



Labour market change

Whirlpool:
Relocation from France to
Poland - case study

Whirlpool: Relocation from France to Poland

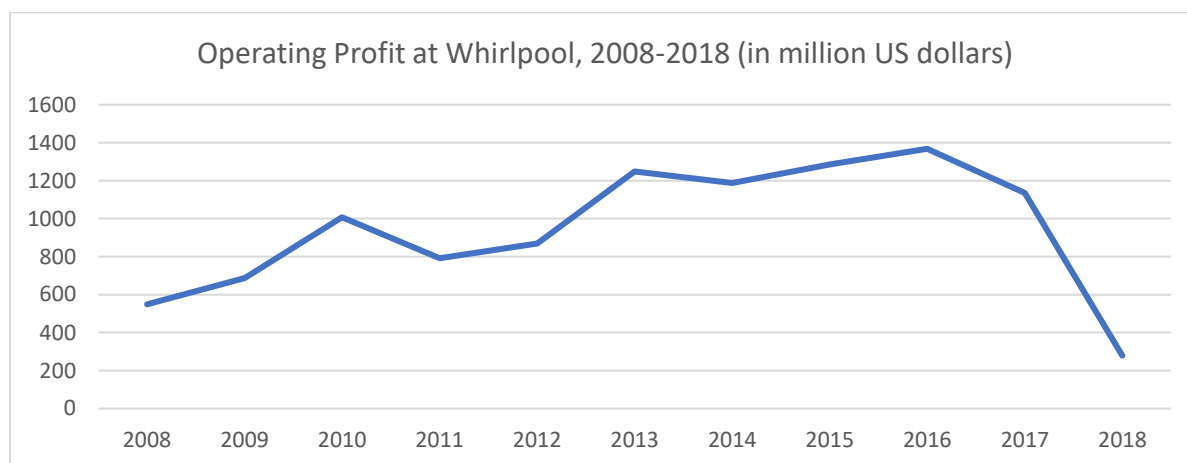
This case study was carried out for a European Restructuring Monitor project on transnational restructuring (2019-20).

Report: [ERM report 2020: Restructuring across borders](#)

Introduction

The US based company Whirlpool is one of the world's largest manufacturers of household appliances. It incorporates, among others, brands including KitchenAid, Maytag, Indesit and Bauknecht. Nearly 55% of the company's sales are in the US, with around 22% generated in Europe.

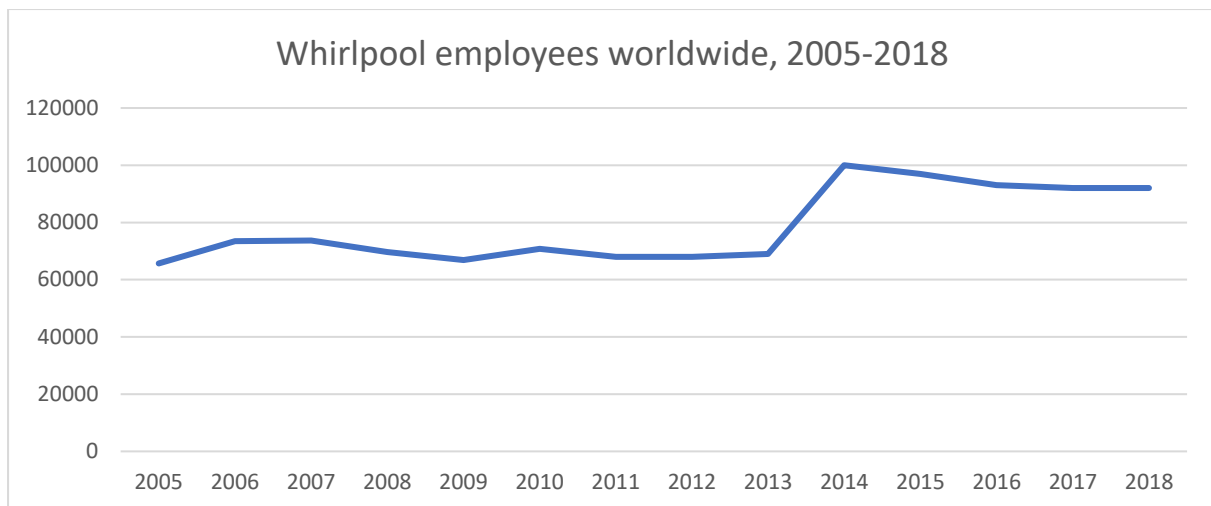
The company's European headquarters are located in Italy. While the business experienced a period of growth in its operating profit following the financial crisis, the years 2010-2011 proved challenging. After a period of recovery between 2011 and 2013, profits experienced a small dip between 2013 and 2014 and a significant decline between 2017 and 2018 (see figure below).



Source: Statistica

Employment trends at Whirlpool

Global employment figures were relatively stable between 2005 and 2013, after which they increased significantly between 2013 and 2014, followed by a period of decline between 2015 and 2018. In 2018, the company employed around 92,000 workers worldwide, of which 22,000 were based in Europe, Middle East and Africa Region (the so-called EMEA region).



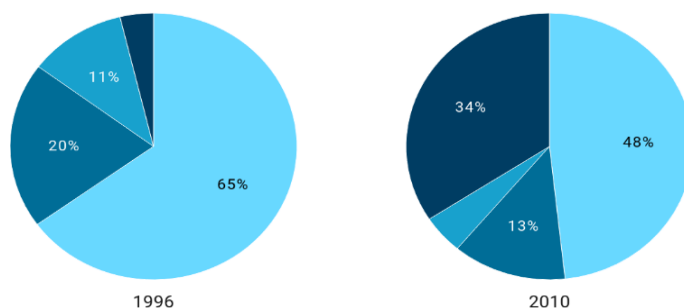
Source: Statistica

However, the overall number serves to disguise ongoing ‘internal’ restructuring over the years, both globally and within Europe.

The figure below provides information trends in employment at Whirlpool in Europe between 1996 and 2010 based on data included in the company’s EWC agreement. This shows a shift in employment from Western and Southern to Central and Eastern Europe.

Employment trend at Whirlpool by country clusters

■ Southern Europe
 ■ Western Europe
 ■ Northern Europe
 ■ Central and Eastern Europe



Source: EWC agreements 1996 and 2010

Evolution in employee numbers in Whirlpool Europe

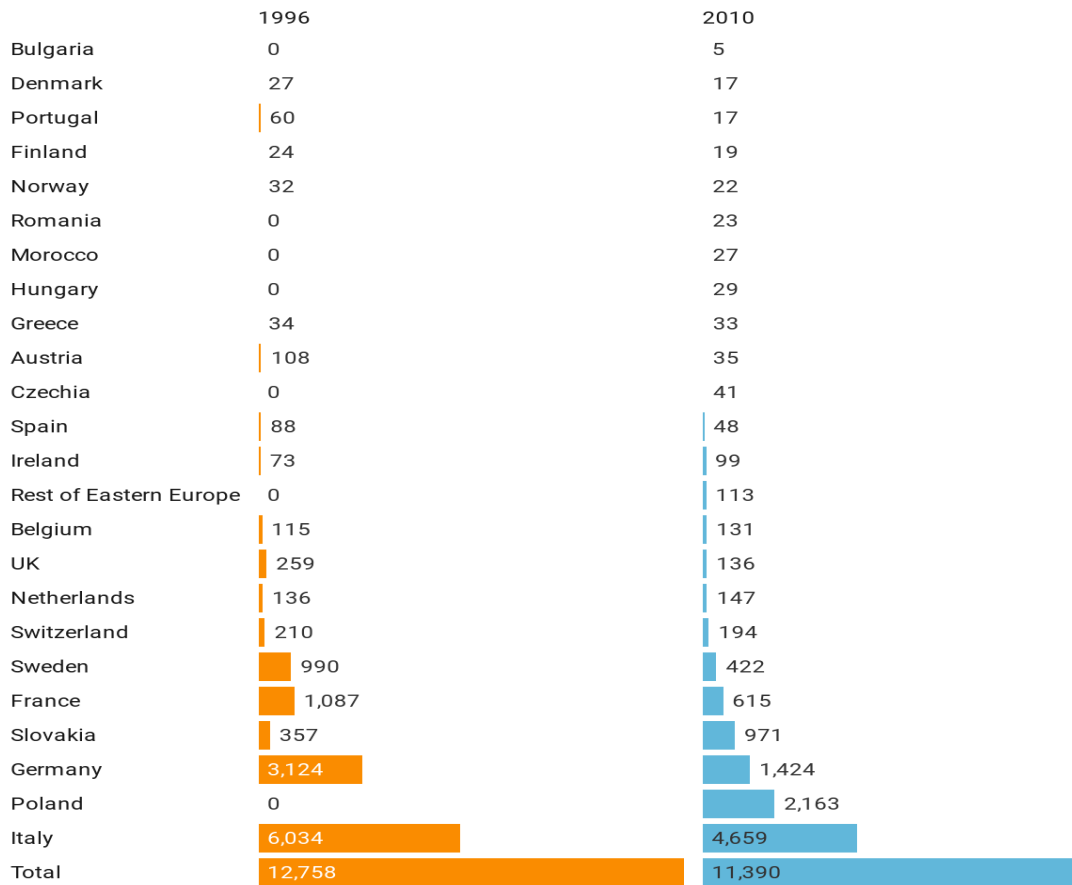


Chart: Author • Source: EWC agreements 1996 and 2010

As indicated by the figures above, between the early 2000s and 2018, there has been an ongoing restructuring process which has included the move of jobs away from France and Italy in particular to countries such as Poland and Slovakia (although the latter countries also witnessed fluctuation in employment figures). The table below chronicles these developments using data reported in the ERM.

Year	Country of job losses	Country of job gains	Number of jobs affected (and number of jobs prior to reductions)
2002	France (Amiens)	n/a	225 (860)
2005	Italy (Carinetta, Camerio)	n/a	520 (3728)
2005		Poland (Wroclaw)	1,000 (new factory)
2005	Slovakia (Poprad)		189 (n/d)
2005		Slovakia (Poprad)	460 (n/d)
2008	Global		5,000 (of which 1,000 in Europe of a workforce of around 14,000 in Europe)
2008	France (Amiens)		153 (500)
2008	Poland (Wroclaw)		470
2009	Slovakia (Poprad)		100

2009	Italy (Carinetta, Camerio)		431
2012	Italy (Trento region)		1000 (3000)
2012	Sweden		40 (382)
2014	Italy (Spinidi Gardolo)		468 (468)
2016	Italy (Cavinaro)		350 (820)
2017		Poland (Lodz)	80
2017	World (UK, FR, PL in Europe)		500
2017	France (Amiens)		290 (290)
2017		Poland (Lodz)	100 (3000)

Source: ERM

Relocation from France to Poland (2017)

Following two earlier restructuring events in 2002 and 2008, employment at Whirlpool in France declined from around 1,000 in 2002 to 571 permanent staff of which 280 were based at the production site in Amiens and 291 in the head office near Paris. In 1998, the plant had employed around 1,000 workers. By 2002, this number had shrunk to 860 when job losses in the region of 225 were announced. Further job cuts followed and by the time a further 153 redundancies were announced in 2008, the workforce on the site had already declined to around 500. As indicated above, by 2017, this figure had reduced further to 225 workers, 34 technicians and 23 managers. In addition, there were 250 workers on temporary contracts and 60 employees of a sub-contractor (Prima France) employed at the plant who were also set to lose their jobs (their contracts ran out over the period between June and December 2018). This was due to a decision by management in the US to cease production of tumble dryers at the site, which would in future be manufactured in Poland. Production of these units had reduced progressively from 642,000 in 2007 to 364,925 in 2014 but had subsequently increased again to 605,000 in 2016. This sharp increase is related to an important share of the production (1/3) that was intended to replace defective entry-level products manufactured in the UK plant at Yate. Such products are aimed to replace products already sold, therefore they are not taken into account as the 'normal' production aimed to be sold.

The closure of the plant in Amiens was announced in January 2017 as part of a wider plan to restructure Whirlpool's Europe, Middle East and Africa manufacturing operations, seeking a new position in the labour market.

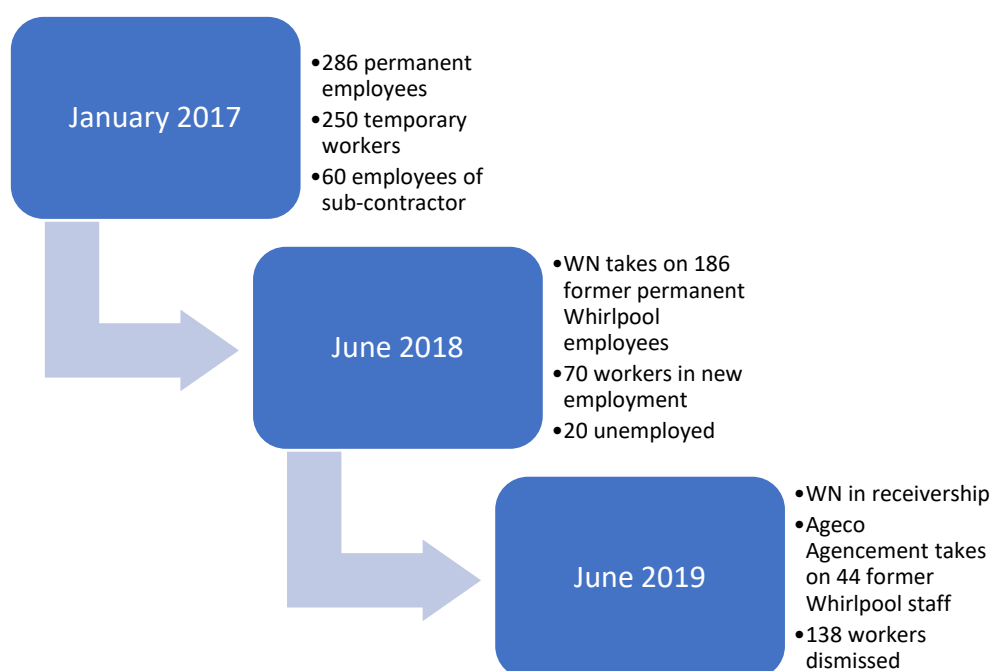
According to French trade unionists, the relocation of production to Poland sought to generate efficiency savings through reduced production costs, which were an estimated 7.5% higher in France than in Poland.

The restructuring was set to affect 500 workers in France, Poland and the UK, with anticipated job cuts due to be completed by 2018. According to trade union representatives, the closure of the site at Amiens did not come entirely as a surprise. At a presentation made of the company's European activities in 2015, the plant was already missing from the map. Management at the time argued that this was an error, but trade unions subsequently found this to be prescient of subsequent developments.

In line with French legislation (the so-called 'Loi Florange'¹), management were required to seek a buyer for the site that might offer follow-up employment. Such a buyer was eventually found in WN

¹ The legislation dates back to 2014 when the uproar caused by the decision by ArcelorMittal, the steel group, to close two blast furnaces in Florange (La loi « visant à reconquérir l'économie réelle » dated 29 mars 2014),

(manufacturer of refrigeration units), which took over the site in June 2018. WN was created from scratch by Nicolas Decayeux, a local industrialist, who paid for a symbolic euro for the 155,000 m² site in exchange for the commitment to keep a certain number of employees. Around 185 former Whirlpool workers were offered employment at the plant. However, WN failed and was placed into receivership in May 2019. The company was taken over by Ageco Agencement. The company implemented the manufacturer of consoles for interior design, but only took over 44 former Whirlpool staff (see also figure below). A social plan was also negotiated as part of the restructuring process. This is described in more detail below.



Restructuring of production in Poland

Management at the Łódź site does not consider the cessation of production of tumble dryers in France and the repurposing of the production site in Łódź for the manufacture of tumble dryers in the context of a relocation. Instead, this is considered to have been part of a broader programme of restructuring in Poland and in the wider EMEA region.

In 2014, the company had acquired Indesit, an Italy-based manufacturer of domestic appliances, which also had a production site in Łódź. This resulted in an overlapping of production segments and sites within the group. As a result, Whirlpool decided to implement a restructuring programme aimed at changing the structure of production sites across Europe, including in Poland. The site in Łódź was previously used for the manufacture of refrigerators. In January 2017, the company announced that the site was to cease production of refrigerators and instead launch the production of tumble dryers. The production park was adapted and special training was provided to workers. As a result, there were no redundancies among the 400 workers at the site who all found employment at the re-purposed site. No new positions were created during this process. The restructuring process in Poland started in January 2017 and was completed by December 2018.

The average age of the workforce is 42, 88% are blue collar workers and 68% are men.

northeast France (in 2012) with the loss of around 630 jobs. The law requires companies to make every effort, before closing a plant, to find another buyer.

According to a management representative at Whirlpool in Poland, the restructuring process allowed the company to adapt and optimise its production restructure to enhance efficiency, competitiveness and contribute to stable growth in the EMEA region. Through the installation of the new production park, it has been possible to modernise production processes and update the company's product portfolio.

Employee representation at Whirlpool

Transnational interest representation

An EWC was established at Whirlpool in 1996 (the Whirlpool Europe Employee Committee). The agreement was based on Article 13 of the 1994 EWC Directive (Directive 94/95 of 22 September 1994) and is based on Italian law. At the time, the company has 12,758 employees in Europe and based on the formula of employee shares, the EWC had 8 members from Italy, 4 from Germany, 2 each from France and Sweden and one each from the UK, the Netherlands, Switzerland, Austria, Belgium, Spain and Slovakia. Other countries where the company was represented at the time (Ireland, Norway, Finland, Denmark, Portugal and Greece) did not meet the agreed threshold to have a permanent representative on the EWC. The original agreement was renegotiated in 2000, 2010 and 2016. The 2010 amendment provides an update on the number of EWC representatives per country which gives an insight in the shifts in employee numbers in Europe (4 each for Italy and Poland, 2 each for Belgium, Germany and Slovakia and one each for France and Switzerland).

Employee representation at Whirlpool in France

In France, a works council is in place at the central, as well as at the plant level. The country now has one representative on the EWC.

Employee representation at Whirlpool in Poland

The worker representative at the Whirlpool site in Łódź acts as the employee side chair of the EWC. There are two trade unions active at the site: NSZZ 'Solidarność' and Intercompany Trade Union of Household Appliances Manufacturers (Międzyzakładowy Związek Zawodowy Wytwórców AGD).

Consultation process linked to restructuring process at Whirlpool

As indicated above, fears for the future of the Whirlpool plant at Amiens dated back as far as 2015. In 2015 and 2016, the works council used its 'right of alert' provided by the Labour Code to appoint an expert to assess the economic and financial situation of the company². However, at the time, the company did not acknowledge that any plans were in place to restructure operations which might lead to a plant closure in France.

Restructuring plans for the EMEA region were announced on 24 January 2017. As indicated above, the plans affected around 500 workers in France, Poland and the UK. The company anticipated at the time that job cuts would be completed by 2018, including the closure of the plant at Amiens. The information was first provided to the French Central works councils together with the works council of the plant at Amiens during an extraordinary joint meeting for both bodies, the EWC was informed after this and this only amounted to information (not consultation). EWC representatives in Poland echoed the perception that the EWC was informed but not consulted, however considered that the restructuring process did not require consultation with the employee side. This is in line with the

² According to article [L2312-63 of the Labour code](#), this right of economic alert is reserved for the Works council (CSE) of companies with 50 or more employees. The aim is to issue an alert to the employer when the CSE becomes aware of facts that could have a worrying impact on the company's economic situation. The CSE is entitled to exercise its right of alert and ask the employer for explanations. For the right to be triggered, it is necessary that the company's situation be worrying.

management's view that this should not be perceived as a case of delocalisation, as the site in Poland is considered to produce a new kind of product using more modern production processes. The decision to establish the new production park in Poland is viewed as part of a wider restructuring programme within the company in Poland the EMEA region, particularly following the acquisition of Indesit in 2014 and the perceived duplication of production capacity in Łódź in particular. Another employee representative from Poland was of the view that the EWC would have supported workers at the Amiens site had there been redundancies for the entire workforce, in their view this was not the case as a share of workers initially found employment with WN.

The local trade unions in Poland were informed about the restructuring programme.

In France, the Central and plant works councils were consulted on the economic and social reasons for the closure and the social measures to be implemented to mitigate the impact of the closure.

In February, management and trade unions in France signed a 'method agreement' to settle the procedure for information and consultation on the restructuring and the negotiation process for the 'Employment Safeguard Plan'. The method agreement aims to fix the schedule of the information and consultation process in France (how many meetings, right of expertise, time to deliver the expertise, etc.) to avoid uncertainty regarding the length of the process.

At a meeting of the Central and plant works Councils, an expert was nominated to assess the economic and financial groups provided by the management for the reorganisation of the plan. In line with the 'Loi Florange', the company also initiated a process to find a successor company to take over the site.

As Amiens was the last Whirlpool plant in France, the affected workers had no possibility for internal mobility and reemployment in other Whirlpool production sites in France. Between 2010-2015, the French Labour Code ([Article L1233-4-1](#)) required employers to offer affected workers positions in other sites of the group abroad. This was amended by a [law of 6 August 2015](#) to reduce the reemployment obligation to the French territory and to limit job offers abroad only to interested employee (article 290 of the law / new article L. 1233-4-1 of the Labour Code). This provision was repealed in 2017 (Ordonnance 2017-1387 of 22 September 2017, Décret 2017-1725 of 21 December 2017) and as a result, the possibility for an employee to ask for job to be offered within the group abroad has been removed.

In the Whirlpool case, the Employment safeguard plan was signed in May 2017. At that time, the article L1233-4-1 was in force and while there was no commitment to offer outplacement abroad, employees had the right to ask for such proposals. According to the trade unionist interviewed for the case study, the company offered position in countries such as Spain, Portugal or Italy. But, according to this source, the French employees who volunteered to take positions in these countries were not selected because of a lack of local language skills.

In April, employees organised a strike lasting between 24 April and 5 May 2017 with the goal of putting pressure on management to conclude a suitable 'Employment Safeguard Plan'. In the context of the French presidential elections, which were in process at the time, these negotiations received a high level of political and media attention, with both presidential candidates visiting workers near the site of the plant in Amiens.

The social plan was signed by the three representative unions at the factory (CFDT, CFTC and CFE-CGC) in early May 2017 and was assessed as being a 'good' social plan, offering transition payments of a minimum of 18 months up to 30 months (the latter for employees over 57 years of age or facing

health issues). During this time, workers receive their full salary, as well as the support of a consultant to assist them in finding a new job or training measure. In addition, all employees received an extra-legal dismissal allowance of minimum €50,000 and €1,800 per year of service at Whirlpool (with a ceiling at 24 years). Until the plant's closure in June 2018, production was maintained but voluntary departures and retired workers were not be replaced by new workers on permanent contracts.

After the signature of the social plan, management, the trade unions and the public authorities tried to find a successor company to take on the site or to create new activities. As indicated above, in June 2018, WN took over the site employing 186 former Whirlpool employees. Employees who were taken on by the successor company WN received the same dismissal allowance and 50% of the salary they would have received, had they taken their transition leave in its entirety. At that time, around 70 of the 285 former employees had found a new job, had retired or around 20 remained unemployed. The 250 temporary workers were progressively dismissed from December 2018 and 60 employees of the subcontractor Prima working within the plant at the time of its closure also lost their jobs.³

Despite the support received from private and public funds (in three years, the plant costs amounted to close to €20 million, mostly in subsidies, including funds from Whirlpool, the State and local authorities), WN failed and was placed in receivership in May 2019. Despite an additional cash injection of €500,000 from Whirlpool in June 2019, the company closed and was then taken over by Ageco Agencement. At that time, a further 138 former employees of Whirlpool were dismissed, as the new owner took over only 44 workers⁴.

By September 2019, of former Whirlpool employees 75 workers were still in replacement leave.

³ Les Échos, [Fin de parcours pour l'usine Whirlpool d'Amiens](#), 31 May 2018

⁴ Le Figaro, [Ex-Whirlpool d'Amiens: une offre de reprise validée, 138 licenciements à la clé](#), 30 July 2019