



TRADE UNION ADVISORY COMMITTEE
TO THE ORGANISATION FOR ECONOMIC
COOPERATION AND DEVELOPMENT
COMMISSION SYNDICALE CONSULTATIVE
AUPRÈS DE L'ORGANISATION DE COOPÉRATION
ET DE DÉVELOPPEMENT ÉCONOMIQUES



European Trade Union Confederation [ETUC]
Confédération européenne des syndicats [CES]

UNION LEADERS CALL TO RESIST LOBBY GROUPS IN CONSIDERING NEW REGULATION OF PRIVATE EQUITY AND HEDGE FUNDS

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On the eve of the Organisation for Economic Co-operation and Development (OECD) Ministerial Council meeting in Paris, trade union leaders from across the industrialised countries expressed deep concern at intense lobbying activities to undermine a draft European Parliament Committee's report on private equity and hedge funds.

Meeting under the auspice of the Trade Union Advisory Committee (TUAC) to the OECD, trade union leaders from OECD countries, including representatives of major European trade union confederations, declared their support for recommendations laid down in a report on hedge funds and private equity¹. The report was prepared by MEP Poul Nyrup Rasmussen and is said to be under attack by private equity and hedge funds lobbying groups.

Among others, the report calls for new regulations:

- to establish EU-wide registration and authorisation of hedge fund and private equity managers;
- to work on appropriate leverage levels for private equity and hedge funds, including by eliminating tax-distortive regulations;
- to extend to private equity existing EU regulation on information, consultation and continuing of employment conditions of workers;
- to prevent conflicts of interest in private equity takeovers by enforcing disclosure of fees and other incentives received by the target company's directors.

John Monks, General Secretary of the European Trade Union Confederation (ETUC) said: *"This self serving lobbying by the industry was to be expected. But regulation of hedge funds and private equity is crucial. We must also focus on tax. These deals are often based on tax breaks designed originally to boost investment in real things, not mergers and acquisitions."*

John Evans, General Secretary of the TUAC said: *"The report presented by Poul Nyrup Rasmussen is a much needed response to align the private equity model with the priorities of the real economy in Europe. The recommendations reflect regulatory best practices as discussed recently in several national parliaments in Europe and beyond as evidenced in a*

¹ DRAFT REPORT with recommendations to the Commission on Hedge funds and private equity, (2007/2238(INI)), Committee on Economic and Monetary Affairs, Rapporteur: Poul Nyrup Rasmussen, 18.4.2008, Committee on Economic and Monetary Affairs, EUROPEAN PARLIAMENT 2004-2009
<http://www.europarl.europa.eu/activities/committees/draftReports.do?language=EN&committeeBean.comId=813#>

report by the TUAC². Voluntary codes of conduct that are favoured by the private equity industry cannot substitute to regulation-backed requirements.”

The ETUC exists to speak with a single voice, on behalf of the common interests of workers, at European level. Founded in 1973, it now represents 82 trade union organisations in 36 European countries, plus 12 industry-based federations.

TUAC has consultative status with the OECD and represents 66 million workers in 58 affiliated organisations in the 30 OECD countries.

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² “Regulating Private Equity - Overview of recent parliamentary hearings and legislative initiatives”, TUAC, November 2007, http://www.tuac.org/en/public/e-docs/00/00/02/77/document_doc.phtml