



Case study summary sheet : ALCAN-SINGEN

PN, Nov. 10th, 2006

- ✓ The worldwide aluminium sector has undergone a major movement toward concentration in recent years, with mergers/acquisitions. ALCAN, the Canadian group, has actively taken part in the consolidation of the sector by successively buying out ALUSUISSE in 2000, then PECHINEY in 2003. The new group is one of the main actors in this industry worldwide (65,000 employees at 430 sites in 59 countries). ALCAN is a group with an English-language culture and a highly centralised management where creating shareholder value is the essential objective. ALCAN SINGEN, ex-ALUSUISSE in Germany, groups together three traditional sites strongly attached to their respective regions, producing aluminium films for packaging, extruded products (sections for various uses), automobile components, etc. The workforce overall is characterised by its low level of qualification and high seniority.
- ✓ In June 2005, the group's management in Canada informed the heads of the German (Singen) and Swiss (Sierre) facilities of their decision to restructure the two entities to improve profitability by reassigning productive activities between the two countries. This plan has led to the elimination of 460 jobs in Germany. The Canadian management, which clearly wanted to carry out the restructuring operations quickly, ran into the German culture of labour relations. We could speak of a veritable shock of two mindsets. Moreover, ALCAN SINGEN has a very high level of union membership, a works council that is very swift to activate their rights and real involvement by other stakeholders: local political authorities, experts and consultants designated by the Works Council (PCG). The restructuring process is to continue until 31 December 2006. The local power struggle, faced with ALCAN's form of governance, led to social mobilisation with a warning strike and a demonstration by the employees and the population, leading the group to take into account the reality of labour relations in Germany more carefully.
- ✓ A temporary "roundtable" was finally accepted by the management to examine possible alternatives in the social treatment of the individual situations of employees affected by the restructuring operation.
- ✓ The Works Council proposed examining the possibility for reducing unpaid working time to decrease the number of jobs eliminated. This proposal, which entailed a dispensation from the application of the branch's collective bargaining agreement signed by the IG Metall trade union, did not succeed. The management did not want to go back on its objective of reducing the number of jobs to lower production costs at the restructured sites.
- ✓ Of the 460 jobs eliminated: 80% correspond to early retirements, long-term training and voluntary departures. 20% are forced redundancies. In October 2006, 50% of these employees had found a job through the public jobs service in a job basin that is rather dynamic compared with other German regions.