004, employer representatives formally voiced their support for the government’s proposal to subsidise business expansion abroad, arguing that this was necessary for both the survival of businesses and their growth.

In Ireland, the Irish Business and Employers’ Confederation (IBEC) has consistently argued for greater freedom for employers to restructure in response to the competitive pressures resulting from globalisation and for a relaxation of the constraints imposed by employment regulation. Outsourcing and the relocation of production to other countries are viewed as inevitable, and indeed necessary, consequences of globalisation. Measures such as the upskilling of the workforce, greater flexibility and increased willingness to change working methods have, therefore, been called for to boost competitiveness in the face of such challenges.

In Germany, the Confederation of German Employers’ Associations (Bundesvereinigung der Deutschen Arbeitgeberverbande, BDA) has argued that companies are more likely to be able to maintain the bulk of jobs in the country, if they accept some relocation of activities to lower cost locations (BDA, 2005). In its view, high wage levels mean that companies have to establish global supply chains in order to be able to compete in export markets. Indeed, it is argued that, over the 1990s, employment increased in the sectors that profited most from globalisation, such as car manufacture, the metalworking industry and plastics.

In Lithuania, the vice-president of the Lithuanian Confederation of Industrialists (Lietuvos промышленникų конфедерация, LPK) has stated that employers understand only too well the inevitability of globalisation and the country’s need to make maximum use of its advantage as a small and flexible economy in order to adapt to changing business conditions. Production, it is argued, will be relocated to other countries if it is cost-effective to do so; at the same time, the foreign acquisition of domestic companies is not seen as an issue if it means the injection of new capital and the eventual establishment of joint Lithuanian and foreign partnerships.

In Italy, the largest employer organisation, the General Confederation of Italian Industry (Confederazione Generale dell’Industria Italiana, Confindustria), has repeatedly emphasised that
the competitiveness of Italian companies greatly depends on them becoming more international. To encourage this, it has established support services to assist companies to export and establish a presence in other countries, as well as urging the government to promote Italian products abroad more strongly. Confindustria has also argued in favour of the streamlining of bureaucratic procedures, an improvement in infrastructure, and a reduction in both labour and energy costs to help domestic companies withstand increased competition in internal and external markets.

In Estonia, the Estonian Employers' Confederation (Eesti Tööandjate Keskliit, ETTK) supports economic openness and good economic relations with foreign countries; however, it has no specific position on outsourcing or relocation to other countries or on the foreign acquisition of domestic companies.

While most employer organisations across the EU have a positive attitude to globalisation, some are more ambivalent. This is particularly the case in the new Member States, where the issue seems to have attracted less attention to date. Such a scenario is perhaps mainly due to the fact that these countries tend to be among the destinations for offshoring from other countries, and up until now have not experienced any significant outward relocation of activities. Therefore, the main focus in these countries, to the extent that there is one, is on direct investment from abroad and the foreign acquisition of domestic companies.

In Slovenia, the issue of relocation of activities to other countries has not yet been directly addressed; nevertheless, there are signs of some movement of companies to lower cost locations in nearby countries. For instance, the European Restructuring Monitor (ERM) recorded five cases of companies moving from Slovenia to other countries between mid 2005 and the end of 2006: the companies operated in the textiles, clothing and leather industry and relocated from Slovenia to Bosnia-Herzegovina, Croatia, Russia, Serbia and Turkey. On the issue of foreign acquisitions, the Chamber of Commerce and Industry of Slovenia (Gospodarska zbornica Slovenije, GZS) believes that this is a matter for individual businesses, although since most members of the chamber’s managing board are chief executive officers (CEOs) of the largest domestic companies, there is some tendency to be opposed to foreign acquisition.

In Bulgaria, the Czech Republic, Latvia, Poland and Romania, globalisation does not seem to be a major issue for employer organisations at present.

Trade unions’ attitudes to globalisation

For the trade unions, globalisation seems to largely imply the relocation of activities to other countries. The majority of trade unions across the EU, however, do not appear to be against globalisation as such, recognising that it is an inevitable fact of economic life; instead, they emphasise the need to ensure that responses to globalisation do not lead to a deterioration in social standards and working conditions. In many cases, trade unions tend to look to the EU to guarantee effective social policies and the efficient use of European Works Councils, in order to protect against such a deterioration in conditions. At the same time, widespread recognition also seems to exist among the trade unions regarding the necessity to anticipate change and invest in high-skilled jobs in response to globalisation.

In Belgium, the trade unions – namely, the Confederation of Christian Trade Unions (Confédération des Syndicats Chrétiens/Algemeen Christelijk Vakverbond, CSC/ACV), the General Confederation of Liberal Trade Unions of Belgium (Centrale Générale des Syndicats Libéraux de Belgique/Algemene Centrale der Liberale Vakbonden van België, CGSLB/ACLVB) and the Belgian General Federation of Labour (Fédération Générale du Travail de Belgique/Algemeen Belgisch Vakverbond, FGTB/ABVV) – hold the view that ‘Europeanisation’ and globalisation are inevitable. They emphasise the need to respect notions of equality, solidarity, social justice and the preservation of the environment, as these twin processes occur. In a 2007 memorandum, CSC/ACV called on the federal government to push for more developed European social policies as regards company restructuring, for fiscal policy to be determined at European level, and for a European framework to be established for collective agreements. At global level, the call is for the establishment of a social model aimed at achieving quality jobs and sustainable development. In addition, FGTB/ABVV has pointed to the negative effects of globalisation, such
as the privatisation of basic public services, stressing the need for trade unions to act at international level to counter such effects.

Trade unions in Germany generally view globalisation as being beneficial to growth – and therefore employment – due to the importance of exports to the economy. Moreover, it is widely considered that employers tend to exaggerate the possibility of relocating production abroad, using it as a threat to obtain concessions from trade unions. It is, nevertheless, equally recognised that offshoring has become a permanent part of the management strategy of large companies. However, most of the jobs at risk are considered to be in low-skill manufacturing and service activities. While the trade unions accept the need to defend plants and service activities at risk of being relocated, the main response is to seek to establish global labour standards, international framework agreements, and European and global works councils. In their view, the government’s focus should be on further developing education and research and development (R&D), at the same time, in order to compete in world markets, companies should focus on ‘better rather than cheaper’ products and on investing in employee training and new technology.

In Estonia, the Confederation of Estonian Trade Unions (Eesti Ametühingute Keskkliit, EAKL) has not formally adopted a position on globalisation, according to its President, Harri Taliga. Nonetheless, the trade unions’ actions have been generally based on the principle that globalisation and the relocation of jobs are part of an inevitable economic process. The main aim has been to ensure that employees benefit from the process rather than to fight against it. Their view is that low-cost outsourcing to Estonia from other countries constitutes a development phase which should come to an end as soon as possible, and that the focus should be on innovation and developing high value-added jobs in new areas if the economy is to remain competitive in the long term.

Trade unions in Spain believe that successful restructuring in the face of globalisation requires anticipatory policies and an analysis and assessment of the likely social and economic consequences. Accordingly, emphasis is placed on the need to develop tripartite and bipartite sectoral observatories, paying special attention to SMEs.

In Greece, according to the Labour Institute of Greek General Confederation of Labour (INE/GSEE) in its 2006 Annual Report, the trade unions believe that attempts to maintain competitiveness by reducing pay, worsening working conditions and lowering company taxes have proved ineffective in attracting foreign investment into the country and preventing relocation to lower cost locations. In its view, the trade unions need to focus on maintaining and extending workers’ rights, as well as organising internationally to combat unconstrained relocation; at the same time, they should push for the implementation of international labour conventions and the linking of trade liberalisation with workers’ rights.

In addition, the trade unions have called for the European Works Council Directive to be reoriented towards bargaining, instead of being limited to access to information and consultation. Moreover, they have recommended that taxes, especially on profits, be harmonised at EU level and additional finance be provided for social policies, particularly in the case of relocation. The unions have also requested the implementation of local development strategies to establish new activities based on comparative advantage, creating jobs for workers made redundant as a result of relocation.

In Luxembourg, a number of unexpected company closures and downsizing activities in 2006 – such as those concerning TDK, Villeroy & Boch and Technicolor – brought the issue of globalisation to public attention and provoked widespread discussion. According to Jean-Claude Reding, the President of the country’s main trade union – the Luxembourg Confederation of Independent Trade Unions (Onofhängege Gewerkschaftsbond Lëtzebuerg, OGB-L) – developed countries cannot expect to keep all of their industry and, in some cases, relocation is justified by genuine comparative advantage. However, in Mr Reding’s view, most companies are, in practice, motivated by the possibility of social dumping and low taxes, although the same largely applies to transport companies in Luxembourg which are attracted by lower taxes on fuel than elsewhere, but which can leave as quickly as they arrive (Voxx, 14 April 2006).
In the Netherlands, the Dutch Trade Union Federation (Federatie Nederlandse Vakbeweging, FNV) recently published an analysis of the relocation of activities from the Netherlands (FNV, 2005). It concluded that the practice does not need to be stopped altogether, but that each case has to be assessed individually in the context of long-term company strategy. Maximisation of profit, it is argued, has to be balanced against the impact on society and specific groups of workers.

It is also argued that the country’s competitive position should be strengthened through the development of knowledge, rather than through the degradation of working conditions. Workers who lose their jobs should be trained more effectively and greater job security should be established by improving labour market functioning. FNV’s policy is to support and cooperate with trade unions in the low-wage countries to which activities are relocated, in order to improve the employment conditions of the workers concerned. The Christian Trade Union Federation (Christelijk Nahtnaal Vakverbond, CNV) also has an international division that supports trade unions in third-world countries as well as in central and eastern Europe, although its activities are not explicitly linked with relocation as such.

In Denmark, the Danish Confederation of Trade Unions (Landsorganisationen i Danmark, LO) – the main umbrella organisation for trade unions in industry, services, transport and construction – has taken a less uncompromising position against relocation than trade unions in most other countries, on the grounds that it does not necessarily entail job losses. For example, when the Danish shoe manufacturer Ecco moved production to Portugal, the jobs in information technology (IT), design, sales and administration remained in Denmark and, within a few years, these jobs far exceeded the number of jobs that had previously been in place in the manufacture of shoes. Thus, as long as new jobs emerge, offshoring is not seen as a problem. However, LO also insists that it is essential to develop education and further training at the same time. In its view, if unskilled production jobs are increasingly relocated to low-cost countries, the response must be to upgrade workers’ skill levels in Denmark, as a result, education and training is at the centre of its ‘10-point plan to combat the relocation of jobs’, published in 2005.

In Hungary, trade unions are generally aware of the benefits of globalisation, in the form of the relocation of production into the country and investment in new plants, which has in turn led to the creation of many new jobs. However, the relocation of production out of the country, which has begun to occur, is a major concern and trade unions often support employers’ calls for a more favourable business climate – including the continuous demand for lower taxes. Nonetheless, the trade unions can generally do little to prevent relocation; thus, their focus tends to be mainly on alleviating the negative effects of relocation on their members, through, for example, seeking to minimise job losses.

Trade unions in Cyprus also consider that globalisation can be positive, but recognise that there are risks involved. The Cyprus Workers’ Confederation (Συνομοσπονδία Εργαζόμενων Κύπρου, SEK) has emphasised the importance of social dialogue to counteract these inherent risks and has adopted an open position on globalisation, on condition that there is consultation and agreement with the trade unions over any job losses. In its view, the mass relocation of the clothing industry from Cyprus in the late 1990s was the result of poor business practices, along with the failure of government to put in place an effective industrial policy for increasing the economy’s competitiveness.

SEK also sees the growth of multinationals in Cyprus, which has resulted from the liberalisation of the economy, as a threat to industrial relations, since the companies concerned tend to conclude individual employment contracts with workers rather than negotiating collective agreements. It argues that their growth, together with the increase in economic migrants who do not tend to belong to a trade union, has worsened working conditions. The Pancyprian Federation of Labour (Παγκύπρια Εργατική Ομοσπονδία, PEO) holds a similar view, arguing that globalisation – and European integration, which it sees as part of the process – in addition to the dominant position of multinationals in the economy, has weakened the welfare state, led to the deregulation of industrial relations and diminished workers’ rights.

In the UK, trade unions have opted for a pragmatic approach towards relocation. In 2004, the Trades Union Congress (TUC) explicitly rejected the ‘crude protectionist’ policy of ‘British jobs

© European Foundation for the Improvement of Living and Working Conditions, 2008

13
for British workers’. Instead, it made a specific request to the Department of Trade and Industry (DTI), now known as the Department for Business, Enterprise and Regulatory Reform (BERR), to undertake a ‘mapping exercise’ determining the current state of offshoring and its potential future growth; at the same time, it requested new research on the process and the dissemination of a best practice guide on relocation for companies. This, it argues, should emphasise the need for full consultation, the formulation of plans for the redeployment of workers and guarantees of no compulsory redundancies.

Although individual trade unions often denounce globalisation, or particular aspects of it, their main focus tends to be on reducing its adverse effects; such measures include establishing schemes for redundant workers, seeking generous compensation packages and trying to retain as many jobs as possible.

In France, trade unions are generally opposed to globalisation due to its effects on employment. In particular, they tend to denounce relocation programmes implemented when the company concerned is profitable and is simply seeking to make higher profits elsewhere.

Trade unions in Italy are also largely opposed to relocation – not so much in itself, but because it is not being accompanied by any industrial strategy or forward planning to ensure a shift in production towards higher value-added, better quality goods and services. In practice, the trade unions have not been totally unyielding in relation to the foreign acquisition of Italian companies, or parts of them. Their main concern centres on the implications for employment and investment in the country.

In Ireland, trade unions have traditionally tended to adopt a passive attitude to globalisation, trying in particular, to obtain the best redundancy deals for members who lose their jobs due to the relocation of activities. The trade unions are strongly in favour of improvements in employment protection when relocation or restructuring occur in general, especially in the event of collective redundancies.

Trade unions in Lithuania have adopted a similar position. In 2005, the Confederation of Trade Unions (Lietuvos profesinių sąjungų konfederacija, LPSK) was responsible for amendments being made to the Labour Code, ensuring higher than usual severance pay in cases of company closure. The unions are not opposed to the foreign acquisition of companies as such, as long as working conditions remain favourable.

In Finland, the Central Organisation of Finnish Trade Unions (Suomen Ammattiliittojen Keskusjärjestö, SAK) tends to see globalisation as an excuse for companies to relocate production abroad. However, most outsourcing seems to have been to domestic rather than foreign suppliers. The only trade union organisation with an official globalisation strategy is the Confederation of Unions for Academic Professionals (Akateemisten Toimihenkilöiden Keskusjärjestö, AKAVA), which views globalisation in positive terms since it offers opportunities to deploy labour and other domestic resources in more productive and profitable ways. Accordingly, globalisation increases export earnings, which in turn can be used to purchase imports, the latter being more costly to produce in Finland.

However, it is argued that the location of production – and therefore the gains from globalisation – is influenced by various national measures which distort international competition and by the lack of global rules governing economic activity. In this situation, multinationals are seen as seeking to exploit differences in national operating environments, leading to undesirable economic, ethical, social and environmental consequences. The view is that globalisation has a fundamental social and political dimension, which requires coordinated national measures for its effective management.

In Portugal, trade unions tend to demonstrate a more uncompromisingly negative view of globalisation, as well as being more resistant to its development than unions in other countries. According to the General Confederation of Portuguese Workers (Confederação Geral dos Trabalhadores Portugueses, CGTP), the ‘search for profitability at any price’ – reinforced by increasing economic integration, EU enlargement and the growing concentration of capital – is having strongly adverse social consequences. In its view, restructuring is avoidable and the closure of companies due to relocation of activities to lower cost countries is unacceptable. CGTP points
out that company closures often occur in regions where there are no real job alternatives and that advanced technology companies, as well as those in traditional industries, can also be at risk of relocation. It proposes instead an active search for alternative measures, such as: redeploying workers to other parts of the company or group and/or retraining; involving workers in the decision-making process; increasing their rights to information and consultation; and imposing sanctions on companies that do not seek alternative solutions to collective dismissals.

Trade unions in Norway tend to adopt a similarly defensive position towards outsourcing and the relocation of activities, due to the job losses involved. In particular, the Norwegian Confederation of Trade Unions (Landsorganisasjonen i Norge, LO) has called on the government to implement stronger measures deterring profitable companies from relocating production. In addition, the trade unions often tend to resist the sale of companies to foreign owners on the grounds that it usually leads to a reduction in jobs and to decision making taking place outside of Norway.

In Malta, the General Workers' Union (GWU) is of the view that state corporations, semi-state and public companies, which are vital for the well-being of the country's economy, should not have been privatised — or at least that the government should have retained some of its holding. Terms such as 'globalisation' or 'flexibility', it is argued, should not be used to threaten employees and while the labour market should become more flexible, this should be accompanied by better working conditions and job security rather than increased uncertainty. Meanwhile, trade unions as well as employer organisations recognise the need to strengthen international links with unions elsewhere and are in the process of doing so.

In Austria, the trade unions argue that it is vital that large companies' headquarters remain in the country. As a result, they have resisted the privatisation of the remaining state-owned industries and companies on the grounds that it would jeopardise political control over the economy. In their view, the sale of key companies with strategic importance for the economy may not only result in the relocation of activities to other countries, but also adversely affect supplier industries and related services. Thus, the trade unions have urged the government to transform the ÖIAG privatisation agency into a strategic holding company, with a minimum of 25% of shares in selected companies, to prevent the relocation of activities and acquisition of strategic domestic companies by foreign-owned firms.

Moreover, the trade unions have argued that, since Austria's entry into the EU, top priority should be given to the introduction of a common tax regime in the EU; this would be in place of a system that enables countries with high growth rates, which are destinations for companies relocating production, to cut taxes further and encourage more relocation.

In many of the new Member States – specifically, Bulgaria, the Czech Republic, Latvia, Poland, Romania, Slovakia and Slovenia – as well as Sweden, the trade unions do not appear to have an official position on the various aspects of globalisation.

**Institutional responses to globalisation**

The second part of this report examines institutional responses to globalisation, in terms of the actual steps taken to encourage, manage or combat its effects. Firstly, it focuses on offshoring or relocation and, secondly, on the takeover of domestic companies by foreign-owned firms. In each case, it considers the action taken by governments and the policy measures they have introduced, as well as the measures adopted by employers and trade unions.

**Offshoring/relocation**

**Government response**

Government action in relation to offshoring or relocation can take various forms. In this context, a distinction is made between:

- specific intervention in particular cases of relocation in an attempt to prevent its occurrence or to moderate its effects; intervention can take a range of different forms, such as political
persuasion, paying subsidies or making a financial deal with the company to encourage it to maintain production in the country;

- structural intervention with the aim of creating a favourable business climate for companies; this can involve action such as reducing the extent of bureaucracy and regulation, cutting corporate taxes or facilitating foreign direct investment in the country;

- supportive action directed at alleviating the consequences of relocation; this includes, in particular, schemes for assisting redundant workers, compensating them for their job loss and helping them to find new work.

These three broad types of action are considered in more detail below. However, in many of the new Member States – in particular, the Czech Republic, Hungary, Poland, Romania and Slovakia – little or no action seems to have been taken by the government in response to the relocation of activities out of the country. This is largely due to the fact that, up until recently, there have been few if any cases of relocation. Nevertheless, one example of limited government intervention can be noted in the case of the Czech Republic, namely in relation to the British-French company Eastern Sugar, which closed its sugar processing plants in the country in 2006; in response, the Ministry of Agriculture (Ministerstvo Zemědělství) tried to negotiate higher compensation from the company for sugar-beet growers.

**Specific government intervention**

In most countries, in compliance with EU directives on state aid and competition, few or no cases have emerged in recent years of direct government action aimed at preventing a particular company from relocating abroad. Nevertheless, in a number of countries – Belgium, France, Italy, Sweden and the UK – the government appears to have intervened in special cases, either through overt action or more covert means, in an effort to dissuade companies from moving their activities elsewhere without contravening EU directives and regulations.

In Belgium, several cases have emerged in recent years where either the regional or federal government has intervened to reduce the scale of relocation or to prevent it from happening at all. The companies concerned have generally been foreign owned, and the action taken has mostly been in the form of political dissuasion through diplomatic channels – although in a number of cases, companies have been offered financial or other inducements, such as tax or planning concessions, to stay in the country.

For instance, in 2005, the Brussels regional authority sold a development site to the Volkswagen AG (VW), with favourable conditions attached, to enable the company to expand its activities and dissuade it from closing its car plant and relocating production away from the region. However, in November 2006, the company’s management announced collective redundancies totalling 4,400 job losses. The government intervened by offering to help the company reduce its production costs through acceptance of a cut in loan charges of 20% and by allowing it to increase working time from 35 to 38 hours a week, without raising wages. In exchange, the VW management made a commitment to maintain 3,000 jobs in the region and to build a new car model at the plant in 2009.

In another case, the company Arcelor announced, in April 2005, the closure of its blast furnaces at the Liege steelworks in Belgium’s Walloon region, resulting in the direct loss of 2,700 jobs and many more jobs in supplier companies. In response, the regional authority opened negotiations with the company and a social agreement was concluded in the subsequent months, delaying the lay-offs until 2009 and ruling out direct dismissals. The company has since introduced new investment and expanded jobs at its Carls unit in Charleroi, also in the Walloon region. In addition, it has committed itself to help create 2,700 new jobs in the region, replacing the jobs due to be lost, and to clean up the old site.

Similarly, in France, the government has intervened on a number of occasions when the announcement by a major company of plans to relocate production has provoked a strong public reaction. Such interventions have, in some cases, proved successful in dissuading the company from relocating, but unsuccessful in other instances. An example of successful government intervention, in a case which did not strictly involve relocation abroad, concerns the Japanese Total group. In early 2006, the group announced that it planned to relocate production from Accost, a
small town in the Pyrénées-Atlantiques region in the southwest of the country, to another site in France. This provoked strong opposition from the trade unions and led to a Member of Parliament going on hunger strike. After 39 days, the company gave in and signed an agreement with the government to abandon its planned move and to invest in new production facilities at the existing site instead; this was in exchange for the government and local authority undertaking to compensate for any additional costs incurred.

On another occasion, in 2003, the French government also intervened following the announcement of the planned closure of the *Metaleurop* Nord plant. However, in this case, the government was unable to prevent the closure from going ahead. In general, there has been a drop in the number of times that the government has intervened in such cases, as its influence in industry has waned due to privatisation.

In *Sweden*, the government has also taken direct action on several occasions in an effort to prevent companies from relocating. For example, when *Saab*, part of the *General Motors (GM)* group, announced plans to move car production from Trollhättan in western Sweden to the *Opel* plant in Germany, the former social democratic government agreed in its negotiations with GM to launch an investment package worth €10 million. Much of the money went into an R&D programme with the aim of strengthening innovative capacity and know-how in the region, in turn encouraging the company to keep the site in operation. As a result, the plant maintained its operations and most of the employees kept their jobs.

In other cases, such as the closure of the *Electrolux* plant in 2004 and the relocation of production to *Hungary*, the Swedish government expressed strong concern and insisted that the company should take responsibility for the workers made redundant — either by offering them other jobs or generous severance pay.

In the *UK*, the government generally claims to follow a policy of not seeking to prevent relocation. Nevertheless, there have been instances when political pressure has been put on companies not to move their activities outside of the UK. One example concerns IT services outsourced by government departments and local authorities to private contractors, which in many cases have then relocated the provision of services to India and other low-cost countries. In response to this emerging trend, the authorities concerned have in a number of instances inserted formal conditions into outsourcing agreements, stipulating that the contractor should employ local staff.

In some cases, the UK government has also offered financial aid to companies, encouraging them to maintain production at a particular site. A case in point is the support provided to the *Rover* car plant at Longbridge in the West Midlands, now under the ownership of *Nanjing Automotive* of China.

In *Italy*, while the central government has mainly focused on structural intervention (see next section), it has also intervened in particular relocation cases in recent years, largely under pressure from the trade unions. Examples include the steel plants in Terni in central Italy owned by the *ThyssenKrupp* group, the *Ilva* steelworks in Cornigliano northern Italy and the petrochemical plants in Porto Marghera in northeastern Italy. Local and regional authorities in the country have also become involved in relocation disputes, in most cases attempting to minimise the adverse effects on the local economy and employment. Prominent examples include domestic appliance manufacturers in the north of the country.

In *Malta*, many companies, particularly in the clothing industry and mainly foreign-owned enterprises, have closed down their operations in recent years and relocated to lower cost countries — such as Bulgaria, China, Romania and Tunisia. The government has largely refrained from intervening and the minister responsible has stated publicly that trying to compete in the low-end, high-volume market, which is shrinking due to much cheaper labour costs elsewhere, is not a viable option. Government policy has instead been to encourage foreign direct investment in high value-added sectors, such as pharmaceuticals and IT, especially the manufacture of electronic components and back-office support.

One exception to the Maltese government's *laissez-faire* approach to relocation concerns the case of *Denim Services*, a large clothing company employing some 1,200 people. After the company announced that it was to close down its operations, the government tried to find a buyer for Denim
Services, due to the scale of the planned job losses; nevertheless, it was unsuccessful in its attempts. Government action, or at least the threat of action, has been prompted in a number of cases by companies that plan to relocate activity abroad, despite previous commitments, and which are in receipt of financial support or subsidies. In the Netherlands, for example, one such case concerns that of SCI, a computer company which had previously received an investment premium. The company's plans to move its operations to a low-cost location abroad have prompted questions in parliament, along with consideration by the minister for economic affairs to reclaim the subsidies paid out.

In Finland, more direct action has been taken, with the Finnish Funding Agency for Technology and Innovation (Teknologian kehittämiskeskus, Tekes) being charged with the task of reclaiming subsidies paid to companies that fail to honour agreements to invest and maintain operations in the country. A case in point concerns Perlos, a telecommunications and electronics company, which closed down its plant in Ylöjärvi in northwestern Finland in February 2006, at the same time, expanding its investment in China, Hungary and Mexico. Some months later, Tekes announced the cancellation of an earlier agreement to fund an R&D project to be undertaken by Perlos and its intention to claim back the €220,000 already paid.

**Structural intervention**

In many EU countries, companies have urged the government to respond to globalisation, as described above, by creating a favourable climate for business. Recommended measures include reducing taxes on both companies and individuals, cutting back on labour market regulation and subsidising R&D. In a number of Member States, governments have undertaken such action. In Austria, proactive policies have been implemented in an attempt to prevent the relocation of activities or reduce its scale. Both the previous conservative-populist government and the current social democratic-conservative coalition government have pursued a so-called 'headquarters strategy', providing incentives to multinationals to move their R&D activities and/or head offices to Austria, at the same time, the government has discouraged them from relocating skills-intensive activities abroad. Such a strategy has been prompted by the fact that virtually no multinationals have their head office in Austria, unlike the case in Finland, Sweden or Switzerland, which are all smaller countries in terms of population. In 2005, expenditure on this strategy amounted to €20 million and, it is claimed, has led to the creation of some 350 new R&D-related jobs.

Similarly, the State Public Holding Company Act (Österreichische Industrieholding Aktiengesellschaft Gesetz, OIAG-Gesetz) of 2000, which regulates the privatisation of the remaining partially state-owned companies, obliges the agency charged with the task to look for private buyers who, as far as possible, are Austrian nationals. However, the most recent cases of privatisation have not been too successful in this regard.

In Italy, the 'Industry 2015' parliamentary bill was introduced towards the end of 2006, aiming to simplify the system of incentives for companies investing in new technology, as well as the bureaucratic procedures involved in such a system. There are also proposals to reduce labour costs by reducing social charges on employers, thus cutting the tax wedge between the labour costs of companies and the net pay received by employees.

The change in policy focus away from trying to prevent relocation through direct support of the companies concerned is not only illustrated by developments in Malta, as noted above, but also in Slovenia. Up until relatively recently, the Slovenian government intervened in the textiles, clothing and leather industry, which is categorised as a 'sector for enterprise rehabilitation and restructuring', in order to assist companies in restructuring. Over the period 2000–2004, the sector received about €28 million in state aid and, between 2003 and 2005, around a quarter of all financial support given to manufacturing in the country. However, in 2005, following Slovenia's entry into the EU, support for the industry stopped completely and the policy focus switched to strengthening the competitiveness of the economy as a whole rather than allowing parts of it to decline.
In Greece, where the industrial environment has undergone major changes in the past 20 years, with the dismantling of tariff barriers and the liberalisation of public procurement policy to allow for the entry of foreign suppliers, there has been a pressing need to restructure the economy. Under legislation introduced in 2004, higher subsidies have been paid to SMEs in an attempt to strengthen competitiveness and reduce regional disparities. Subsidies have amounted to up to 55% of costs for companies operating in areas near the country’s borders, as well as in areas where GDP per head is 65% or less of the EU average.

In the face of similar challenges, in Spain the government is aiming to develop a new industrial policy in an effort to strengthen competitiveness and reduce relocation, through increasing productivity by means of investment in research, technology and innovation. To this end, a ‘Declaration for social dialogue 2004: Competitiveness, permanent employment and social cohesion’ has been agreed on with the social partners. As part of this policy, eight observatories have been established in specific industrial sectors, whose remit is to monitor developments and anticipate change.

**Interventions to alleviate the effects of relocation**

In a number of countries, part of the government’s response to globalisation and the relocation of production abroad has been to introduce supportive measures for those most affected – both employees and employers.

In Greece, the Special Social Solidarity Fund (ETKA) was established in early 2007 to provide income support for people who are long-term unemployed and those losing their jobs due to restructuring in declining industries – especially in clothing and footwear.

In Spain, alongside efforts to strengthen the competitiveness of the economy as a whole, the government in cooperation with the social partners has introduced a plan for supporting the textiles industry and helping companies adapt to the liberalisation of trade. This includes: measures to retrain workers and assist them to find jobs in other economic sectors; the payment of compensation to workers aged 55 to 61 years who are made redundant; measures to increase the competitiveness of the industry. The Ministry of Labour and Social Affairs (Ministerio de Trabajo y Asuntos Sociales) and the social partners are in the process of trying to reach a similar agreement in the footwear industry.

In Cyprus, the government reacted to the mass relocation of clothing and footwear companies during the 1990s and the early 2000s by concentrating policy efforts on assisting the employees losing their jobs to find work or retrain.

In Portugal, government measures have also focused on alleviating the consequences of restructuring, rather than seeking to prevent it. As part of these measures, the Centre for Fast and Personalised Intervention (Núcleo de Intervenção Rápida e Personalizada, NIRP) has been set up to provide support at local level for workers affected by restructuring, such support involves social protection and help in finding new jobs. At the same time, an early-warning system to anticipate company restructuring and prepare suitable policy responses has been established by the Agency for Integrated Intervention for Enterprise Restructuring Processes (Gabinete de Intervenção Integrada para a Reestruturação Empresarial, Agiire).

**Trade union response**

Offshoring or relocation represents a problematic issue for trade unions. While it can result in a substantial loss of jobs for their members as companies transfer production to other countries, it can also be a means of safeguarding other jobs if it enables companies to secure their viability and thus maintain at least some part of their operations in the country in question. At the same time, the threat of relocation can persuade trade unions to make concessions over pay and working conditions, in order to reduce operating costs and preserve employment. The different ways in which trade unions across the EU have reacted to relocation are considered next.
Resistance to relocation

In most countries, trade unions have tried to resist the relocation of activities abroad whenever they have involved significant job losses. In many cases, resistance has proved futile. In other instances, opposition has proved successful but at a cost: such as, having to make concessions in the form of reducing pay claims or foregoing them completely, or even accepting pay cuts, or agreeing to increases in working time without compensation or to more flexible working methods.

In Belgium, the most recent case concerns the Volkswagen plant in Forest in the Brussels region: in this instance, the trade unions, with the support of the federal government, succeeded through collective bargaining in maintaining about 3,000 jobs at the site and secured the company’s agreement to manufacture a new model, the Audi A3, at the site in 2009. In return, however, the trade unions accepted an increase in working time from 35 to 38 hours a week without any pay increase.

Also in Belgium, in May 2007, trade unions at the ArcelorMittal steelworks in Liège in the Walloon region convinced the management of the newly-merged company to re-examine a decision made by the previous management of Arcelor, to close down a blast furnace at the site two years earlier. This was based on a detailed study undertaken by the trade unions, which demonstrated the high productivity of the site, the effectiveness of collective bargaining procedures and the goodwill of the workers. The move led to an agreement on a possible reopening of the furnace, with the creation of 220–250 jobs.

In Spain, the SEAT car company moved its plant in Martorell near Barcelona to Slovakia’s capital city of Bratislava in 2002, to take advantage of lower wages and government support. Two years later, in 2004, the plant was relocated back to Spain following an agreement between trade unions and the company. The agreement involved greater flexibility in working arrangements on the part of employees, although the company also made concessions enabling workers to achieve a more favourable work-life balance.

In France, cases have also arisen where workers have succeeded in preventing relocation, or reducing its scale, through direct action; however, this has often involved support from the government at local or national level.

Trade unions in Italy have, in a number of cases, succeeded through negotiation in persuading companies to modify their plans to relocate production abroad. A prime example is the agreement reached with Electrolux in 2005 to invest in the continued production of domestic appliances – such as washing machines and dishwashers – at the Forcia plant in the Friuli-Venezia Giulia region in northern Italy, instead of relocating production to Germany. At the same time, the company agreed to reduce the number of redundancies initially planned at the Scandicci plant near Florence, as well as providing training and outplacement services to employees due to lose their jobs.

In Germany, some trade unions have adopted a European-wide strategy in response to relocation plans, with some success. In particular, the German Metalworkers’ Union (Industriegewerkschaft Metall, IG Metall) has been a leading mover in the strategy of the European Metalworkers’ Federation (EMF) of linking trade unions and European Works Council members in different countries, in order to present a united front to multinational companies. This strategy led to GM signing framework agreements with trade unions in early 2007; under these agreements, the company undertook not to close any plants in Europe, as long as certain concessions were made.

At the end of 2006, IG Metall was also involved in an agreement with Fujitsu Siemens Computers (FSC), under which the company guaranteed to keep 10 German plants in operation until 2012; in addition, it made a commitment to invest €30 million a year and to create additional apprenticeships at each site. In return, IG Metall agreed to extend the working week to 38.5 hours and to delay for six months pay increases already agreed.

Nevertheless, company-level agreements have sometimes proved short-lived. An agreement reached with Siemens in 2004 to keep open two plants producing mobile phones ended when they were sold to another company BenQ. Similarly, an agreement concluded between the Mining, Chemicals and Energy Industrial Union (Industriegewerkschaft Bergbau Chemie Energie, IGBCE)
and the tyre company Continental to keep the Hanover plant in Germany in operation, instead of relocating production to Poland, was cancelled prematurely by management.

Trade unions in the UK have also had mixed success in preventing the relocation of activities. They were generally more successful when the company retained some operations in the UK or when it needed to continue liaising with intermediaries in the country in order to serve the UK market. One such example is the outsourcing of IT and data processing activities by national and local government bodies, as referred to above. In securing these contracts, companies such as EDS, for example, have been keen to demonstrate to the public authorities concerned that they will not create adverse publicity by provoking conflict with the trade unions. The trade unions in question have then tended to take advantage of this situation to maintain job levels and the existing terms and conditions of employment. At the same time, trade unions have campaigned, although with mixed success, to persuade local authorities to include provisions into outsourcing agreements that prevent employment being moved abroad.

A somewhat different example concerns the banking sector, where trade unions have had limited success in preventing the relocation of activities, while they have succeeded in moderating employment consequences. In particular, Amicus – which has now become Unite the Union (Unite) following the merger with the Transport and General Workers’ Union (TGWU) and is the largest trade union in the sector – has campaigned vigorously to prevent call centres being relocated abroad. At times, the union has threatened strike action against banks that refused to negotiate over their plans in this regard. As a result, Amicus reached agreement with Barclays Bank in 2003 over the support provided to employees affected by the relocation of 523 call centre jobs to India; the agreement stipulated that there would be no compulsory redundancies, some redeployment of the workers affected and the provision to other workers of help in retraining.

In addition, Amicus continued to negotiate with HSBC over the number of jobs to be outsourced to India and the consequences for UK employees. In parallel, the trade union has made representations to both the UK and European Parliaments and sought to create alliances with customer representative groups over the drawbacks of relocating call centres abroad. Although such activities may have had some effect, they have not prevented the relocation of large numbers of call centre jobs abroad.

In other countries, the focus has also shifted away from trying to save workers’ jobs to ensuring that support is provided to those workers who lose their jobs in the form of training, redeployment to other sites, assistance in finding new jobs and more generous compensation payments. This seems to be the case in Cyprus, Denmark, Greece, Luxembourg, Malta, Portugal, Slovenia and Sweden.

In Luxembourg, according to the Luxembourg Confederation of Christian Trade Unions (Lëtzeburger Chrëschtleche Gewerkschafts-Bond, LCGB), the best-case scenario resulting from negotiations tends to be for the company to only partly relocate its production abroad rather than all of it, to close down the business activity concerned progressively instead of all at once and to assist in the redeployment and retraining of workers. Moreover, trade unions in Luxembourg have persuaded the government to introduce a system under which companies in difficulty have to notify this fact to the Committee for the Economy (Comité de Conjoncture), a tripartite monitoring and advisory body. Therefore, trade unions receive advance warning of possible cases of restructuring or closure. This gives them time to suggest measures that the companies concerned might take to help workers prepare for this situation, such as retraining.

In Sweden, the Swedish Confederation of Trade Unions (Landsorganisationen i Sverige, LO) has also adopted a proactive stance to relocation, monitoring possible developments in order to formulate a prospective strategy, according to Susanne Lindberg-Elmgren who is responsible for policy concerning corporate social responsibility (CSR) at LO. The Swedish Union of Technical and Clerical Employees in Industry (Svenska Industritjänstemannaförbundet, SIF) has a similarly proactive strategy, seeking to demonstrate through detailed analysis of data that the costs and benefits of relocation are not always as clear-cut as companies believe (SIF, 2006). SIF also advocates that union representatives should be directly involved from the start when companies
consider outsourcing and should participate fully in any steering or working groups, according to its economist Åsa Holmgren.

In Denmark, trade unions explicitly recognise that they can do little to prevent activities being relocated if management decides on such a course of action and their efforts are mainly focused on finding a means of moderating the effects of the resulting sites closures and job losses.

In Malta, Bortex, a leading clothing manufacturer employing around 300 workers, transferred parts of its production to Bulgaria, China and Tunisia between 2003 and 2005 in order to cut costs. In exchange for there being no compulsory redundancies, GWU accepted a wage freeze by postponing the renewal of the company collective agreement (MT0707029I).

Trade unions seem to adopt much the same stance in most of the other new Member States – the Czech Republic, Estonia, Hungary, Poland and Slovakia – as well as in Finland and the Netherlands and Finland. In Estonia, for instance, the inability of trade unions to influence relocation decisions is illustrated by a case in 2006, when the leading passenger shipping company in the Baltic Sea region, Tallink, decided to shift operations to Latvia in order to reduce labour costs. Despite the public protests organised by the Estonian Seafarers’ Independent Union (Eesti Meremeeste Sõltumatu Ametiühing, EMSA) and representations to Prime Minister Andrus Ansip, the government refused to intervene.

Acceptance of relocation for the viability of the company

In many relocation cases, companies have argued that it is necessary to move part of their activities abroad in order to preserve at least some jobs in the country concerned. On a number of occasions, trade unions across the EU have accepted this argument and have agreed to the job losses involved. For example, in Belgium, in the case of AGC Automotive, a company specialising in the manufacture of windscreens, the trade unions accepted the relocation of the production of tempered glass abroad, since they recognised that the plant was not competitive in relation to other glass manufacturers in Europe. Their main objective, therefore, was to maintain at least 400 jobs at the site in other departments.

In addition, in May 2007, when GM announced plans to relocate the production of the Opel Astra car from Antwerp to other parts of Europe involving the loss of 1,400 jobs, the trade unions agreed to the relocation but under condition that the company transferred other production lines to the site. According to the spokesperson of the steel and motor sector union FGTB/ABVV, ‘we had to choose between the total closure of the production site or the relocation of the biggest part of the production’.

Similarly in Ireland, trade unions have had little choice, on a number of occasions, but to accept the relocation of production as a means of preserving some jobs. This was the case, for example, in March 2007, when the Services, Industrial, Professional and Technical Union (SIPTU) agreed to Procter & Gamble’s decision to transfer the manufacture of skincare products from Nenagh in central Ireland to Łódź in central Poland over a two-year period. The relocation of production involved 280 job losses in manufacturing but in return secured the jobs of 220 more employees in the cosmetics division in Ireland.

In Slovenia, trade unions have generally accepted the need for companies, particularly in the textiles, clothing and footwear industry, to relocate the low-skilled occupations of the production process to lower cost countries – mostly to the Balkans but also to China and India – as long as higher-skilled jobs remain in the country. Cases where this has occurred include the Peko shoe company and the Alpina Sports shoe producers.

A number of trade unions in Slovakia have also accepted the relocation of parts of production processes abroad as a means of maintaining the competitiveness of the company, which on some occasions has even resulted in an expansion of jobs. In the VW plant in the capital city of Bratislava, several changes have taken place in relation to the products manufactured over the past 10 years, all of these changes were associated with both inward and outward relocation of activities. Since the employment level has risen over the period as a whole, it has not proved difficult for the trade unions to accept the relocation of production on occasions.

© European Foundation for the Improvement of Living and Working Conditions, 2008
In other cases, trade unions have adopted a more radical stand against relocation activities irrespective of any potential gains.

In Germany, for instance, trade unions are generally opposed to the relocation of production which results in plant closure and job losses. They only make an exception in specific cases, such as the relocation or outsourcing of particular services or service divisions – call centres, for example – if the relocation involves significant cost reductions which seem plausible.

Trade unions in Austria have opposed each case of production relocation abroad, by emphasising the repercussions on supplier industries and services, as well as the direct job losses resulting from such relocation. Partly due to the possibility of relocation, trade unions are strongly against the privatisation of remaining state-owned key industries.

In Luxembourg, LCGB has expressed the view that there is rarely a need for the closure of a site because of the relocation of activities. It cites the example of TDK which ceased producing DVDs in the country as it was no longer profitable given the size of market covered from the site; however, according to the trade union, the company could have switched production to a higher value-added product such as the HD-DVD instead, thereby avoiding the closure of the plant.

**Threat of relocation as a factor in collective bargaining**

In many countries, the possibility of relocation has increasingly been used as a threat during collective bargaining to persuade trade unions to make concessions over pay and working arrangements. How genuine such a possibility is, however, can be hard to judge.

In Malta, in 2006, for example, GWU postponed the negotiation of a new collective agreement with one of the largest semiconductor producers in the world, ST Microelectronics, which at the time was planning to lay off 3,000 workers at its European sites. Instead, the trade union succeeded, through the European Works Council, in negotiating a guarantee that there would be no lay-offs among the 400 people employed by the company in Malta, in exchange for modifications to the pattern of shift work and wages.

In Ireland, the case of Irish Biscuits – owned by another Irish company, the Jacob Fruitfield Food Group – provides a good example of concession bargaining. At the beginning of 2006, the company informed workers that the plant in Dublin would be closed down and products sourced from low-cost producers in other parts of Europe, unless they accepted a similar cost structure. The proposal agreed by the workforce was to reduce the wages offered to new entrants and make their working arrangements more flexible while maintaining pay levels for existing employees.

In Norway, concession bargaining to avoid the relocation of production is not common. One well-known example, however, concerns Kværneland ASA. In this case, the trade unions agreed to more flexible working time arrangements and a partial wage freeze in 2005, in order to keep production in the country, despite the company’s substantial downsizing of operations at the time to increase efficiency.

In Germany, the threat of relocation has become a factor in collective bargaining at company level in order to reduce production costs and improve competitiveness. A recent study by the Institute of Economic and Social Research (Wirtschafts- und Sozialwissenschaftliches Institut, WSI) within the Hans Böckler Foundation (Hans Böckler Stiftung) on Company relocation: The consequences for employees (Ahlers et al, 2007) reveals that there is a marked disparity across all sectors of the economy between the threat of relocation and it actually taking place. The findings are based on an analysis of the 2004–2005 WSI works council survey, which regularly monitors developments in a representative sample of 2,000 private sector companies. Of the 2,000 companies surveyed, some 16% have entered into discussions on relocation but only 9% had carried it through. In other cases, it had increased pressure on the works council to agree concessions on salaries and working time in order to safeguard jobs (DE0703029I).

According to the same survey, three out of four establishments make use of ‘opening-clauses’ or provisions in collective agreements which allow bargaining at company level to deviate from the collective standards when setting pay and working arrangements. In the textiles and clothing industry, in particular, it has become common for workers to make concessions in relation to wages and working time in exchange for company undertakings to refrain from enforced...
redundancies and to invest at the site. In addition, collective agreements in the chemicals industry have, since 1998, contained an opening clause on wages ‘to safeguard jobs and to improve the competitiveness of Germany as a location’. This opening clause allows company-level agreements to reduce wages by up to 10%.

Another recent study of company-level agreements on competitiveness and employment protection in the German automobile industry between 1993 and 2006 concluded that the bargaining outcomes tend to be one-sided: workers generally make immediate concessions on pay and working time, while companies make promises about future action which are conditional on unforeseeable market developments. It also showed that companies have been able to reduce employment despite company-level agreements on safeguarding jobs and that competition between companies was increasingly in terms of wage concessions (Jürgens and Krzywydłński, 2006).

In the Netherlands, there have been a number of cases where, despite concessions by employees, companies have, nevertheless, relocated activities abroad. A prime example is the ABN AMRO case in 2006, where the trade unions accepted a freeze on pay, but where a range of activities were both outsourced and relocated abroad the following year despite the reduction in labour costs. The possibility of relocation, whether genuine or not, seems to play a role in collective bargaining in a number of countries, including Hungary, Lithuania, Luxembourg and Sweden. In these countries, the prospect of relocation is reported to have led to reduced pay claims and concessions on general working arrangements. This is also the case in Slovenia, where relocation does not necessarily appear explicitly as a threat in collective bargaining, but the possibility implicitly affects negotiations.

Similar examples exist in Portugal, according to the General Confederation of Portuguese Workers (Confederação Geral dos Trabalhadores Portugueses, CGTP). For example, the Autoeurope motor vehicle company, which is part of the VW group and employs about 3,200 people, publishes from time to time press releases announcing that the next model will not be produced in Portugal since other countries are more competitive in terms of wages. It is argued that such statements in the press have put pressure on workers to agree to periodic pay freezes, to work extra hours without additional pay, and so on.

In Denmark, the possibility of relocation coupled with the increased competition in global markets, has served to keep pay provisions in collective agreements down and maintain an annual wage increase of 2%–3% in recent years. These moderate wage increases occurred despite favourable labour market conditions in the form of low unemployment and shortages of particular skills, which in turn seem to increase trade union bargaining power.

In the UK, the takeover of the Anglo-Dutch steelmaker Corus by the Indian conglomerate Tata in early 2007 has led the Community trade union to express concern that unfinished or ‘slab’ steel, which is currently produced at the company’s plant in Port Talbot in South Wales, could be replaced by cheaper production at the parent company’s domestic operations in India in the near future (UK0703049D). In the union’s view, this possibility is likely to be a factor in negotiations over pay and employment levels in the coming years.

Employer representatives in Austria have increasingly threatened to relocate activities abroad in recent years, unless trade unions made concessions in collective bargaining. However, the fact that collective bargaining in Austria is conducted almost exclusively at sector level rather than at company level makes such threats less immediate.

In Cyprus, the possibility of activities being relocated abroad is less relevant since the country’s economy is largely based on small enterprises oriented towards the domestic market. The British American Tobacco (BAT) company, however, was an exception. After drawing attention for some time to the problem caused by rising labour costs and the possibility that this would lead to production being transferred abroad, the company decided to terminate operations in Cyprus in 2006 (CY0602103N).

In Italy, company-level agreements on relocation tend to have been reached following the company’s announcement of its intentions, protest action by the trade unions and, in some cases, the involvement of political authorities to find ways of minimising the negative effects. However, there are relatively few examples where the threat of relocation has led to modifications to
collective agreements. One such example concerns the Siemens VDO Automotive plants in Tuscany, where an agreement was concluded under which the trade unions agreed to greater flexibility in working arrangements and revised shift working patterns in exchange for the company’s undertaking to maintain employment levels and guarantee of new investment.

Takeover of domestic companies by foreign-owned establishments

Restrictions on foreign acquisition of domestic companies

In most countries, the stated government policy is not to restrict the acquisition of domestic companies by foreign-owned establishments as long as they do not infringe competition legislation and create monopoly positions in particular markets.

Ireland is a prime example in this respect: in 1997, the government established by law the Irish Takeover Panel (ITP) to regulate and monitor mergers and acquisitions, particularly in sectors where a series of acquisitions of domestic companies occurred in the recent past, especially by UK companies. These include the UK-based Boots chemist’s chain acquiring HCR, the UK supermarket chain Tesco acquiring Quinnsworth, the UK telecom provider British Telecom (BT) acquiring Esat Telecom and the aircraft maintenance company TEAM Aer Lingus being taken over by the Danish conglomerate FLS Industries.

In Denmark, where no explicit policy on foreign acquisitions exists, the government published in 2006 an analysis of the takeover of domestic companies by international capital funds. In recent years, such funds have been very active in the country in acquiring large companies like Danish Telecom, the communications provider TDC and the international cleaning company ISS. In 2005, 6% of the funds’ global investments were in Denmark and the 80 large companies which they own account for 4% of the country’s private sector employment. The findings of the government study, which were based on examining 120 Danish companies owned by the funds over a 10-year period, revealed that both turnover and employment increased in the companies surveyed following the takeover. However, the analysis also showed that borrowing increased more significantly, resulting in much reduced payments of tax. As a consequence, corporate tax laws were subsequently amended in order to limit the deductions possible against tax, including those relative to interest payments. Regarding the legislative amendments, the government argued that capital funds buy in Denmark, incur costs in the country but transfer their income abroad.

Despite general government acceptance of foreign acquisition of domestic companies, there are, nevertheless, signs of concern in some countries over the foreign ownership of key parts of the domestic economy.

In Italy, for example, the government has introduced various measures since the 1990s to lower the barriers for foreign investors to enter the Italian economy and to increase competition. At the same time, the government has also taken indirect action to maintain domestic ownership of parts of the economy that are deemed vital to national interests, such as the defence industry, telecommunications, transport and energy. Examples in this respect include the recently proposed merger between the main Italian company for building and managing motorways and services, Autostrade, and the largest European company in this area, Spain’s Abertis, as well as the recent sale of Telecom Italia to Telefónica. In the former case, the government delayed the merger going ahead in order to change the rules on motorway concessions before it was completed.

In Finland, the government is the largest shareholder in a number of key industry sectors, including electricity supply where it owns 51% of Fortum, aviation where it owns 55.8% of Finnair and oil refining where it owns over 50% of Neste Oil.

In Spain, the government defends free competition in most parts of the economy; nonetheless, it regards regulation as being critical in sectors where the free market cannot, on its own, guarantee the best allocation and use of resources. These sectors include energy supply, telecommunications and transport, along with the management of water and other natural resources.

© European Foundation for the Improvement of Living and Working Conditions, 2008
In Estonia, as in other transition countries, there are strategic areas of the economy, such as basic infrastructure, in which production remains under public ownership rather than being privatised. The areas in question are determined on a case-by-case basis, rather than by the application of any general principle. Moreover, no distinction is made between domestic and foreign purchasers when state companies are privatised. This is exemplified by the sale of the Estonian Railways (AS Eesti Raudtee) to a foreign company, although in this case, they were recently re-nationalised because of operational problems.

In Slovenia, the government signed up to the OECD Declaration and decisions on international investment and multinational enterprises and sees little need for restrictions on the ownership of companies in most sectors; nevertheless, it retains influence over many important parts of the economy. This results from its ownership of controlling shares – directly and indirectly through the two ‘quasi’ state-owned Pension Fund (Kapitalska družba, KAD) and Restitution Fund (Slovenska odškodninska družba, SOD) – in a large number of major Slovenian companies, extending beyond public utilities, such as transport, energy supply and telecommunications establishments, into both the financial intermediation and manufacturing sectors. As a consequence of the widely dispersed nature of share ownership which resulted from the mass privatisation, the government is able to exercise effective control over companies even if the Pension and Restitution Funds hold only 10%–20% of the shares.

In addition, although there are no formal restrictions on foreign ownership, effective limits have been set on the foreign acquisition of domestic companies. For example, the proposed sale of the Nova Kreditna Banka Maribor (NKBM) was cancelled when the only companies bidding were foreign-owned establishments. Similarly, the large Belgian-based international brewery InBev was unsuccessful in its proposed acquisition of the domestic company Pivovarna Union, in the face of opposition by the government, as well as the public at large.

In Slovakia, the situation is somewhat different, in that the previous government sought to privatise state-owned companies in all sectors of the economy. In terms of privatisation, the government argued that it was both a good source of finance for public expenditure and a means of improving the management of domestic companies. Accordingly, a number of large multinationals from various countries have acquired interests in a number of key areas of the Slovakian economy, including steel making, energy supply and telecommunications – in particular, US Steel, Ruhrgas, Gaz de France (GDF), ENEL, Deutsche Telekom, RWE and E.ON.

The current government, however, has adopted a less liberal stance and has taken steps to stop some privatisation projects which the previous government prepared and which were going ahead, particularly in the transport sector. In 2006, the sale of Bratislava Airport to an Austrian-Slovak consortium was cancelled as was the sale of Slovak Cargo Railways to a foreign-owned company. The government believes that these companies can operate efficiently without being foreign owned, although it recognises the need for them to cooperate with foreign companies.

In France, restrictions on foreign ownership are set to become more extensive with new legislation on foreign takeovers of domestic companies. For example, the proposed sale of the Danone by the US multinational Pepsi in Summer 2005, which led to heated public debate. The new law on takeover bids of 31 March 2006 (Loi du 31 mars 2006 relative aux offres publiques d’acquisitions) establishes a procedure for foreign investment in what are regarded as strategic sectors, including those with a possible impact on public order, national security and defence. Since it took effect at the end of May 2006, companies launching takeover bids are required to state their intentions as regards the company concerned to the Financial Markets’ Authority (Autorité des marchés financiers, AMF), which has the power to issue stock purchase warrants to push up the share price. The intention is to deter takeover bids that are either hostile or motivated by speculation.

The legislation also embodies the ‘principle of reciprocity’, giving a French company the ability to deploy protective measures comparable to those available to the company initiating the bid. Therefore, a French company could implement protective measures without consulting its shareholders, if it were targeted by a company that had launched a bid without having to do likewise. Furthermore, the legislation incorporates the EU provisions on employee information,
obliging the bidding company to send its prospectus not only to the works council of the targeted company but also to its own works council.

By contrast, in a number of countries – particularly in Belgium, Portugal and the UK – government policy is principally geared towards attracting foreign investment rather than controlling foreign acquisition of domestic companies.

In the UK, for example, the government actively encourages foreign ownership across the economy, including in healthcare provision, where the government reform of the National Health Service (NHS) has extended to buying in healthcare provision from private suppliers. Foreign companies have won many of the contracts for providing services, such as scans and minor operations that do not require overnight stays. Moreover, the use of the Private Finance Initiative has also enabled foreign companies to become involved in public investment and the construction and maintenance of roads, schools and hospitals.

A further example of the UK government’s laissez-faire stance on foreign ownership, which contrasts noticeably with that of governments in other parts of the EU, concerns the sale by British Aerospace (BAe) of its 20% stake in Airbus to the European Aeronautic Defence and Space (EADS) company in early 2006, which left the two main UK Airbus sites in Broughton in North Wales and in Bristol under foreign ownership.

In Malta, the government has adopted similarly liberal policies and has not made any attempt to restrict the involvement of foreign companies in the privatisation process, after obtaining assurances about the continuation of public service obligations. A recent example is the sale of the main telephone operator Maltacom to the Dubai-based Tecom Investments Limited.

The same is the case in Hungary, where the government has operated an ‘open entry’ policy since the late 1980s, with extensive privatisation of state industries and services, including most public utilities. The only foreign takeovers which have provoked public debate are those by Russian and Ukrainian companies – which is understandable given the recent history. Nevertheless, the Hungarian government has not made any attempts to restrict sales to such companies, as illustrated by the recent sale of the national airline company Malév to a Russian purchaser. Although privatisation legislation includes a list of companies, rather than entire sectors, which were to be kept under effective state control, the system is in the process of being modified due to the fact that it infringes EU regulations and the government is now planning to privatise two state-owned companies.

Restricting foreign investment in particular sectors

In most countries, as no obstacles exist in relation to the foreign acquisition of domestic companies, there are also few restrictions in place to limit the investment and growth of foreign-owned companies in the domestic economy. On the contrary, in the majority of cases, the policy emphasis is on creating a favourable climate for foreign investment to attract companies from abroad to set up business and expand their operations.

This is particularly the case in the new Member States, where governments are actively seeking foreign direct investment in order to support the growth and development of the economy and provide financial incentives to this end.

In Estonia, the government has concluded treaties for the protection of investment with a number of countries, including Finland, France, Germany, Norway, Sweden, Switzerland and the USA, as well as double taxation agreements with 32 countries, including all of the EU Member States. To help foreign companies invest in the country, Enterprise Estonia (Ettevõtluse Arendamise Sildasatus, EAS) has created a website which provides useful information on the opportunities.

Governments in the EU15 are also actively involved in such activities. In Austria, a government-operated consultancy, the Austrian Business Agency (ABA), has been established to provide services and advice to potential foreign investors in the country.

Similarly in Luxembourg, various measures are in place to provide support and guidance to foreign investors in the form of, for example, incubator facilities for innovative start-ups, financial incentives and assistance with exploring market opportunities. In 2006, the Ministry of the
Economy and Foreign Trade (Ministère de l’économie et du commerce extérieur) supported 27 investment projects and 23 R&D projects.

Nevertheless, restrictions do exist in certain sectors in some countries, especially in those sectors of the economy which are considered sensitive. For instance, foreign investment is controlled in the armaments industry in the Czech Republic and in agriculture in Hungary. The control in the latter country is in the form of a ban on foreigners owning arable land, although foreign companies are allowed to lease land from domestic owners. In France, restrictions exist on foreign involvement in gambling and in a number of security-related activities. These include regulated private security activities, the development of communications interception equipment and activities related to the prevention of terrorist use of pathogenic or toxic substances and tackling the consequences of their use.

In Spain, restrictions tend to be more extensive than elsewhere, covering foreign investment in energy supply, telecommunications and transport, along with the management of water and other natural resources.

The situation is less transparent or consistent in Italy. While foreign investors in the Italian economy have been encouraged in recent years, the government continues to interfere indirectly in what are considered to be critical sectors, such as national defence, healthcare, raw materials, essential public services, telecommunications and transport. As a result, both foreign direct investment and the presence of foreign-owned companies is low in Italy compared with other EU Member States.

Social partner responses

Trade unions

Trade unions across the EU have in most cases not resisted the foreign acquisition of a domestic company simply because of the nationality of the company concerned. Their main concern is that good labour relations are established or maintained and that the foreign-owned company complies with prevailing legislation or regulations in this regard, including legislation which governs takeovers, irrespective of its nationality. At the same time, it is widely recognised that foreign-owned companies can be more difficult to deal with because the main centre of decision making is outside the country. In addition, companies with their head office in Europe tend to be easier to negotiate with than those with the office outside Europe because of the presence of European Works Councils.

Although there are instances in some countries where trade unions have tried to prevent the sale of a company to a multinational or have favoured one prospective purchaser against another. This has usually been out of a concern for the consequences of the transaction – a fear that the company acquired would be broken up or downsized and/or that the terms and conditions of employment as well as industrial relations would be worsened.

In the UK, as well as in Luxembourg, the trade unions pay close attention to a foreign company’s past record on industrial relations and particularly its treatment of workers. For example, in the UK, Community, the main trade union in the steel industry, welcomed Tata’s protracted attempts to take over Corus from the very beginning; the union underlined the company’s history of accepting the legitimacy of worker representation, in contrast to the more hostile approach adopted by many US multinationals.

In Germany, IGBCE opposed the takeover bid of the German-French Aventis pharmaceutical group by the French company, Sanofi Synthelabo, because it expected both jobs and R&D to be relocated to France rather than because of the nationality of the company as such. Similarly in the media sector, although the United Services Union (Vereinte Dienstleistungsgewerkschaft, ver.di) opposed the acquisition of German media companies by the Murdoch and Berlusconi groups, it explicitly stated that the reason was nothing to do with the fact that they were foreign-owned but because of their particular styles of management and policies.

In Belgium, while the Arcelor Works Councils rejected the takeover of the company by Mittal Steel, the German Metalworkers’ Union (Industriegewerkschaft Metall, IG Metall) announced that
its position depended on the company's strategic plans, the job prospects that it envisaged and whether it guaranteed codetermination.

Employers

Domestic companies, like trade unions, also seem in general not to have resisted their acquisition by foreign-owned establishments throughout the EU, with the exception of a few specific cases. In Germany, the opposition of trade unions to the acquisition of Aventis by Sanofi Synthelabo was paralleled by similar opposition from management. Aventis management, with the support of the Hesse public authority and IGBCE, attempted to negotiate an alternative deal with the Swiss pharmaceutical company Novartis.

In Cyprus, the acquisition of the Bank of Cyprus Group (Συγκρότημα Τράπεζας Κύπρου) by the Marfin Popular Bank, a subsidiary of the Greek Marfin Financial Group, was opposed by the bank's board of directors, the latter argued that this acquisition would have an adverse effect on the Cyprus economy. However, this case is an isolated incident with other foreign acquisitions of Cypriot companies, such as of Charalambides Dairies and Christies Dairies by the Greek Vivartia group which is also owned by Marfin, failing to give rise to similar opposition.

In Slovenia, on the other hand, there seems to be a more general and widespread opposition from the employer side to foreign companies acquiring domestic enterprises. The example of the failed InBev bid for Pivovarna Union was mentioned above, but other sizeable foreign acquisitions or attempted acquisitions have prompted similar opposition; this is largely based on nationality and amid claims that the foreign company concerned would reduce or close down operations in Slovenia and thereby cause jobs losses. In practice, however, the government has held the key to the success or failure of foreign takeovers, since popular opposition to foreign acquisitions has been successful only when the government has refused to sell its shares in the domestic company concerned.

Bibliography

All links accessed on 25 January 2008.


Centrum Badania Opinii Społecznej (CBOS), Foreign capital in Poland, Warsaw, Public Opinion Research Centre (CBOS), 2007.


University of Ljubljana, *Slovenian public opinion*, Faculty of Social Sciences, Ljubljana, 2004.

Annex 1: Questionnaire to national correspondents

Full list of questions

1) Attitudes to globalisation

- Have there been any surveys of public opinion in your country over the past 3–4 years on attitudes towards globalisation or on the various dimensions of this (as listed below)?
- Have these surveys made a distinction between the different dimensions of globalisation (as listed below) or have separate surveys been carried out on these dimensions?
- Have these surveys made an explicit distinction between globalisation and the process of European integration, by, for example, distinguishing between relocation of production to other EU Member States and relocation to countries outside the EU or between the takeover of domestic companies by EU-owned firms and takeover by non-EU establishments?
- Have employer associations in your country adopted a stated position as regards the main aspects of globalisation – i.e. outsourcing or the relocation of production abroad and the acquisition of domestic companies by foreign-owned ones?
- Have trade unions in your country adopted a stated position as regards the main aspects of globalisation – i.e. outsourcing or the relocation of production abroad and the acquisition of domestic companies by foreign-owned ones?

2) Institutional responses to globalisation

Government action to prevent or reduce the extent of offshoring/relocation

- Are there any recent examples in your country (i.e. over the past 3–4 years) of the government intervening to prevent particular activities from being relocated abroad or to reduce the scale of this?

Social partner attitudes towards offshoring/relocation

- Have there been cases over the past 3–4 years where the possibility – or threat – of relocation of production has featured as a factor in collective bargaining?
- Are there any cases over the past 3–4 years where trade unions have successfully resisted plans to relocate production abroad or have managed to reduce the extent of this?
- Are there any cases where trade unions have accepted the need for the relocation of production – or part of it – abroad as a means of maintaining or improving the viability of companies, and so of preserving some jobs and even ultimately expanding them?

Government policy on foreign-owned companies controlling significant sections of the economy

- Does the government in your country have an explicit policy on restricting the acquisition of domestic companies in certain sectors by foreign-owned companies?
- Are there any restrictions on foreign-owned companies setting up branches or subsidiaries in your country either generally or in specific sectors?
- Are there any sectors of the economy in which the acquisition of a domestic company has not been allowed over the past 3–4 years?

Social partner responses to the takeover of domestic companies by foreign-owned establishments

- Have there been any recent cases (i.e. over the past 3–4 years) where trade unions have resisted foreign acquisition of domestic companies explicitly because of the nationality of the company concerned?
- Have there been any recent cases (i.e. over the past 3–4 years) where domestic companies have resisted acquisition by a foreign-owned firm on the grounds of its nationality?
Annex 2: Overview of national surveys on attitudes to globalisation

The national surveys of public opinion on globalisation which have been carried out in recent years are summarised below.

Austria

*Market research*

Market research on the public understanding of globalisation was carried out by *Market* in June 2005.

**Main findings**

Despite its limited scope in terms of content, the survey, which was based on telephone interviews with 400 people aged 18 years and over, provides a comparison with the 2003 Eurobarometer survey results. According to the *Market* study:

- only 60% of respondents were familiar with the term ‘globalisation’, compared with 55% in 1997 and 90% according to the 2003 Eurobarometer survey; in terms of gender distribution, more men (66%) than women (55%) stated that they were familiar with the term globalisation;
- of those who had heard of the term, 51% were in favour of globalisation while 40% expressed their opposition to the phenomenon – these results are largely the same as those of the Eurobarometer survey;
- respondents aged 30–49 years are most opposed to globalisation, amounting to 53% of individuals in this age group.

Denmark

*Gallup opinion poll*

A survey by Gallup was published by the weekly *LO magazine* (Gallup, 2003).

**Main findings**

The findings of the survey, comprising a population sample of 1,002 people aged 18 years and over, are broadly in line with those of the Eurobarometer surveys cited in this study: in general, Danes do not fear the effects of globalisation. The survey is, however, broader in its interpretation of globalisation than the definition adopted in this report, covering aspects such as the internet, travelling and migration, as well as the international integration of markets and the rationalisation of production across national borders. Some 56% of respondents believed that they have benefited from globalisation and that globalisation affects Danish society in a positive way. Only 8% thought that globalisation had a negative effect on their lives. The survey found comparatively little difference in attitudes between people in different age groups, all of them having a positive view of globalisation.

*Survey of employers and employees, 2004*

A joint employer and trade union study on the impact of globalisation on job creation was carried out by the Danish Metalworkers’ Union (*Dansk Metal*), the Danish Society of Engineers (*Ingeniørforeningen i Danmark, IDA*) and the Danish Federation of Small and Medium-Sized Enterprises (*Håndværksrådet, HVR*). The survey findings were published in April 2005.

**Main findings**

The study was based on a questionnaire survey of 1,017 companies with more than 20 employees and qualitative interviews with 20 relevant companies. The survey findings show that the relocation of activities abroad by Danish companies does not necessarily result in fewer jobs.
Moreover, they reveal that employment has indeed increased more among the companies involved in offshoring than in other companies in the sectors in which they operated.

Germany

*Forsa public opinion survey on globalisation*

A survey on public opinion in relation to globalisation was conducted by the Forsa Institute on behalf of the German weekly *Stern* magazine in 2007.

**Main findings**

According to the survey's findings:

- 40% of respondents (the same as in 2000) considered that globalisation leads to more personal advantages than disadvantages (60% of those under 30 years, 43% of those aged 30–44 years, 34% of those aged 45–59 years and 29% of people aged 60 and over);
- 34% considered that globalisation leads to personal disadvantages, an increase of 15% compared with a similar survey conducted in 2000;
- 81% of all respondents opposed the acquisition of German companies by foreign ones;
- 67% thought that globalisation widens the gap between rich and poor;
- 46% believed that globalisation had brought new job opportunities, 39% feared job losses.

*Ipsos survey*

The Ipsos public opinion survey on the challenges and threats of globalisation was carried out on behalf of the employer association of German market and social researchers (*Berufsverband Deutscher Markt- und Sozialforscher, BVM*) (Ipsos, 2006).

**Main findings**

The analysis of the survey findings came to somewhat different conclusions from those listed above:

- 63% of respondents expect globalisation to have personal disadvantages for them and for the country as a whole, while only 13% expect it to have advantages;
- 52% of respondents would like to see a slow-down in the globalisation process, while 24% want it to accelerate;
- 57% of respondents consider that globalisation will proceed faster in the future than in the past;
- 60% of respondents believe that globalisation opens up new markets for companies;
- 57% of respondents are in favour of the government protecting German companies from being acquired by foreign establishments;
- 52% of respondents expect the rich countries to get richer and the poor countries to get poorer.

Estonia

*Estonian Institute of Economic Research survey on competitiveness*

The Estonian Institute of Economic Research (*Eesti Konjunktuurinstituut, EKI*) has been carrying out an annual survey on competitiveness since 2001; the survey is conducted on behalf of the Institute for Management Development (IMD).

**Main findings**

The survey is carried out among high-level and middle management. In 2006, 54 managers were interviewed and asked to assess statements describing the situation in relation to globalisation in Estonia on a scale from 1 (the most negative) to 6 (the most positive):
- regulations allowing foreign investors to acquire domestic companies received a score of 5.30;
- government support of foreign investors was scored at 5.06;
- the general attitude towards globalisation in Estonia reached a score of 4.10;
- the statement that 'relocation of industries out of the country threatens your country’s economy' was scored at 3.58, with 1 indicating that the threat is great and 6 representing no threat, the threat to the economy of relocation of R&D activities received a score of 3.43 and of 3.67 in relation to relocation of services.

France

*The Chicago Council on Global Affairs and WorldPublicOpinion survey*

The survey by the Chicago Council on Global Affairs and WorldPublicOpinion.org is conducted in 17 countries around the world, including France (The Chicago Council on Global Affairs, 2007).

Main findings

The survey covers 56% of the world’s population and its findings revealed that France is the country with the highest number of people who believe that globalisation is harmful to their country (42%). Some 66% of those surveyed in France stated that trade barriers must be maintained to protect employment, even if this means an overall lower growth rate in the future.

Hungary

*Central European Opinion Research Group Foundation survey*

The Central European Opinion Research Group Foundation carried out a survey on ‘Perceptions of foreign direct investment’ in the Czech Republic, Hungary and Slovenia in 2001.

Main findings

In Hungary, 57% of respondents agree that ‘the economy is better off with foreign direct investment’, which is a larger proportion of people than in the other two countries under examination. Moreover, a greater share of Hungarians (46%) than in the other two countries prefers foreign minority holdings of shares in an existing domestic company to majority holdings or to greenfield investment.

In addition, more Hungarian citizens than in the other two countries agree with government policies encouraging foreign investment – 10% of respondents fully agree with these policies while 41% partly agree. On the other hand, almost half of them, which corresponds to a significantly bigger share of people than in the two other countries, were of the view that government should neither discourage nor encourage foreign share holdings in domestic companies.

*M&H Communications survey*

Main findings

The survey examined the attitudes of college students to globalisation, comprising a population sample of 450 students aged 20–28 years in higher education institutions across the country. The results showed that students’ perceptions of globalisation were very vague; yet, a large majority thought that it had a negative impact on the country. A fifth of respondents were unable to define what globalisation meant, while two thirds of the students surveyed identified globalisation with the process of unification of economies, countries and culture. A third of students considered globalisation to be a negative process, associating it with the hegemony of multinational companies and environmental pollution, for example.
ACNielsen online survey
In 2006, the Nielsen market research company carried out an online survey on attitudes to globalisation in 42 countries worldwide.

Main findings
The survey found that the majority of internet users surveyed in Hungary had a positive view of multinational companies. However, almost two thirds of respondents believed that globalisation endangers cultural values and local traditions.

The Netherlands
Public opinion poll by www.21minuten.nl

Main findings
The poll, which has been online since 2005, is designed to obtain people's views of important economic and social problems, and the possible solutions to these issues. It covers measures to promote economic growth and improve the position of the Dutch economy in relation to Europe and Asia. The survey findings reveal that:

• 71% of the Dutch population are in favour of more international trade, provided that it leads to an increase in prosperity, the same proportion of Dutch citizens is prepared, for the sake of this prosperity, to accept a lessening of Dutch identity;

• 41% of respondents are in favour of further globalisation of the economy while 24% are against it;

• 45% of respondents consider Europe as a positive factor in the future development of the Dutch economy, compared with 30% who are not of this opinion, however, only 28% advocate further European unification and 49% are opposed to such a process;

• 36% of respondents see more advantages than disadvantages for the Netherlands in the rise of countries such as China and India, while 30% do not.

Poland
Public Opinion Research Centre survey
The Public Opinion Research Centre (CBOS) recently conducted a survey on the public perception of foreign direct investment (FDI) in Poland (CBOS, 2007).

Main findings
In 2005, 30% of respondents considered state-owned companies as being crucial for the country's economy and believed that they should not be privatised at all; some 25% of respondents indicated that state-owned enterprises should be sold only to domestic companies, while 35% thought that state-owned companies could be sold to foreign companies as long as the majority of shares were held by Polish companies.

Over time, the proportion of respondents who believe that foreign investors serve the Polish economy well has increased to a majority. At the same time, many people think that foreign owners should not exert control over the companies they have invested in.

Portugal
Diario de Notícias public opinion survey
In 2001, the national daily newspaper Diário de Notícias conducted a public opinion survey on globalisation.
Main findings
The survey of 251 people found that 23% considered globalisation to be positive for Portugal and 29% believed it to be negative, while 27% stated that it was neither positive nor negative. A larger proportion of young people, about 30% of those aged 18–24 years, than those of older age groups regarded globalisation as having positive effects. The largest proportion of people opposing globalisation was found among those aged 45 years or over.

Slovenia

University of Ljubljana public opinion poll
In 2001 and 2003, the Faculty of Social Sciences of the University of Ljubljana carried out a public opinion poll on globalisation and its economic impact (University of Ljubljana, 2004).

Main findings
Some 23% of respondents in the 2003 survey had a positive attitude to globalisation, while 3% showed a very positive attitude to globalisation; largely the same proportion of respondents reported having a negative attitude to the phenomenon, while 7% had a very negative attitude. The 2001 survey examined people's views of the impact of inward FDI on the economy: 41% of respondents considered that FDI would improve Slovenia's economic situation, while 15% believed that it would worsen it and 20% that it would have little effect.

Spain

Centre for Sociological Research survey
In 2005, the Centre for Sociological Research (Centro de Investigaciones Sociológicas) conducted two surveys examining the public perceptions and representations of globalisation, as well as the impact of globalisation on international relations.

Main findings
In general, respondents had a positive attitude to globalisation, associating it with intercultural exchange and progress, considering that it will have positive effects on Spanish companies.

Sweden

Survey by Synovate and the Liberal Party of Sweden
In 2006, the market research institute Synovate, with the support of the Liberal Party of Sweden (Folkpartiet Liberalerna), conducted a public opinion survey on globalisation.

Main findings
The survey revealed the following findings:

- 80% of respondents had a positive attitude to globalisation;
- 70% believed that high taxes created unfavourable conditions for meeting competition from low-cost countries;
- 60% believed that increasing globalisation is good for economic development in Sweden;
- 50% considered that increased globalisation will add to employment;
- 60% believed globalisation will benefit themselves and their families;
- 20% know someone who has lost their job as a result of competition from low-cost countries.
Confederation of Swedish Enterprise survey

The Confederation of Swedish Enterprise (Svenskt Näringsliv) has launched a survey on company attitudes to globalisation, the findings of which will be published in the near future.

Main findings

The extensive survey is designed to review company attitudes to globalisation and their knowledge about it across the country, in order to establish a ‘globalisation index’ for each municipality. The initial findings reveal that while almost every company surveyed is aware that globalisation ‘is here’, about 80% stated that they know what it is all about and how it may affect their company.

John Morley and Terry Ward, Applica sprl, with the assistance of Nadège Defrère

EF/08/07