Conference at the European Economic and Social Committee, Brussels

The Week of Employee Financial Participation in the EU

Monday, 17 October 2011
Key Findings on EFP in the EU-27 / EFP and Business Succession in SMEs – The European ESOP

Tuesday, 18 October 2011
EFP in Services of General Interest / A Piece of the Cake? – EFP and Young EU Citizens

Wednesday, 19 October 2011
EFP for a Better Corporate Governance / The Building Block Approach & Effective Tax Rates

In partnership with the European Economic and Social Committee and with the financial support of the European Commission
MONDAY Morning

8.30 – 9.15 am Registration
9.15 – 9.30 am
Alexander Graf von Schwerin, EESC Group II
Opening of the conference
9.30 – 9.50 am
Dr Arkadiusz Radwan, Allerhand Institute
EFP as a part of the agenda of the Polish Presidency of the EU?
9.50 – 10.10 am
Henri Malosse, EESC, President of Group I * / Prof. Jens Lowitzsch, European University Viadrina
Presentation of the Polish edition of the book “Financial Participation for a New Social Europe”
10.10 – 10.30 am
Prof. Jens Lowitzsch, European University Viadrina
Facilitating business succession in SMEs: The European ESOP
10.30 – 11.00 am Coffee break and press conference

Session 1 – Political Panel / Briefing on Key Findings on Employee Financial Participation (EFP) in the EU-27

11.00 – 11.30 am
Prof. Iraj Hashi, Staffordshire University
Results of the PEPPER IV Report and presentation Pro-EFP project
11.30 am – 1.00 pm
Debate: What economic and industrial policies are needed?
Chair: Prof. Jens Lowitzsch, European University Viadrina
- Bernard Daly, ICC ESOP Trustee Ltd. / EFES Board Member
- John D. Menke, President of the Menke Group, San Francisco
- Max Stelzer, voestalpine Arbeitnehmerprivatstiftung
Subsequent discussion with the public
1.00 pm – 2.30 pm Lunch break
* tbc

MONDAY Afternoon

Session 2 – EFP in SMEs: Enhancing Competitiveness and Innovation

2.30 – 2.45 pm
José María Algora, President of Confesal
Welcome speech
2.45 – 3.40 pm
Panel 1 – The European ESOP and strategic employee shareholding in the aftermath of the crisis
Chair: Miguel Ángel Cabra de Luna, EESC Group III
Reports from the national workshops
- Paul Maillard, Honorary President of FONDACT
- Anže Hiršl, Senior Legal Adviser ZDS
- Dr Andrea Borroni, University of Naples
- Fred Hackworth, ESOP Centre
3.40 – 4.00 pm
Debate
4.00 – 4.30 pm Coffee break
4.30 – 5.45 pm
Panel 2 – Reactions from European social partners and EU institutions: Opportunities and threats from EFP applied to SMEs
Chair: Gianluca Pastorelli, President of DIEISIS
- Pascal Trideau, CEO of CGSCOP
- Francesco Abad Rigla, CEO of Confesal
- Dr Henrik Steinhaus, CEO of Excellence in Change
- Elisabeth Fuchs, IUB succession management
5.45 - 6.00 pm
Henri Malosse, EESC, President of Group I
Conclusions
6.30 – 9.00 pm Evening reception – Atrium 6th floor

Background
Eleven years ago, the Belgian Presidency of the EU convened a conference on Employee Financial Participation (EFP). Then, in November 2010, ten years of public policies in support of employee ownership in Europe were examined: Since 2001, employee ownership and financial participation in Europe has grown dramatically (see PEPPER IV Report 2009). Over the intervening decade, the number of large European companies with employee share plans more than doubled.

The European Economic and Social Committee adopted the Own-initiative opinion SOC 371 on EFP in Europe on 21 October 2010 by 170 votes to 9 with 22 abstentions.

The “Week of EFP” in Brussels
The Conference on 17-19 October is a follow-up of nine national conferences on EFP organised by the project partners of the Commission financed „Pro-EFP“-Project. It gathers more than 200 participants from the EU-27 including members of Parliament, representatives of the Council, the Commission and the EESC.

The business succession problem of the European SMEs
A Communication Commission from 2006 stated that with the aging of Europe’s population, “one third of EU entrepreneurs, mainly those running family enterprises, will withdraw within the next ten years”. This portends an enormous increase in business transfer activity, which could affect up to 690,000 small and medium-sized enterprises and 2.8 million jobs every year. As the largest sector of employers, SMEs and micro-enterprises are a major factor in labour market policy.

Confronted with this increasing need for business transfers an appropriately designed long-term EFP model, which could perpetuate employees’ jobs, could facilitate the process. Best practice are, e.g., proven Employee Stock Ownership Plans (ESOP models).

The way to a EU Framework: “Building Block Approach”
A European Regulation should thus – in the context of the open method of co-ordination – encompass a broad incentive system, which provides different and flexible solutions, compatible with those already established in the Member States. An adaptable scheme can provide for a solution suitable for use throughout the European Union, comprising best practises of national legislation and customs.

Combining them in a single program with alternative options leads to a “Building Block Approach”, with the different elements being mutually complementary.
TUESDAY Morning

Session 3 – EFP in Services of General Interest

9.00 – 9.15 am
Dr Marco Climento, CISL
Welcome speech

9.15 am – 9.30 am
Prof. Marco Caramelli, INSEEC Paris Business School
Introduction to the topic of EFP in SGI

9.30 – 10.30 pm
Panel 1 – Implementation of EFP in Services of General Interest, Examples and practices
Chair: Prof. Andrew Robinson, University of Leeds
- Malcom Hurston, ESOP Centre
- William Coupar, Bayswater Institute
- Philip Copestake, OPM
Debate

10.30 – 11.00 pm Coffee break

11.00 – 12.00 pm
Panel 2 – EFP and SGI: Efficiency and sustainability?
Chair: David Anciaux, CEEP
- Carlo De Masi, General Secretary, FLAIE CISL
- Oscar Usseti Blanco, Director of Innovation, Provincial Council of Gipuzkoa
- Massimo Castellani, CISL Provincia di Verona

12.00 – 12.15 am
David Anciaux, CEEP
Summary of Session 3

Session 4 – Why is EFP relevant to the European Social Model?

12.15 am – 1.00 pm
Chair: Kevin O’Kelly, IAFP
- Andrea Benassi, General Secretary of UEAPME
- Josef Niemic, Deputy General Secretary of ETUC
- Valeria Ronzitti, Director of CEEP
- Maxime Cerutti, Senior Advisor BUSINESS EUROPE

1.00 pm – 2.30 pm Lunch break

TUESDAY Afternoon

Session 5 – A Piece of the Cake? EFP and Young EU Citizens

2.30 – 2.40 pm
Philippe Adriaenssens, Young European Federalists
Welcome speech

2.40 – 3.20 pm
Panel 1 – Financial participation in the aftermath of the crisis – Socialising losses while privatising profits?
Chair & Introduction: Luca Jahier, EESC, President of Group III
- Peter Matjašić, European Youth Forum
- Max Neufeld, ETH Zurich
- Thiébaut Weber, Confidential Secretary for Youth CFDT
Debate with the public – Chair: Julia Golla, European Univ. Viadrina
Financial crises bail-out – A form of participation?
Bailing out the working poor – The unconditional minimum income

3.20 – 4.00 pm
Panel 2 – Do future generations participate in today’s recovery? EFP for non-employees – The GSOP & the CSOP
Chair & Introduction: Maurizio Petriccioni, CISL
- Lukas Wiafe, European University Viadrina
- Dimitris Tsigos, President EU Confederation of Young Entrepreneurs
- Patrik Kovács, Founder-President Young Entrepreneurs Hungary
Debate with the public – Chair: Julia Golla, European University Viadrina
EFP and distributive justice
Financial participation for non-employees

4.00 – 4.30 pm Coffee break

4.30 – 5.30 pm
Panel 3 – Policy proposals for the EU 2020 Strategy
Elena Naydenova, Jasmin Lakatoš, Anders Hentsche, Gyula Kocsis, European University Viadrina
Round table – Reaction to policy proposals, Chair: Prof. Jens Lowitzsch
- Pervenche Berès, MEP, Chair of the Committee on Employment and Social Affairs
- Elmar Brok, MEP, Chair of Delegation for relations with the U.S.
- Dario Fo, Nobel Prize Literature/Graziano Rinaldini, Grupo Formula
- Patrícia Kelso, President of the Kelso Institute
Debate with the public – Chair: Niklas Hofmann, European Univ. Viadrina

5.30 - 5.45 pm
Bernd Hüttemann, General Secretary, Network European Movement
Conclusions

6.15 – 9.00 pm Dinner cocktail – Atrium 6th floor
**Conference Programme**

**WEDNESDAY Morning**

**Session 6 – EFP for a better Corporate Governance: The Automotive Sector Case**

- **9.00 – 9.15 am**
  - Maurizio Petriccioni, CISL
  - Welcome speech

- **9.15 – 9.30 am**
  - Dr Marco Climento, CISL
  - Presentation of the results of the study on employee involvement in the automotive sector

- **9.30 – 10.30 am**
  - Case studies
    - Alexandre Baum-Deisig, IG Metal/Volkswagen AG
    - Bruno Vitali, National Secretary FIM CISL FIAT
    - Jean-Francois Kondratiu, Chairman EWC PSA Peugeot
    - Benoit Ostertag, Renault CFDT

- **10.30 – 11.00 am**
  - Coffee break

- **11.00 – 11.30 am**
  - Maurizio Petriccioni, CISL
  - A proposal for employee involvement in the EU industry sector

- **11.30 – 12.30 am**
  - Reactions
  - **Chair:** Marco Bentivogli, FIM CISL
  - Bart Samyn, Deputy Secretary, EU Metalworkers’ Federation
  - Roberto Gualtieri, MEP
  - Steven D’Haeseleer, Business Europe *
  - Izaun Alzola, Mondragon University

- **12.30 am – 1.00 pm**
  - Jean-François Lebrun, European Commission, DG Employment, Social Affairs and Equal Opportunities

- **1.00 pm – 2.30 pm**
  - Lunch break

- **3.00 – 5.30 pm**
  - Round table of EU social partners, stakeholders and EU institutions: EFP in Europe tomorrow
  - **Chair:** Prof. Herwig Roggemann, Free University of Berlin
   - Jacopo Schettini Gherardini, Standard Ethics
   - Stavroula Demetriades, Head of Unit, Dublin Foundation
   - Winfried Menrad, Rapporteur 2003 Report on Asset Formation
   - Claude Fischer, President of Confrontations Europe

- **5.30 – 6.00 pm**
  - László Andor, Commissioner Employment, Social Affairs & Inclusion / George Dassis, President of EESC Group II
  - Conclusions: EFP as part of the European Social Model

**WEDNESDAY Afternoon**

**Session 7 – EFP in Europe Tomorrow: The Building Block Approach and Mutual Recognition**

- **2.30 – 2.45 pm**
  - Heinz Zourek, Director General of DG Enterprise and Industry
  - Industrial and economic policy for SMEs and the role of EFP

- **2.45 – 3.05 pm**
  - Prof. Jens Lowitzsch, European University Viadrina
  - Presentation: EU-27 Effective Tax Rates - Base of common tax incentives

- **3.05 – 3.30 pm**
  - Jean-Philippe Debaz, Qualis Capital
  - Fond de Reprise in France, a business succession tool – First experiences
  - Pierre Genest, Amundi France / Boris Rischow, Amundi Germany
  - Mutual Recognition of EFP – The example of French FCPEs in Germany

- **3.30 – 4.00 pm**
  - Proposals and responses
  - Ria Oomen-Ruijten, MEP, Member of the Committee of Social Affairs
  - The European ESOP – Future trend in enterprise policy?

- **4.00 – 4.30 pm**
  - Coffee break

- **4.30 – 5.30 pm**
  - Round table of EU social partners, stakeholders and EU institutions: EFP in Europe tomorrow
  - **Chair:** Prof. Herwig Roggemann, Free University of Berlin
   - Jacopo Schettini Gherardini, Standard Ethics
   - Stavroula Demetriades, Head of Unit, Dublin Foundation
   - Winfried Menrad, Rapporteur 2003 Report on Asset Formation
   - Claude Fischer, President of Confrontations Europe

- **5.30 – 6.00 pm**
  - László Andor, Commissioner Employment, Social Affairs & Inclusion / George Dassis, President of EESC Group II
  - Conclusions: EFP as part of the European Social Model

- **6.00 pm**
  - Closing of conference

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**EFP and corporate governance**

Employee share ownership may, depending on the way it is structured, lead to participation in decision-making processes, via shareholder voting rights. These may be executed individually or collectively, i.e., via an intermediary entity. Companies, which issue large numbers of employee shares, have a group of demanding but patient and loyal shareholders, their own employees, supporting them in resisting the prevailing short-termism of the financial markets.

Therefore, as the EESC points out, capital participation of employees as shareholders ensures that the long-term interests of the company tend to dominate.

**Tax incentives and mutual recognition of EFP schemes**

For the first time the conference presents Effective Tax Rates for EFP across the EU-27.

It has been demonstrated that tax incentives are not a prerequisite for EFP, but an effective instrument for promoting their dissemination in countries that offer them. Although they are the most widely used promotion instrument, a European regulation of tax incentives would go beyond EU competences and conflict with national legislative powers.

An optional, uniform incentive model, with similar tax arrangements throughout the EU, may considerably boost EFP. This would make it easy to structure schemes available throughout a group of companies. As basis principle, deferred taxation could be taken as lowest common denominator.

However, the EESC recommends mutual recognition of the schemes of individual EU Member States before a European model with uniform tax incentives is established.

**Recommendations of the EESC own-initiative opinion**

Most important, the EESC calls for a new Council recommendation (like 92/443/EEC of 27.7.1992) concerning the promotion of EFP and proposals to deal with obstacles to cross-border plans. Among the measures that the EESC recommends to be adopted at an EU level are:

- The application of EFP should be facilitated EU-wide on the basis of common principles, particularly in SMEs;
- Related activities should be supported by the EU budget through a dedicated budget heading;
- Employee buyouts as a vehicle for business succession should be encouraged; they boost the continuity and competitiveness of EU firms while rooting them in the regions.
- Information sources on the implications of EFP should be established.