

The EWC and the restructuring process in the automobile firms in Europe

What can we learn from the case of Renault industrial restructuring in 1997 and the Vilvoorde closure

Elsie Charron
CNRS-Paris

Outline

- 1 Profit strategies and the transformation process in the company In 1987-1996
- 2 The restructuring of 1997: the decision of the closure
- 3 EWC in Renault became important in 1997
- 4 The legal challenges and the industrial alternative to the closure
- 5 Some other crucial actors
- 6 The EWC sessions of June 2007 , and the road to the redundancies
- 7 The influence of the vilvoorde case

1.

1 PROFIT STRATEGIES OF RENAULT AT THE TIME OF THE STRIKE OF VILVOORDE

- After the restructuring drive of Renault, because of its quasi bankruptcy situation of 1985, a new profit strategy based on "quality" was implemented at the beginning of the 1990s.
- From 1993 a new profit strategy de facto on "innovation and flexibility" followed, with the progressive launching of a whole range of innovative cars, in addition to the range of saloon cars (Freyssenet. 1998, 2003)

RENAULTs

GREAT TRANSFORMATION

- **It changed its productive organisation** Distribution of the productions, out sourcing and reduction of the number of suppliers, centralisation of design and R and D, new work organisations...

Since 1987 the company carried out progressively an integration of its France, Belgium, Spain, Portugal and Slovenia industrial sites in a one integrated industrial system.

- And it closed five factories
- These two processes generated common challenges for the sites in Europe. But had different effects on their chances of development and on their local governance and social compromises.

- **In France**, the assembly factories employees experienced hard times for job security at the middle of the 80's.

- The « Accord à vivre » in 1989, the « agreement on the forms of payment » in 1993

A new explicit and tacit government compromise was created : The employees accepted to contribute to the productivity and flexibility, in exchange of an enrichment of work, a participation in the benefits of the company.

- **In Spain**, FASA Renault had built in the past a very original organisation
- A strong job security.
- wide concerted mobility between positions and the factories (of Palencia and Valladolid).

It preserved its but had to accommodate and resolve many contradictions created by the new centralized nature of Renault European policy

- **In Belgium , Vilvoorde plant** The european integration process since the end of 1987 and the work reorganisation of the early 90's did not have cause any problem.
- Employees performed better than elsewhere, the increasing Renault requirements in quality and productivity.
- Unions had made in 1993 the strongest concession in modulation of working time

- .

2 THE RESTRUCTURING OF 1997. THE DECISION TO CLOSE VILVORDE

- 1 In 1996 the price war in the automobile market in France and Spain had an impact in the losses of Renault sales and earnings .
- The closure of Vilvoorde plant was presented like a response to this situation . And as a part of a wide cost cutting plan involving the reduction from 12 to 8 in the number of assembly lines
 - But the 1996 losses were less important than announced (the announced amount of 5 980 millions of francs included the restructuring and closure expenses)
 - It was not a problem of over capacity (Megane cars were well selling . Scenic demand was booming)
 - In reality, what Renault was facing was a profitability crise.
The concentration of production was an aim. Improve the use of equipments, make volume , reducing future investment and logistic cost ...

3 RENAULT EWC BECAME IMPORTANT in 1997

- 1 From the wild cat local strike to the "euro strike" and the "euro demonstration"
- 2 EWC was created in 1993. Almost ignored inside the company , the EWC , clearly appeared like a tool for the unions of sites located in different countries in order to coordinate their action to prevent the closure.

Why prevent this closure and not the others?:

several factors,

- 3 The cooperation and its difficulties : large scale production reallocations made the interest of different sites to diverge: the local concession bargaining

4 The legal Route: the complaints

The alternative: One industrial proposal to avoid the closure

- 1 The complaints :

EWC in French Court (Tribunal de Grande Instance de Nanterre; and appeal at Tribunal de Versailles)

Belgian unions lodged complaints with the labour tribunal at Brussels

- 2 The proposals: several proposals linked together

The industrial plan made by CFDT and very largely supported was presented as “the alternative” .

5 Other crucial actors

- The political level: French prime minister as an actor in the decision making: The representatives of the STATE to the Board Council of the company, proposed an independent Expert

Employees collective and individual actors in the decision making :the attitude of Vilvoorde workers

6 The “extraordinary” EWC sessions of

- 3- 5 june 1997
- The expertise towards the negotiation of a redundancy package

7 About the influence of the Vilvoorde case

- 1 The outcome of The EWC complain in the French courts for the other EWC agreements made before 1994
- 2 The renegotiation of the Renault EWC agreement in 1997
- 3 Influence in the European social policy : from the efforts and the failure to improve the EWCdirective 94/C in 1997 to the so called “Vilvoorde Directive”of 2002