



A Recipe for a stronger



5th Congress Zagreb 6-7 November 2019



Motion 12 - NGG: People before profit: Tackling greedy capital and shareholder value maximisation in the EFFAT Sectors

In the last 20 years, EFFAT affiliates have been confronted with the growing power of predator investors including commercial and investment banks, insurance companies, hedge funds and private equity funds.

Financial investors are dictating companies' strategy with a short term perspective and pressure on costs to maximize the cash flow for their shareholders. Financial markets today directly reward companies for reducing payroll through closures, restructuring and outsourcing. Against this backdrop, workers are paying a very high price in terms of job cuts, worsening of working conditions and endless requests for flexibility. Trade union rights and collective bargaining are increasingly under attack.

Corporate governance of companies operating in the EFFAT sectors is increasingly structured in a way that aligns management and shareholders interest, mainly through stock options or other compensation structures linking executives' pay to shareholders' interests. In such a system the pressure on labour becomes even more unsustainable.

The emphasis on short-term financial profits and the fear of being acquired have spurred companies to pursue a business strategy of mergers and expansion. This has determined a vicious cycle of ever more integration, concentration and large-scale production, processing, trade and retailing. As a consequence, abusive and unfair trading practices are more frequent and make it difficult for small farmers to find outlets for their products. Agricultural workers who are at the end of the chain are those paying the highest price. Gangmasters practices are also a consequence of these imbalances.

Another consequence is the progressive de-linking of the established relationship between wages and productivity. In Europe productivity continues to grow but wages no longer keep pace with profits and productivity. The erosion and breakdown of that link, the lack of an European industrial food policy, together with the decline in collective bargaining coverage, have resulted in increased inequalities and in-work poverty in the EFFAT sectors.

Workers in all EFFAT sectors deserve a pay rise to stop the long-term decline of the wage share. EFFAT's top priority in the coming years is to strengthen collective bargaining at national and sectorial level. Strong collective bargaining structures ensure workers' rights, fair wages, address inequalities, and boost the economy. It is unacceptable that profits and productivity gains are not redistributed to workers who have generated them. Sound social dialogue and effective collective bargaining, especially at branch level, are essential tools to limit the power of shareholders and end short-term profit maximisation that is hurting our members.





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Financialization is not a spontaneous, anonymous process arising from technological change. It is a direct consequence of neo liberalism and it is unsustainable from a social, environmental and economic standpoints.

In order to tackle the negative consequences of short term profit maximization, the EFFAT Congress adopts the following actions to be implemented in the next Congress term:

- The EFFAT Executive Committee will address and assess the impact of financial investors presence in our sector. In this regard, the Executive Committee will evaluate the need for a specific project with the support of external experts. The newly established EFFAT TNCs working Group will be responsible to follow-up on this action.
- EWCs chairperson of public listed transnational companies will be asked to sign a joint declaration against short-term profit maximisation and against compensation structures that link executives' pay to shareholders' interests.
- The EFFAT Executive Committee will consider the development of media actions promoted by our TNC working Group.
- The EFFAT Code of conduct on Industrial action will be re-discussed and updated
- EFFAT will seize any opportunity to strengthen sectorial Collective bargaining
- Collective bargaining cooperation and mutual support in Transnational companies will be further strengthened
- Cooperation with Unions in the retail sector will be enhanced
- The EFFAT Executive Committee will promote a fair transposition of the newly adopted Unfair Trading practices directive, urging further actions at EU and national level to minimize its shortcomings
- EFFAT will continue campaigning for a fair taxation system in Europe including the adoption of a financial transaction tax, public country-by-country reporting and the adoption of a Common consolidated corporate tax base

