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OFFICE ADDRESSES :

Dublin : 41, Fitzwilliam Square  
Dublin 2, Ireland

London : 20 Kensington Palace Gdns;  
London W8 4QQ England

1. PROTECTION OF RIGHTS AND BENEFITS OF WORKERS IN THE CASE OF MERGERS,  
TAKEOVERS AND CONCENTRATIONS

Patrick Hillery, Vice-President of the Commission, recently presented to the press a draft directive aiming to protect the rights and benefits of workers in the case of mergers, takeovers and concentrations. The draft directive has been approved by the Commission and has now to go to the Council of Ministers for adoption.

Dr. Hillery pointed out that economic development had brought about a rapid increase in the concentration of industry. The number of mergers and takeovers in the six original countries of the Community rose from 173 in 1962 to 612 in 1970.

In some Member States this trend has resulted in a situation where the share of industrial turnover of the hundred largest industrial undertakings has risen to 50% of the total. Although this development may be economically justified, it can pose an increasing threat to the acquired rights of the workers in the companies concerned.

The company law aspect and the restrictive practices aspect of such link-ups between joint stock companies have been taken into account through proposed Community legislation such as the draft directive on mergers, the preliminary draft of a convention on international mergers and the draft statute for a European company.

However, it must be remembered that such structural changes in companies also exert a profound influence on the rights and social situation of the persons employed in them. Where such structural changes take place according to civil law rules of transfer, workers have no legal right to have their previous employment relationships passed on automatically to the new controlling undertaking. Where the new owner refuses to take over the previous employment relationship, the workers concerned thus lose their jobs. But even where the new owner is willing to assume the previous employment relationship, he still has the legal right to make further employment dependent on a change in the terms of employment and thereby abolish the acquired rights of the workers who are transferred.

Comprehensive protection of workers' rights covering the continuation of the employment relationship is maintained by special legislation only in Germany, France, Italy and Luxembourg. In other Member States, the concept of transfer under civil law continues to apply in principle. The generally inadequate protection for workers in the case of changes in the ownership or control of undertakings and the varying legal position in the individual Member States, run counter, in the views of the Commission, to the social aims of Article 117 of the EEC Treaty. In this Article the Member States declare that they "agree upon the need to promote the improvement of working conditions and an improved standard of living for workers, harmonising in an upward direction".

Aims of directive

This directive aims, broadly speaking, to place workers affected by a change of ownership or control in a position as though no change of employer had taken place. This aim is to be achieved by:

1. The automatic transfer of the employment relationships from the old to the new employer. This transfer would apply even in the case of international mergers or for companies other than joint stock companies.
2. The guaranteed continued existence of the employment relationship so as to place the workers concerned in a position as if the employer had not changed. The directive provides that the change of employer cannot, as a general rule, be the motive for a change in this relationship, such as dismissal, unless there are other pressing business reasons for such a change. The definition of what constitutes such reasons is laid down in the jurisprudence of the Member States.

The directive also protects workers against arbitrary transfers or arbitrary changes in the terms of employment, ensures that they do not lose entitlements which they have received through their previous service and that rights acquired under supplementary social insurance schemes are suitably maintained. The new owner will also be obliged to respect the terms of existing collective bargaining agreements.

3. An information, consultation and negotiation procedure. The old and new owners shall be required, before the proposed transfer, to inform the representatives of the workers of the legal, economic and social consequences of the operation. The representatives of the workers may request the opening of negotiations with the old and new owners if they regard the operation as damaging to the workers' interests. If agreement cannot be reached an arbitration board will give a ruling. This consultation and negotiating procedure does not apply to mergers of companies within a Member State which are covered by the proposed third directive for the harmonisation of company law. This directive also provides for a consultation procedure.

2. REIMBURSEMENT OF SICKNESS COSTS DURING A TEMPORARY STAY IN ANOTHER COMMUNITY COUNTRY

Holidaymakers who intend to visit another Community country are reminded of the formalities for sickness coverage during their holiday abroad. Before leaving, they should obtain from their health service office an E 111 form attesting to their right to benefit from the national health scheme.

In the event of sickness or accident during a stay in another Community country, those concerned must apply to the nearest competent sickness insurance organisation, taking Form E 111 with them. These organisations are listed on the back of the form.

This form is not required when staying in the United Kingdom, nor is it needed by nationals of the United Kingdom staying in Denmark or Ireland.

What are the benefits?

Sickness expenses (medical care, medicines, hospital treatment, etc.) will be paid by the insurance organisation at the place where the insured person is staying, in accordance with the system in force in that country. This organisation will supply all necessary particulars.

Generally speaking, in Denmark, Germany, Ireland, Italy, the Netherlands and the United Kingdom, medical care is given free by doctors approved by the insurance organisations. Medicines are also provided free in the Netherlands and in Ireland. In the other countries insured persons are required to make a (non-recoverable) contribution.

In Belgium, France and Luxembourg the insured person must normally pay all or part of the costs incurred and is then reimbursed by the competent sickness insurance organisation at the place where he is staying, in accordance with the scale applied to persons insured with that organisation.

Moreover, if, during his stay, sickness or accident renders him unfit for work, the worker may receive the daily benefits provided for under the regulations of the country where he is insured. The worker must inform the insurance organisation at the place where he is staying, by submitting a medical certificate of unfitness for work, and he must be examined by its medical adviser. This organisation will then request the organisation with which the worker is insured for cash payment of the benefits. The latter, if the worker is so entitled, will pay him the benefits by international money order or through the organisation at the place where he is staying.

3. EUROPEAN BANK SUPPORTS NORTH JUTLAND (DENMARK) NAVAL DOCKYARD

The European Investment Bank has just granted a loan to the value of 16 million Danish crowns (approximately £1,050,000) to the Frederikshavn A/S company for the construction of a new dry dock in the port of Frederikshavn. This company specialises in the construction, repair and maintenance of small and medium tonnage boats in Denmark. The realisation of this project will permit the company to offer its services to boats of a higher tonnage, taking them up to 38,000 tons.

The North Jutland region is one of the Danish regions eligible for regional aid. This financial operation constitutes the third action of the European Investment Bank in Denmark in 1974 in favour of the industrial sector. Since its entry in the EEC, the total of the loans granted by the European Investment Bank to Denmark amounts to approximately £8,850,000.

#### 4. DISSOLUTION CONGRESS OF THE EUROPEAN ORGANISATION OF THE WORLD CONFEDERATION OF LABOUR

An extraordinary congress was held to dissolve the European Organisation of the World Confederation of Labour at Luxembourg on 31 May 1974. (This congress was a consequence of the agreement reached with the European Trade Union Confederation (See No 1, April and No. 2, April and No. 4, June of the "Trade Union Information").

Introducing the report, Jean Kulakowski, EO/WCL General Secretary, stated that the dissolution congress was the culmination of a duly considered process which started in 1966. It had been inspired solely by considerations of the "defence and advancement of the interests of the workers through the strengthening of European trade unionism in the face of the European and multinational employers' forces and the European institutions."

The crisis of Europe should be overcome not for the benefit of the capitalists but for the workers. For this purpose the European trade unions must speak with a single voice. At the same time any conception of a "trade union club of the rich" should be rejected, and a stronger European trade union movement must demonstrate greater solidarity with the third world.

Jan Kulakowski listed the short-term objectives as to unite the European trade union forces by industrial sector, to show solidarity at world level by concrete actions and to put into practice the European trade union programme adopted at the ETUC Congress in Copenhagen.

#### Dr. Hillery commends EO-WCL action

The deep appreciation of the European Commission for the work of the European Organisation of the World Confederation of Labour over the seventeen years of its existence was expressed by Commission Vice-President Dr. Patrick Hillery.

Dr. Hillery commented that the decision to join the ETUC testified to "an unusual capacity for rising above any considerations of narrow-minded organisational interests, dedication of the highest order to the creation of a Europe with a human face, and an intelligent understanding of the genuine interests not only of the workers you represent - but of workers everywhere."

Speaking of the enlarged ETUC, Dr. Hillery expressed confidence that "the unity achieved by the democratic European trade union movement provides a powerful stimulus to the resumption of the processes of social, economic and political integration". He added: "Apart from that I can tell you, on behalf of the Commission, that we accept active participation by trade union organisations in the determination of policies in all the key sectors of Community life. So far as the Commission is concerned, it has given a

favourable answer to the demand put forward in the resolution of your congress that a meeting of minds be arranged as soon as possible - in the form of special conferences - between Governments, European institutions, representatives of employers' confederations and of trade unions to deal with problems of social policy and energy. We believe that by so doing we shall translate into action one of the principal decisions of the Paris summit conference: greater participation by both sides of industry in the decisions of the Community.

#### President's speech

Looking to the future, the EO-WCL President Jef Houthuys stated that the united European trade union movement had an immense task before it. The programme discussed at Copenhagen was a first indication of it. The construction of a new European trade unionism implied the building of a new, reformed society. In this context certain themes should be predominant: the advancement of the workers of Europe, and economic democracy. Problems of employment and inflation should receive top priority.

It was essential that what they developed together in Europe should have a human face. Their affiliation to the ETUC constituted the continuation and amplification of what they had done in the EO/WCL. In a first phase they should come to know and accept the other ETUC members and seek the greatest possible cohesion.

#### Dissolution

The resolution dealing with the dissolution of the organisation was adopted by a large majority. The Congress reiterated the resolution adopted unanimously by the Executive Committee on 29 March 1974.

#### 5. TWO INFORMATION SESSIONS ON MULTINATIONAL COMPANIES IN ITALY

The Trade Union Division of the EEC Directorate-General Information has organised two information meetings for Italian trade union organisations on multinational companies in Europe. The first meeting (Alessandria, near Turin, 21-22 May 1974) brought together over a hundred works delegates, industrial branch leaders and regional trade union leaders (CISL). The second (Belgirate, near Varese, 30 -31 May 1974) was attended by active trade unionists in the chemical branch from all three confederations (CGIL - UIL - CISL). G. Giro and M. Santopinto, from the Information Directorate-General, introduced Commission proposals on multinational companies, recently submitted to the Council of Ministers. The trade unionists present emphasized the need to create a countervailing force to the multinational companies, not only at trade union level but also on the political and legislative plane. They nevertheless considered that in the present European political situation the principal responsibility for action lay with the trade union movement; consequently trade union organisations should multiply their efforts to work out common claims for each of the big international groups.

6. EUROFIET ACTION PROGRAMME FOR THE NEXT THREE YEARS

The social insurance section of Eurofiet (see "Trade Union Information" No. 3) decided on an action programme for the next three years at its conference held in Zürich on 28 and 29 May 1974. The section comprises fifteen trade unions with members in social insurance.

Eurofiet will organise a series of comparative studies on the conditions of work in insurance companies and will make a special study of outside workers (agents, inspectors, etc.). Eurofiet will also make efforts to achieve flexible working time and paid educational leave. The trade union groups in insurance will create working groups to examine conditions in certain large companies, as is already the case with Winterthur, and they will contact the employers in this sector with a view to undertaking joint collective bargaining.

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