

**Nominated for the eyesore**



**of the year 2012**



## **Mayr-Melnhof Packaging: Works councils rights are not negotiable!**

On March, 29 in 2012 the company Mayr-Melnhof Packaging announced the closure of the factory branch in Liverpool / United Kingdom and thereby released 109 employees. Mayr-Melnhof Packaging is part of the Mayr-Melnhof Group and Europe's largest folding carton producer with 8,882 employees (in 2011).

According to the British law a 90-day consultation period with the works council is obligatory before closure of a plant. Mayr-Melnhof Packaging has failed to acknowledge the right of consultation, saying the closure had already been fixed and any restructuring measures had failed. In 2010, the factory in Liverpool had still to report a sales plus of 2% to 73 million Euros and a profit increase of 53% to 3.5 million Euros. In 2010 alone, Mayr Melnhof Packaging made sales of 1,020.7 million Euros and in 2011 a turnover of 1,124.9 million Euros, according to a statement of the company given to the Network Social Responsibility, NeSoVe.

In early 2012, the plant has laid off 48 employees in Liverpool. When workers went on strike, the management responded with lockouts and dismissed four employees and justified this pointing to unpleasant incidents which had occurred in the past.

On 5 April 2012, the European Works Council, called for a hearing. On 9 May 2012, the European Works Council, called for an extraordinary meeting. Both applications were not answered by MM Packaging until this day. The meetings could not be held.

The perspective of the company seems quite different: "We respect the right of assembly of our employees. We strive for a long-term and constructive dialogue with the works councils both at site level and in regional cooperation.", is written in the Code of Conduct.

On request of the Network Social Responsibility, NeSoVe, regarding the plant closure in Liverpool and the treatment of the workers and the works councils, the company Mayr Melnhof Packaging has not given a statement.

The European landscape of economy is increasingly dominated by multinational corporations. Therefore, the European works councils have been launched and have been endowed with certain rights. The European works council has to be consulted when cross-national measures are planned. Mayr-Melnhof Packaging 2012 has not complied with this law in the case of the plant closure in Liverpool. Worse, Mayr-Melnhof Packaging has even announced publicly, that the right of consultation had not been granted because Mayr-Melnhof had already taken the decision on the closure of the plant. In opinion of the Network Social Responsibility, it is irresponsible, if legal rights of works councils are dependent on the will of the company's management. NeSoVe consider, that information and consultation rights of the works councils are not negotiable. The behavior of MM Packaging around the plant closure in Liverpool is litigated at the Petitions Committee of the European Parliament.

The Network Social Responsibility calls for effective and sanctionable guidelines on the accomplishment of the rights of the European works council. This includes the rise of the range of sentences in § 207 of the Austrian Labour Constitution Law. In this paragraph, companies can be sentenced to a fine of 40,000 euros (in case of repetition and in case of condemnation), for failing European works councils rights. However, the costs of granting European works council rights are partly above the maximum possible penalty which, therefore, does not have any deterrent effect.