Recent activities of industriAll Europe in the ICT sector

IndustriALL Global Union
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Economic situation in Europe
Overview

Europe is suffering from huge gaps compared with rest of the world

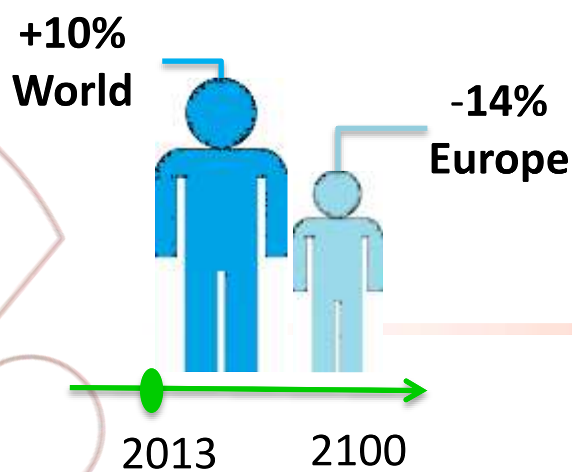
GDP in 2013

+4.7%
for emerging economies

-0.4%
for Euro zone

✓Industrial decline
✓High level of unemployment
✓Increased inequality, accelerated by crisis
✓Injustice feeling
✓Difficulties to find accommodation…

Demographic difficulties



Poverty is increasing

Germany: 12,5 millions including 5.5 millions (44%) of active workers (mini-jobs)

France: 8 to 9 millions people

UK: no reliable statistic available, as all the unemployed people that are not paid are not counted

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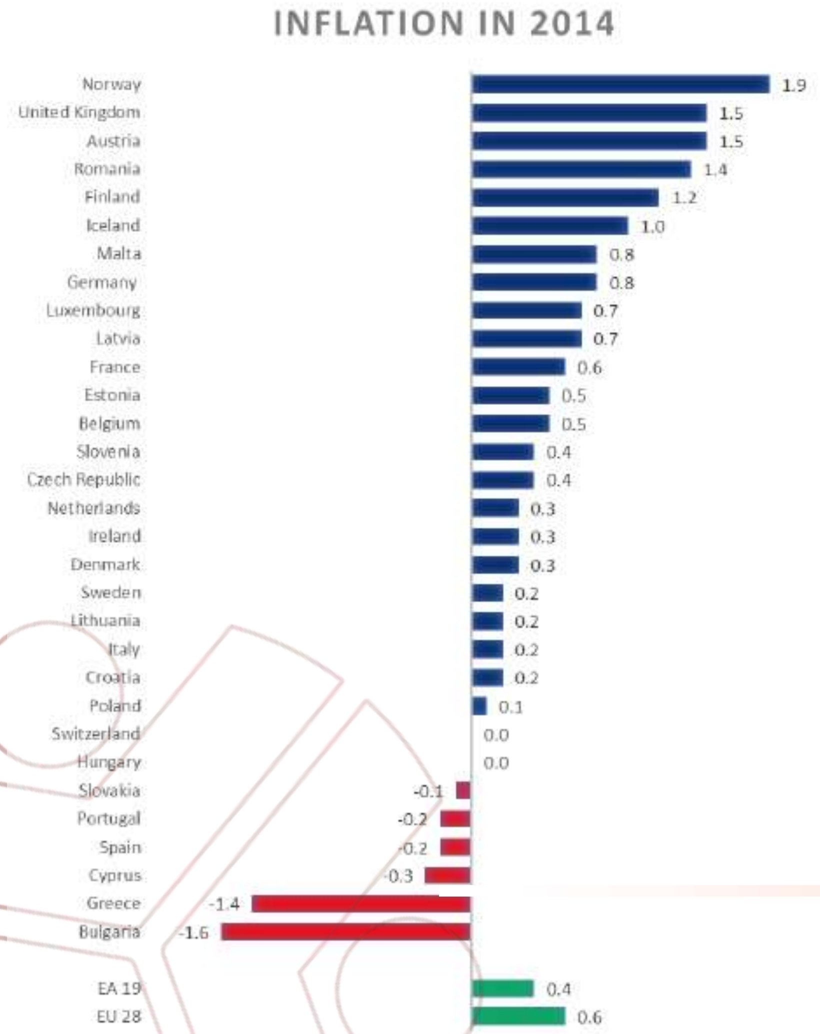
Economic situation in Europe
Detailed view

Low inflation rate in most EU countries since beginning of crisis



Source: Eurostat, National accounts

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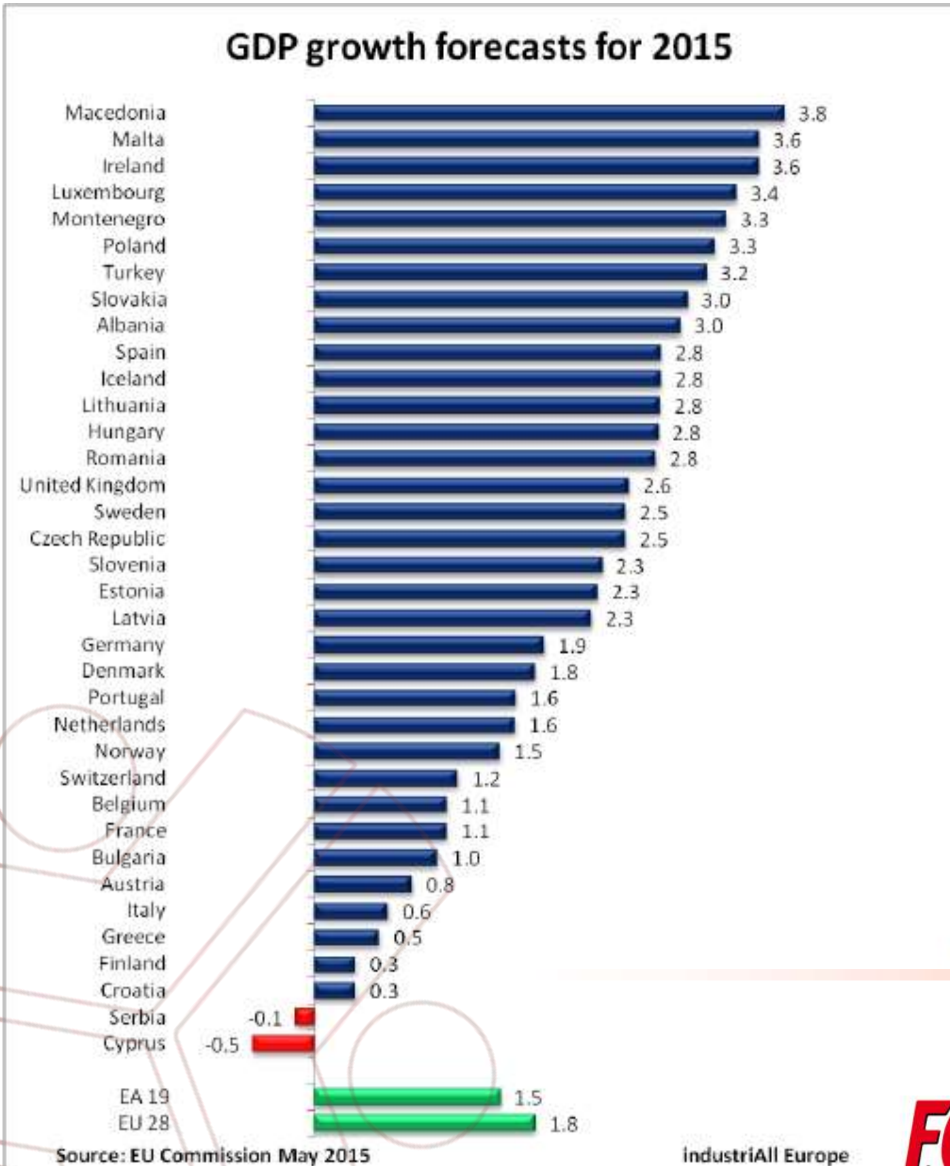
- Exceptionally low inflation in 2014
- Only 0.6% in EU28

Slight improvement in economic growth in the EU



- In 2014, the annual production value was just above the pre-crisis level in EU
- This should continue in 2015 and 2016
- Increased GDP volume is expected in almost all European countries
  - < 1% growth in five countries
  - Only 0.5% in Greece which has lost 25.6% since the crisis.
  - Spain has lost 4.9% and Italy 8.7%

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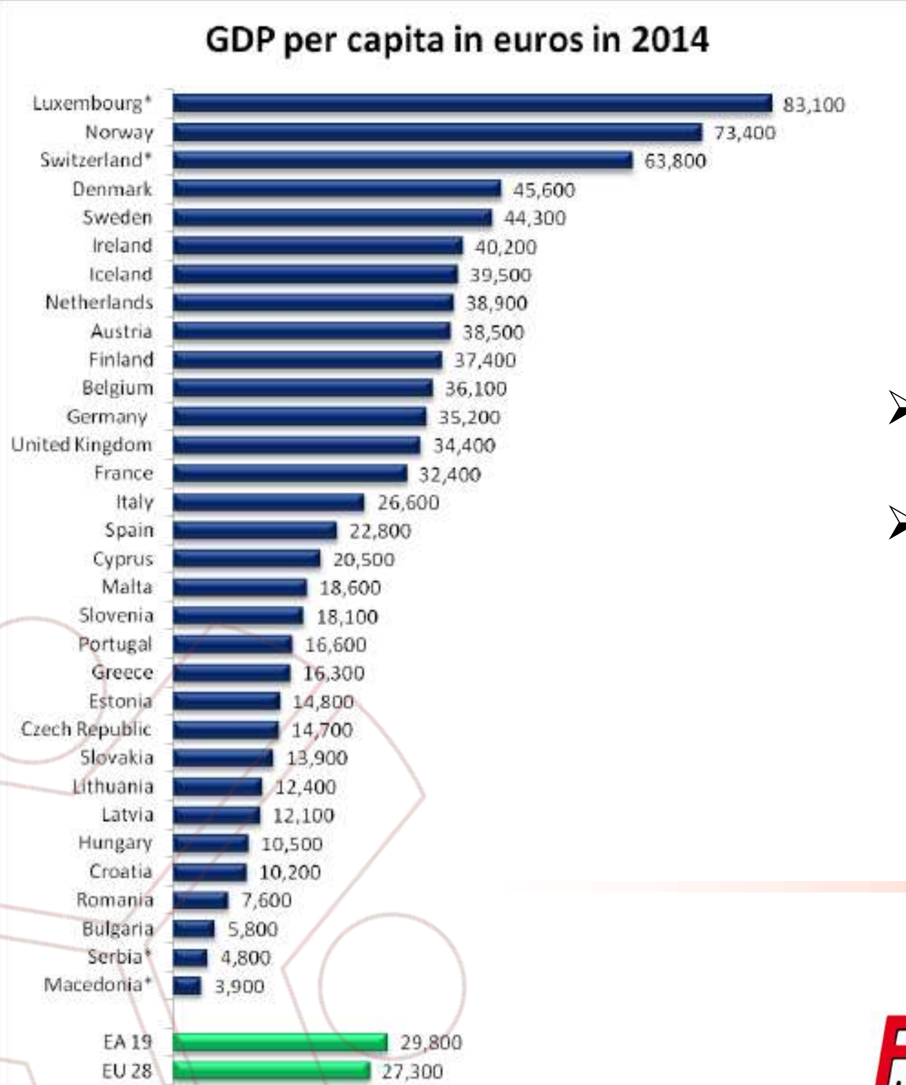
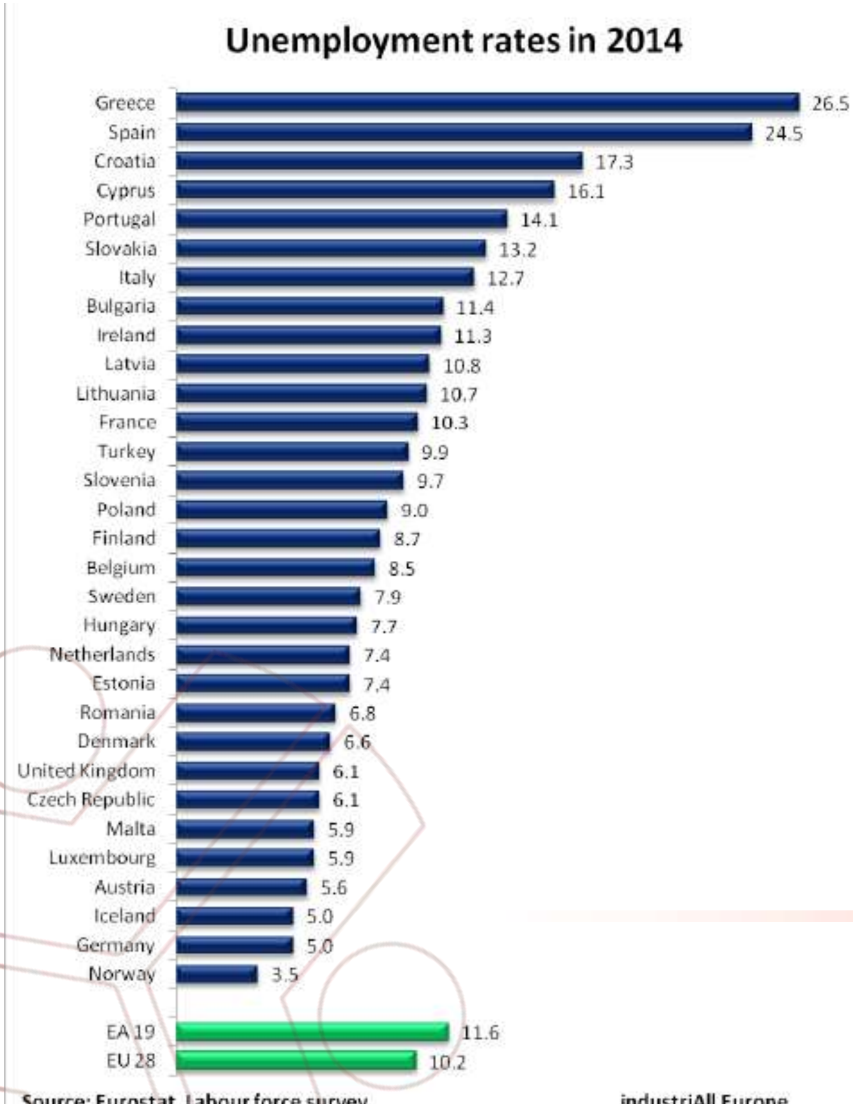
Big differences among GDP per capita in Europe



Source. Eurostat, National Accounts. *=2013. industriAll Europe.

- Four countries below 8,000 euros per year
- The EU average was 27,300 euros, in 2014

Unemployment: big differences among the countries



- ➢ Spain and Greece both over 24%

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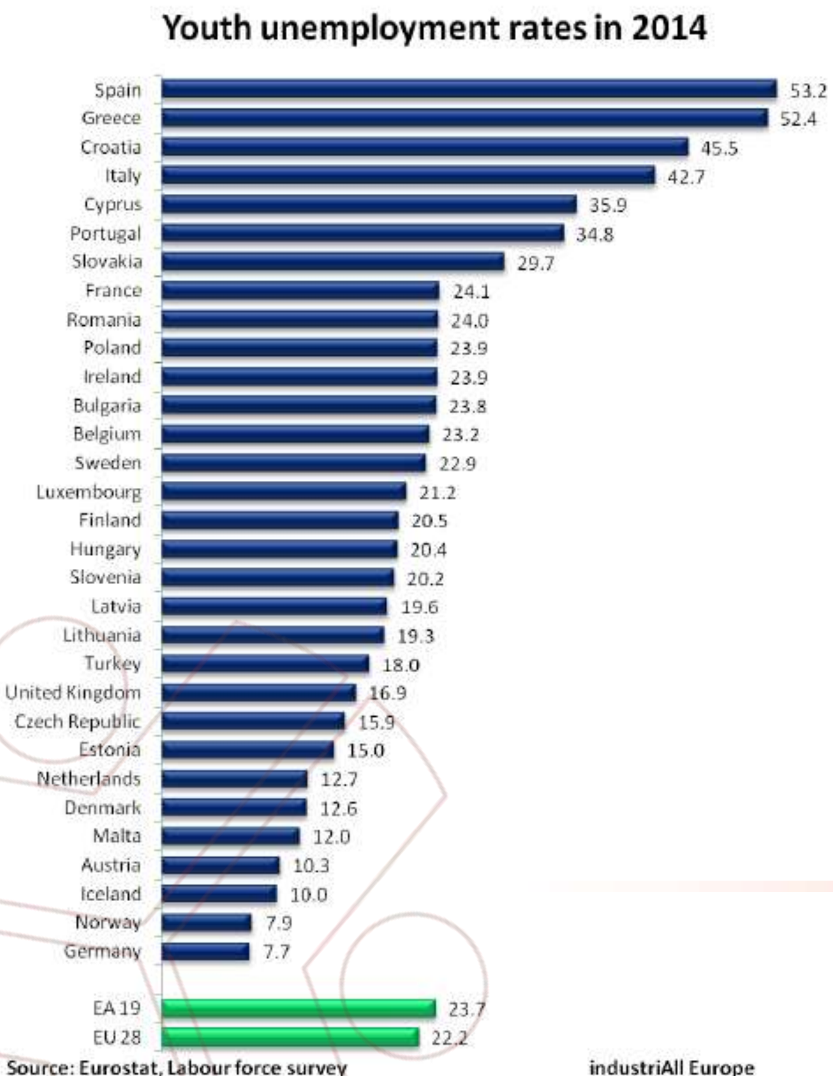
Youth unemployment: a major issue



- Unprecedentedly high levels of unemployed people under 25 years old
- Spain and Greece over 50%.
- Only two countries below 10%

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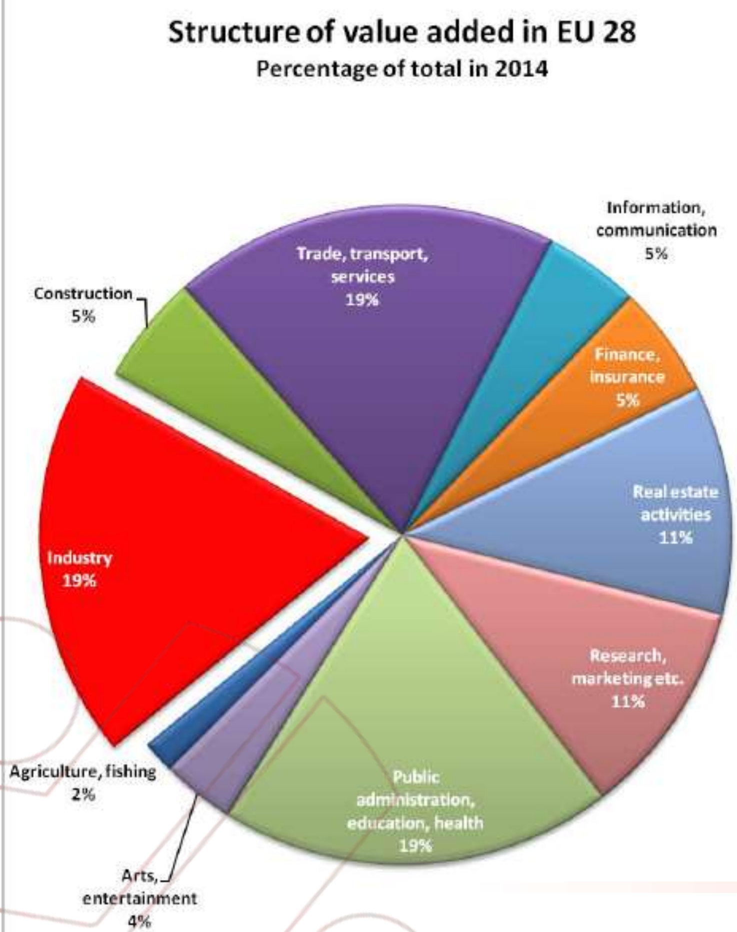
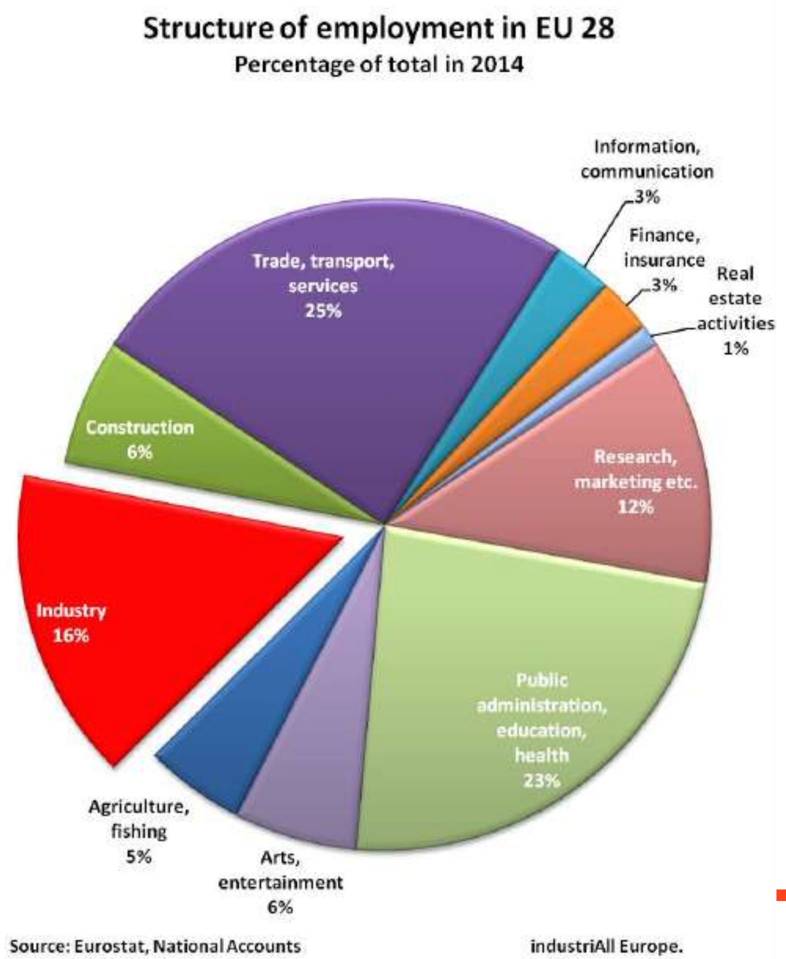
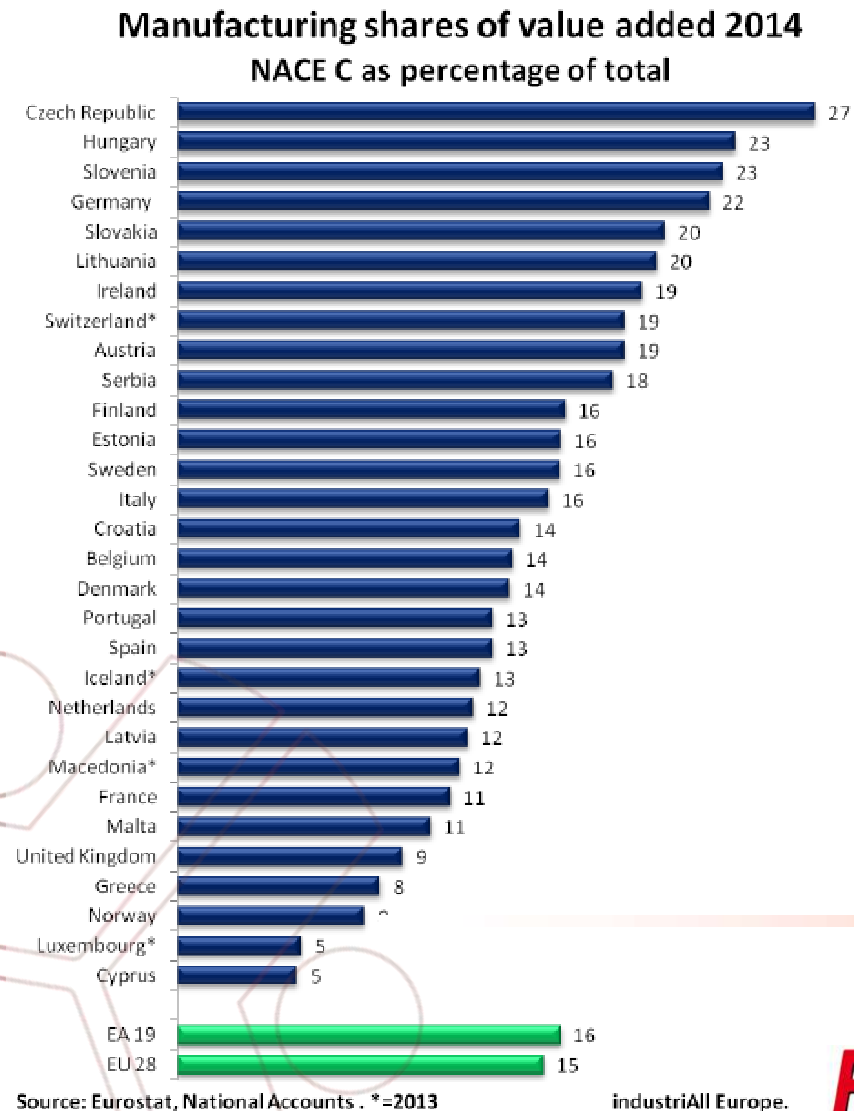
Share of industry in EU value added structure & EU employment





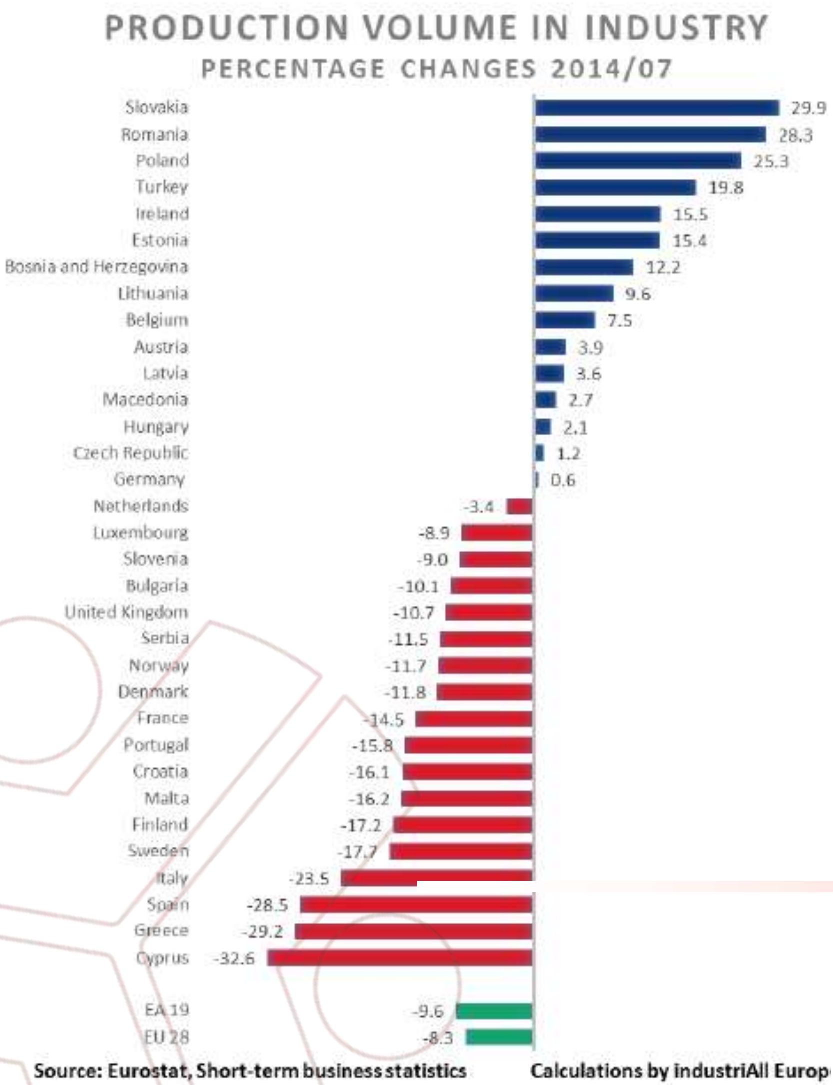
- Industry in 2014=
  - 19% of the EU value added
  - 16% of employment

Focus on manufacturing value added



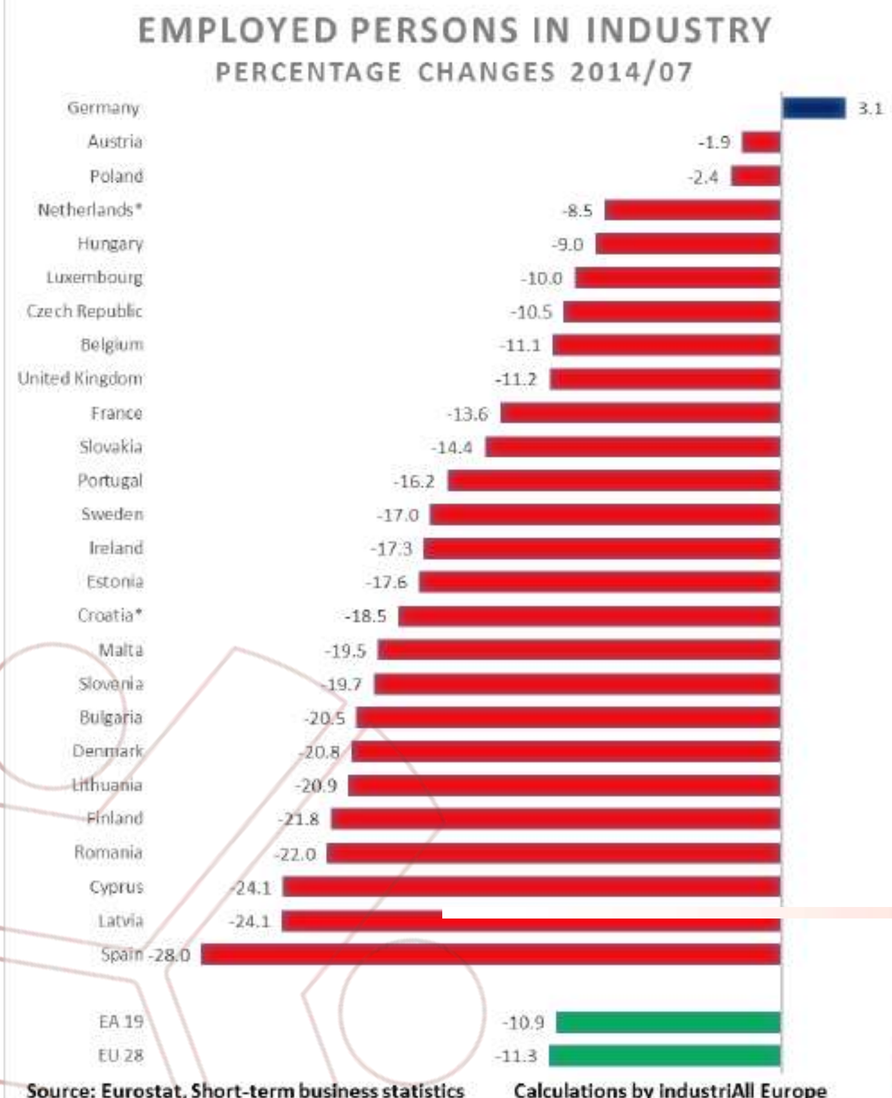
- EU average is 19% when mining petroleum production and energy supply are included
  - Norway is on top due to big oil & gas sector
- EU average is 15% without mining petroleum production and energy supply
  - Top of the class are: Czech Republic, Hungary, Slovenia and Germany

A decrease in produced volumes



- New EU member states perform better
- Stagnation in Germany
- Decrease in EU28: 8%
- Four countries have lost more than 20%

A huge drop in industry employment



- All the countries are in read, except Germany
- Industrial employment heavily under pressure
- Reduction in Spain close to 30%
- Average drop in EU higher than 10%

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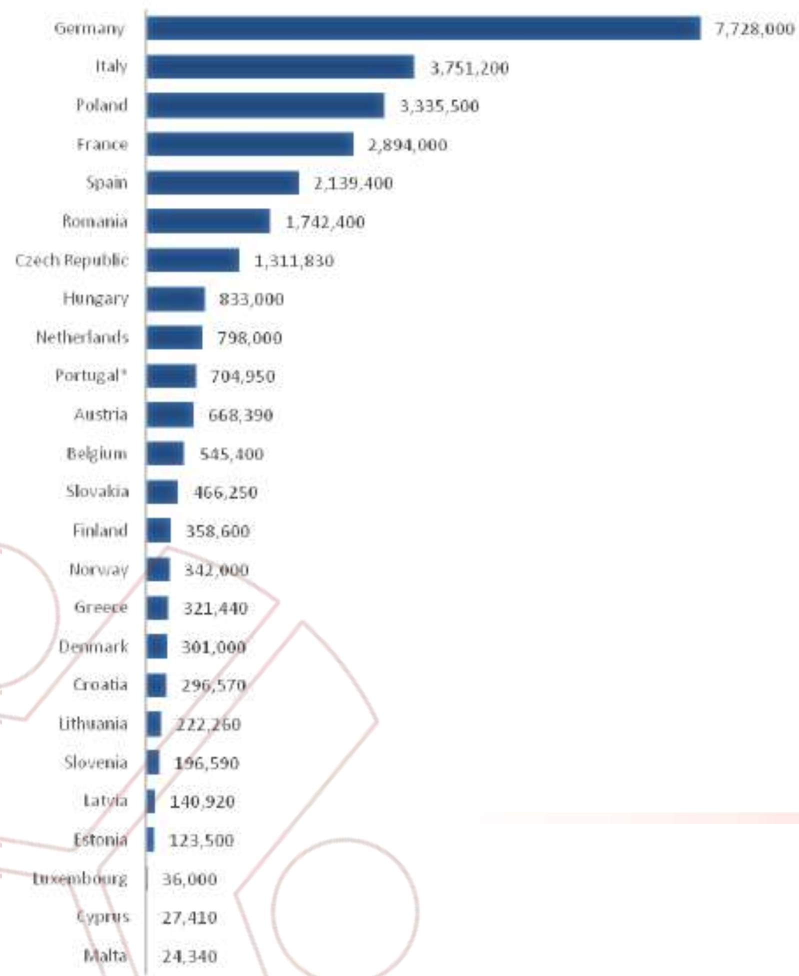
Today, employment in the EU industry

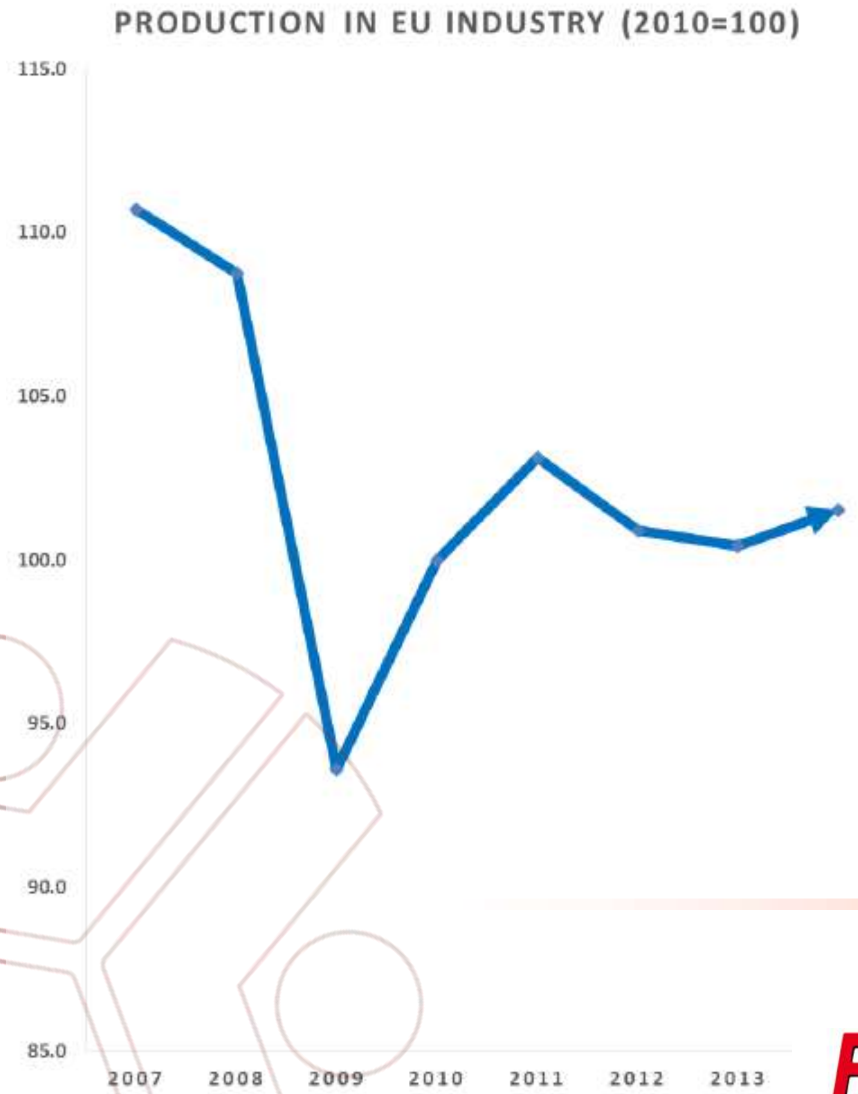
2013: EMPLOYEES IN INDUSTRY



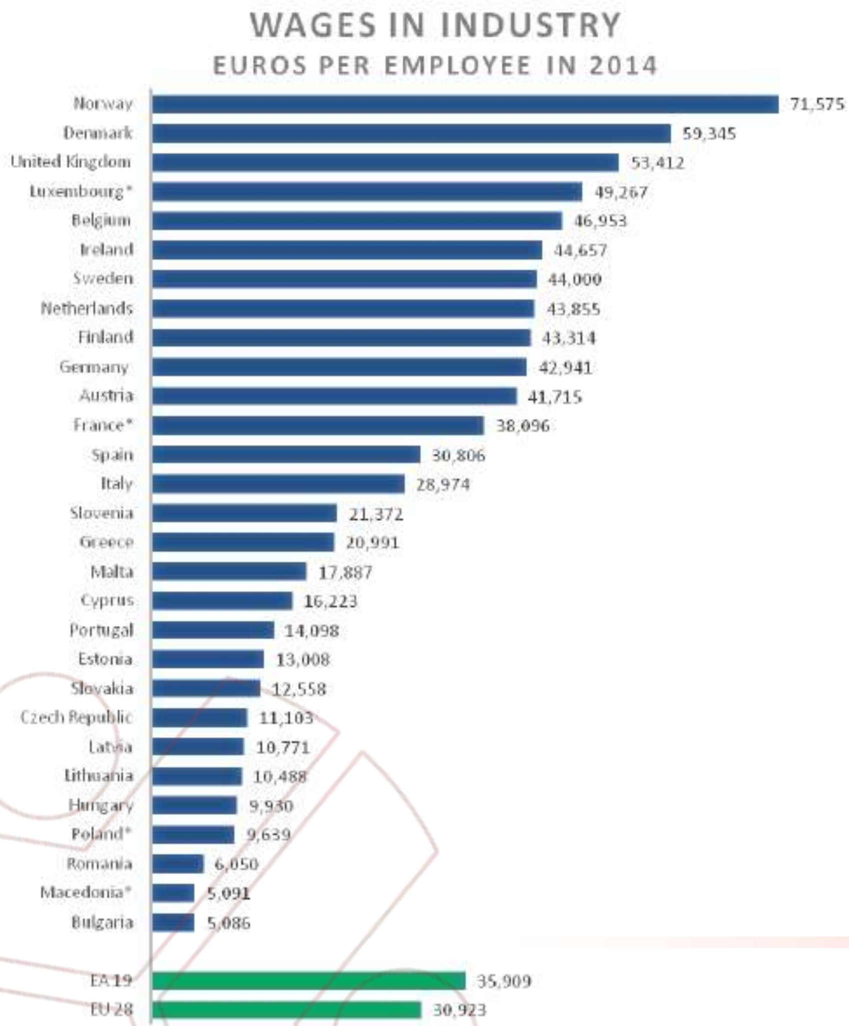
Source: Eurostat, National Accounts

- Germany has 7.7 million jobs in industry
- Seven countries are above 1 million
  - including: Romania, Czech Republic
- In the EU28, the real labor productivity per hour in the industry has increased slightly since the beginning of crisis

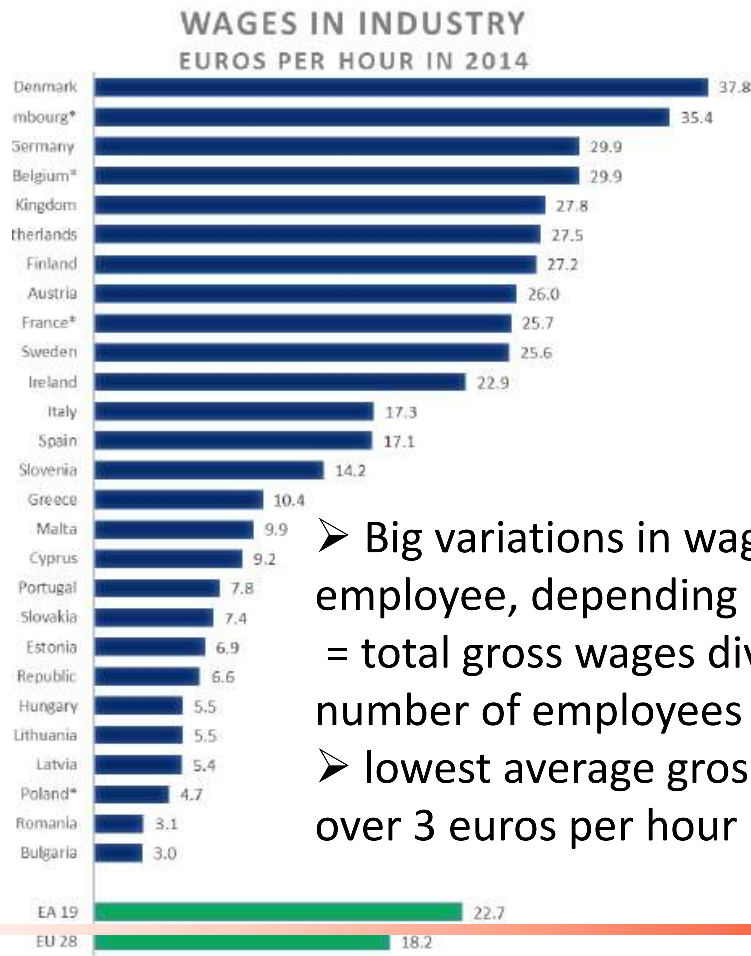
EU industrial production seems to plateau



Wages in EU industry



Source: Eurostat, National accounts. *=2013. Calculations by industriAll Europe.

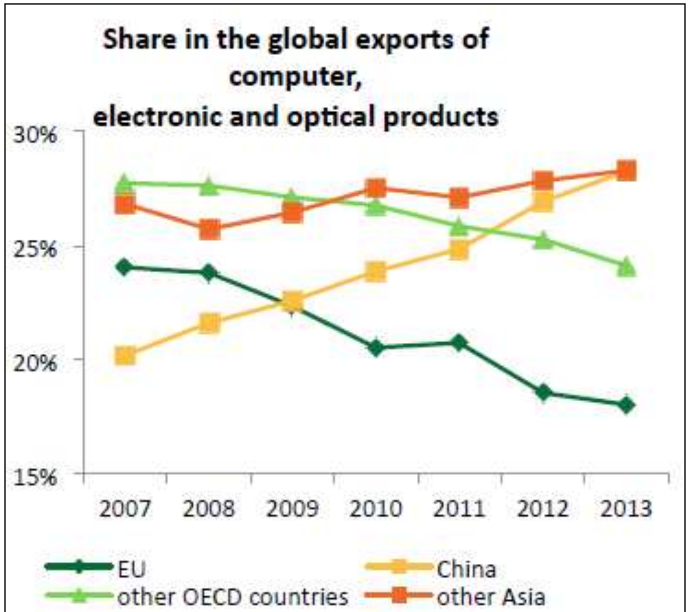


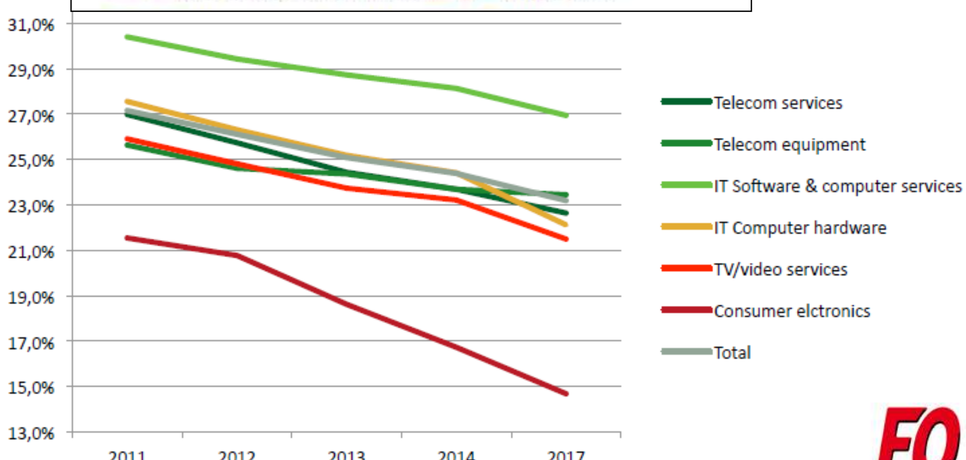
e: Eurostat, National accounts. *=2013. Calculations by industriAll Europe.

- ➢ Big variations in wages per employee, depending on country = total gross wages divided by number of employees
- ➢ lowest average gross wage is just over 3 euros per hour

Focusing on ICT sector in Europe

The European ICT economy is losing ground compared to US & Asia





- Since 2011, the EU's weight in the global market has been shrinking by almost 3%, and 5% for the Consumer electronics sub--sector.
- Main contributing factors to this decline:
  - the growth of huge consumer markets (China, India, etc.),
  - increased outsourcing to Asia due to cost competitiveness and
  - the rise of Asian electronic champions (TSMC, Huawei, Samsung, etc.).

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Both employment and revenues have been affected by the weakening of Europe

- The sector's weight in total manufacturing has decreased from 5.2% in 2007 to 3.8 % in 2013.

- The EU ICT sector represented
  - 4.8% of total GDP in 2010 (versus 5% in 2004)
  - but only 2.5% of employment (versus 2.7 % in 2004)

- Turnover was €300bn in 2013, versus €363bn in 2007 (-17%)

Both employment and revenues have been affected by the weakening of Europe

- The sector's turnover has been decreasing in recent years at EU level and in many European countries.
  - Germany and France are the biggest countries in terms of turnover (- 16%)
  - Finland has been strongly impacted, especially by Nokia's difficulties: a 21.4% decrease in turnover
  - Estonia has enjoyed six-fold growth in less than a decade.
  - Poland and Hungary have also enjoyed growth during the same period.

In M€

	2005	2006	2007	2008	2009	2010	2011	2012	2013
TOTAL	245 539	290 847	332 680	342 296	282 501	305 249	303 669	292 519	283 934

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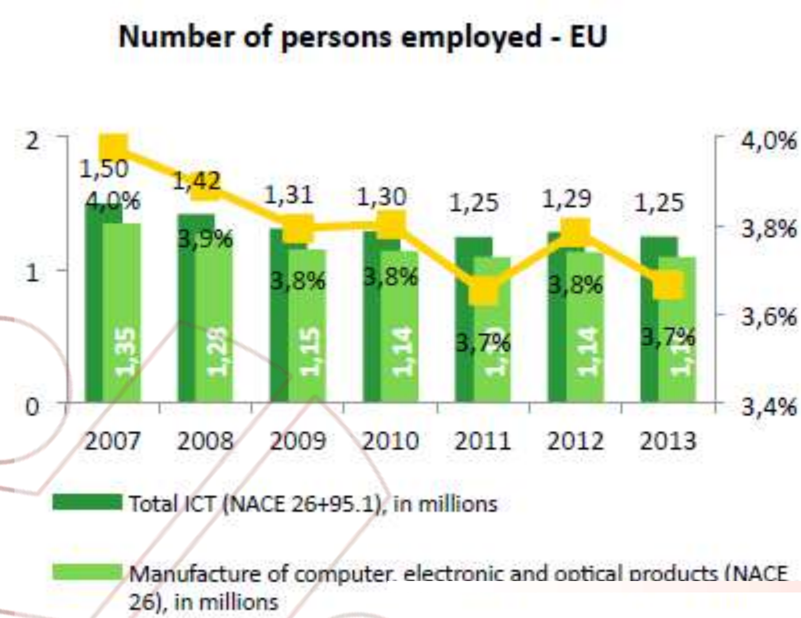
Both employment and revenues have been affected by the weakening of Europe

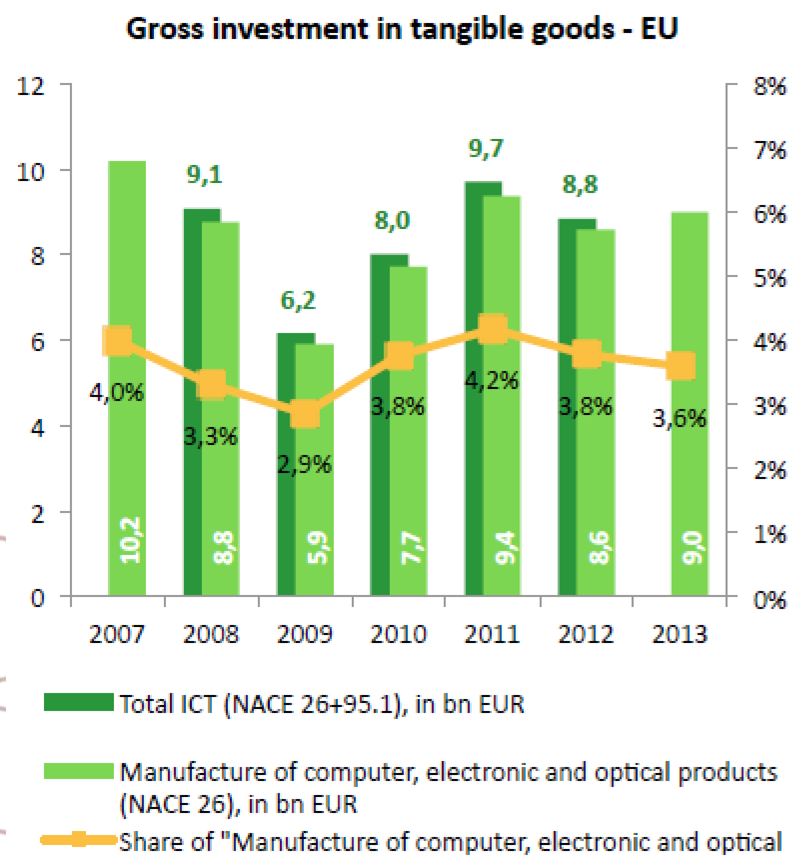
- ICT Manufacturing companies reduced their number of employees by 250,000 between 2007 and 2013 (-16%), dropping to 1.25 million employees in 2013.



Source: Eurostat data, indicators derived by Syndex

The main countries for ICT employment are
-1st: Germany with twice as many employees as the second country within the EU,
-2nd: France,
-3rd: UK and
- 4th: Italy.

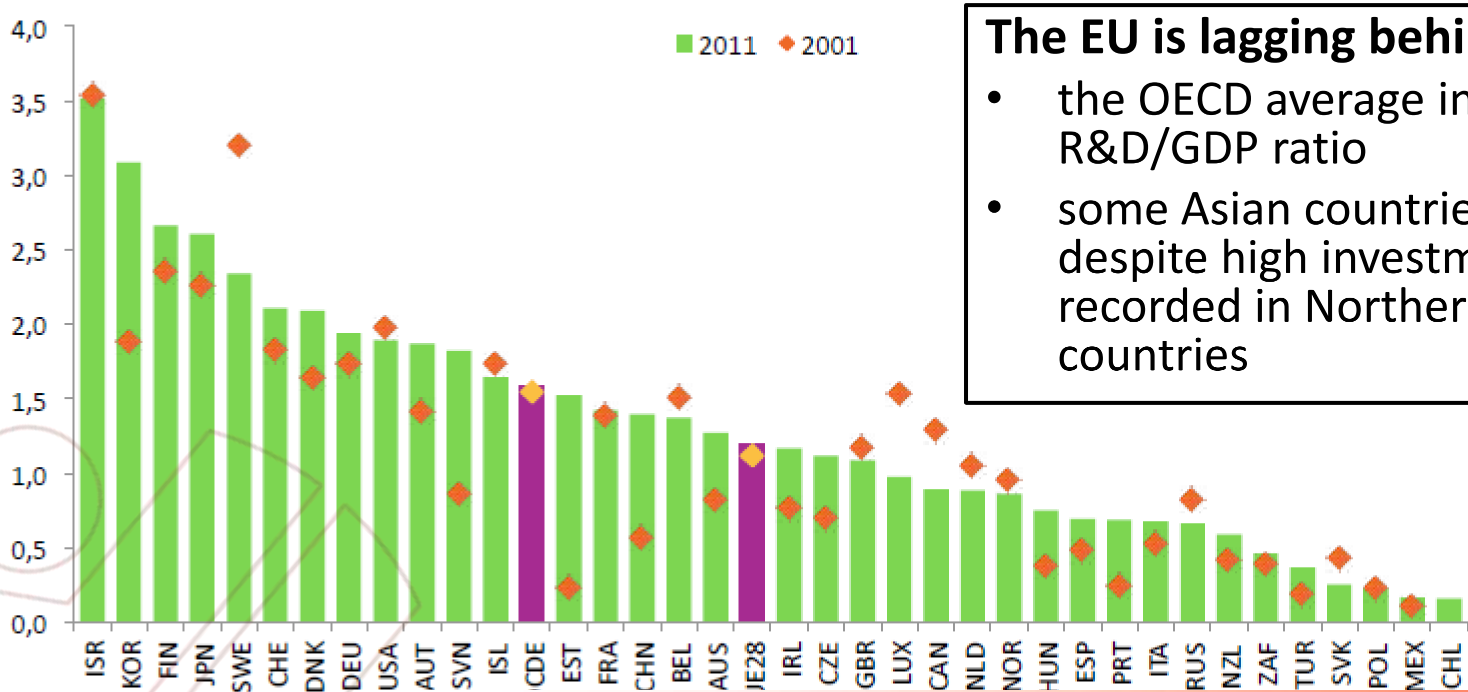
Investment in EU ICT sector doesn't show signs of growth



- Gross investment in European ICT tangible goods fell by more than 40% in the first year of the crisis
- It has not yet recovered its pre-crisis levels

Public/private R&D is key to ensure robust ICT companies

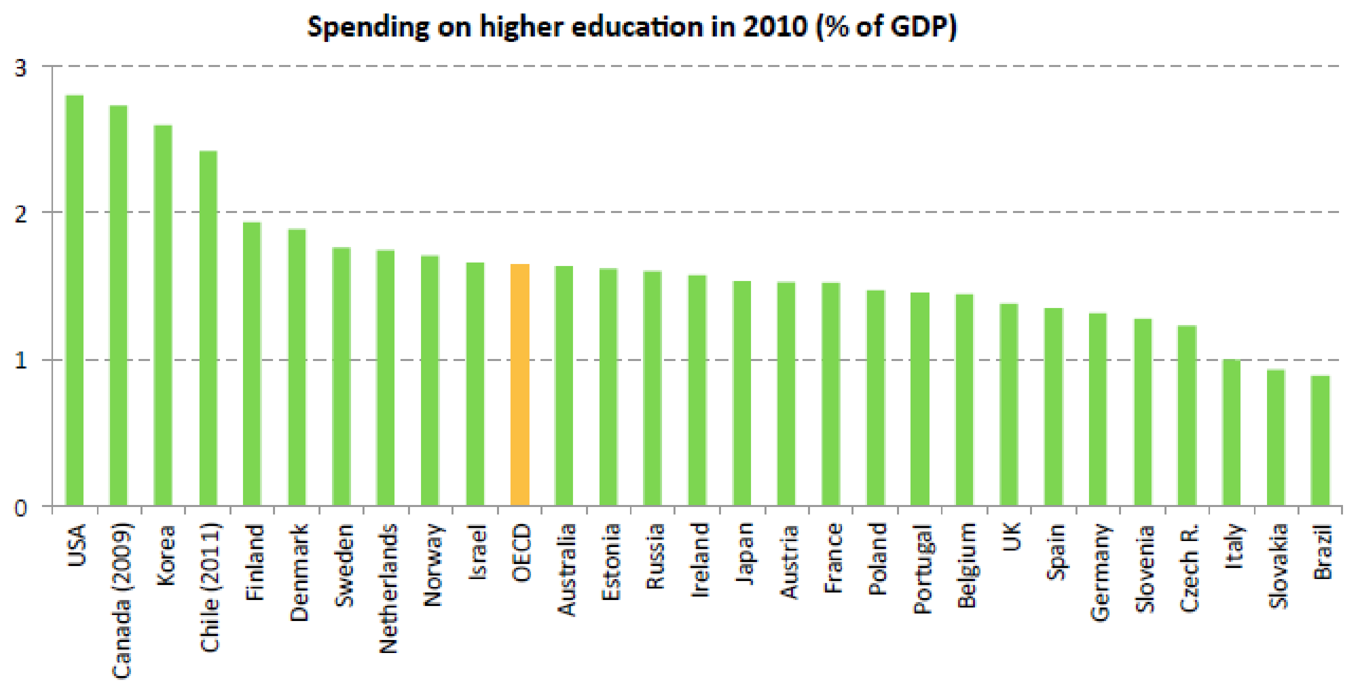
BERD intensity (in % of GDP)



The EU is lagging behind

- the OECD average in terms of R&D/GDP ratio
- some Asian countries and the US, despite high investments recorded in Northern European countries

The stakes for EU ICT: skills



Source: OECD

In 2012, most EU countries (excluding Northern Europe) were under the OECD average for spending on higher education (as a percentage of GDP)

The stakes for EU ICT: skills

- Paradoxical situation: a large number of jobs have been cut over the last five years, but ICT specialists have become more scarce and will probably continue to be so
  - Stagnation of the number of computer science graduates since the 2000s
  - a shortage of 274,000 ICT specialists in 2012 rising to 913,000 in 2020 (Empirica)

- A large--scale effort in investment and education/training would be necessary not to miss out the opportunity to move ICT manufacturing jobs back within the EU.

- The Internet of Things and other hot new technologies might be the key to a European comeback.

Focus on industriAll recent activities in ICT sector

industriAll Europe is the European federation of trade unions in the manufacturing sector

- founded in 2012
- Across the **whole supply chain**: mining – energy – materials – investment goods – consumer goods
- *Exception*: food and wood processing

industriAll Europe covers a major segment of EU economy and industry

- 24.3 M workers in direct employment, 13% of total employment
- Value added EUR 1,647 billion, 13% of GDP, 80.9% of manufacturing value added
- 80.7% of exports
- 64% of private R&D expenses (average over DE, FR, UK, IT, ES)

industriAll Europe has 4 main tasks

- lobby European institutions on **policies**
- engage in **social dialogue** with European employers' associations
- coordinate **collective bargaining** at national level
- coordinate trade union action at **company** level

Recent action of industriAll Europe in ICT sector

- Sectoral strategic analysis project
- Policy briefs:
  - Telecom equipment sector
  - Monopolistic digital platforms
  - Open standards for digital integration of manufacturing
  - Communication on the Digital Single Market
  - Digitization of manufacturing
- Participation in e-Skills initiatives
- Participation in a “Strategic policy forum” on digital transformation of the industry

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Common policy issues identified so far

- Competition on **qualities**, not (price + brand)
- **Anticipate** + **shape** change
- **Distribute** value along the supply chain
- **Participation** of workers in transformation processes

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Focus on French workers' Trade Unions

French workers' Trade Unions

- 5 workers' Trade Unions are representative at national level:
  - FO, CGT, CFDT, CFTC, CFE-CGC
- The unionization ratio is officially 10%, less in private sector
- Some services are managed paritarly
  - Unemployment, retiring, training, social security (Workers' trade unions & employers association), family subventions (workers' trade unions & government)
- Workers' Trade Unions means are
  - Membership fees
  - Some elected positions benefit from 10 to 20 hours per month
  - Paritarism & some company agreement may offer additional means
- Regarding FO, one of the French Trade Union, we are independent from any political party, or any religious organization

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Social dialogue in France

- Hierarchy of laws, rules and agreement protecting employees

Social dialogue in France

The various levels to negotiate

INTERPROFESSIONAL
(agreement for all workers)

PROFESSIONAL SECTORS
(collective agreement)

COMPANY

OFFICE/PLANT

Who are the players?

Workers Trade Unions representative at national level:
FO, CGT, CFDT, CFTC, CFE-CGC
Employers associations: MEDEF, CGPME, UPA, UNAPL

Workers Trade Unions representative at the professional sector
Employers associations present in the professional sector

Workers Trade Unions representative in the Company
Employer

Workers Trade Unions representative in the Office/Plant
Employer

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Social dialogue in France

- Some Rules
  - Negotiation:
    - In order to negotiate, each Workers Trade Union needs to represent at least
      - 10% of the voters, for company level negotiation, and
      - 8% of the voters for other negotiations (sector, interprofessional)
    - Employers associations don't have such rules
  - To be valid, an agreement must be signed by representative Workers Trade Unions representing all together at least 30% of the electoral audience and must not be opposed by representative Workers Trade Unions representing all together 50% of the electoral audience

Social dialogue in France

The various levels to negotiate	What are the scopes?
INTERPROFESSIONAL (agreement for all workers)	Agreement for all workers
PROFESSIONAL SECTORS (collective agreement)	Agreement for the Workers of the professional sector Once a year: Minimum wages. Every 3 years: men & women equal opportunities and pay and how to consult the company committee on company strategy. Every 5 years: professional job grouping
COMPANY	Agreement for the Workers of the Company Once a year: salaries. Every 3 years: stress, men & women equal opportunities and pay, handicap, forecasted need in jobs & training, …
OFFICE/PLANT	Agreement for Workers of the plan or office

The social bodies in French Companies

Enterprise Committee

The representatives to the Enterprise Committee are elected by employees. They manage social and cultural activities with a dedicated budget from the employer. The representatives are informed and consulted about the company strategy and its implementation and have to deal with working conditions.

Representative of Employees

The representatives of employees are also elected by employees. Their role is to question the employer regarding all employee concerns and make sure that the labor laws / regulations and agreement are correctly applied within the company.

Health , Security and working conditions Committee

CHSCT members are elected by representatives of Enterprise Committee and representatives of employees. They are informed and consulted on any topic related to healt, security, working conditions for the employees.

Workers' Trade Union Representatives

In charge of negotiating inside the company, they are entitled to sign collective agreement on the Company or Office or Plant scope. They have a mandate from their Workers Trade Union.

Benefits of developing Trade Union network within companies

- Company network are built with the strong support of industriAll Europe and/or industriAll Global
  - The right tool:
    - to get information from colleagues and
    - to have a better overview of the real economic situation of the company
    - To have the right argument facings the employers
    - To compare rights, packages, … when restructuring and lay-off
  - Not appropriate yet to negotiate global agreement
  - Ad'hoc meeting depending on urgencies

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Thanks