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Brussels, 22 June 1982.

**SUMMARY OF THE SPEECH BY MR. FRANS ANDRIESSEN,
MEMBER OF THE COMMISSION OF THE EUROPEAN COMMUNITIES,
TO THE C.B.I. ON 22 JUNE IN LONDON.**

In a speech to the Condeferation of British Industry on 22 June in London, Mr. Frans Andriessen, member of the Commission of the European Communities, defended the main lines of the 'Vredeling Directive'. In his speech Mr. Andriessen reminded his listeners that the Directive - which sets out to require transnational undertakings to inform and consult its workers in advance concerning important decisions - had received almost general approval at a meeting of Community ministers of employment and social affairs at the beginning of April. Only the United Kingdom Delegation had been opposed, and Mr. Andriessen assumed that the CBI had played its part in forming the United Kingdom Government's attitude.

Mr. Andriessen went on to say :

"To begin with, I can well understand your concern. I can well appreciate that when you see, or imagine that you see, new attacks on the international competitive position of industry emerging, then you will lodge a strong protest. Far be it for me to take your preoccupations in this connection lightly - times are already hard enough without me doing that.

But at the same time in your reaction one feature is conspicuously absent. This is a sense of concern as regards tensions and potential conflicts which might undermine the viability of our undertakings from within.

The Vredeling directive was born of the realization that at undertaking level, too we have to try and take account of the growing desire at all levels of society to know and understand more concerning the background to important decisions which affect the interests of many people. This represents at the same time a desire to obtain a greater degree of control over these decisions.

In my view this desire is a legitimate one, even in industry. After all, people are not robots or puppets. In the long run we can only ask them to put their heart and soul into the common task if they know that they are involved in it and bear joint responsibility. How can we expect workers to trust the management of their firm if essential information concerning the future of the firm is kept from them and they are forced to the conclusion that decisions are being made concerning them without their knowledge or participation ?

This is the basic philosophy underlying the Vredeling directive. It is a philosophy to which I subscribe totally and a view which I hope you will take into account when discussing and assessing the directive.

Before this Mr. Andriessen had dealt mainly with the Commission's competition policy - an area for which he himself as a member of the Commission bears the primary responsibility. The following were among the important sections of his speech :

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... Some industries are calling for protectionist measures and for state intervention. Others believe that the competition rules of the Eighties should allow monopolies on a European scale to fence off challenges from the American, Japanese and East-European world. It is easy indeed to seek the scapegoat elsewhere. Too often, however, industry has not analysed its economic problems in sufficient detail. This is the case in particular in multi-product industries. I can only give an example of some of the questions to which I believe an answer must be given. Cost factors and cost flexibilities must of course be put in the balance. ...

... As long as this analysis and this quantification have not taken place, no guidelines exist against which the restructuring efforts of the industry can be measured. And, a fortiori, no clear basis exists for balancing advantages against disadvantages under the EEC competition rules.

Every company should first start streamlining itself on the basis of its own figures. Some companies, and I believe that this is quite important, have certainly started doing so (B.P., BL, BSC, and other). To the extent that truly structural problems remain, the branche as a whole is concerned. And it is in this context that the flexibilities and inflexibilities of the competition rules come into play and that the approach to competition in the Eighties should be seen. ...

... In my view a coordinated plan to reduce structural excess production capacity should in a time of economic crisis not be prohibited by the competition rules. Provided that the companies concerned do not at the same time fix prices, production or sales, or allot markets. These restrictions are necessary in order to serve the consumer's long-term interests. To the extent that structural crisis cartels require the participation of all companies in the sector concerned, require compliance with a strict code of internal discipline covering production and marketing, and require protection against competition by outsiders, they will never be compatible with the competition rules as they stand. ...