Chapter 19
Cross-border merger to form the International Consolidated Airlines Group, S.A. (IAG)

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1. Introduction

This chapter provides a case study of the formation of the International Consolidated Airlines Group (IAG) through the merger of British Airways (BA) and the Spanish airline Iberia, which was completed in 2011. Even though this formation was in many respects a cross-border merger of Iberia into the larger BA, the Directive on cross-border mergers – which had been implemented in both the United Kingdom and Spain by this time and could have been used – was not utilised. Instead, a complex set of transactions were implemented involving the transfer of the assets of BA to a Spanish holding company (BA Holdco S.A.) and then a domestic merger in Spain of BA Holdco and Iberia into IAG, at the time a shell company formed purely for the purpose of the merger. As part of the merger, BA Holdco and Iberia transferred all their assets to IAG and ceased to exist thereafter. Although IAG is registered in Spain and is thus formally a Spanish company, its headquarters are located in London, where the company's strategic decisions are made. This is allowed under Spanish company law, which follows incorporation theory and thus allows the registered seat and the 'real seat' (head office) to be located in different countries.

Although the Directive on cross-border mergers was not used to form IAG, the case study illustrates a number of points relevant for this book. The first underlines that the Cross-border Mergers Directive is used mainly for mergers between companies within the same group (inter-group transactions) rather than mergers between independent companies. The arguments made in the cross-border merger implementation study (Bech-Bruun and Lexidale 2013) that legal uncertainty affects the application of the Directive to such transactions may thus have some weight here.

The second point is that worker rights to information and consultation under European company law are not strong enough to help workers protect their interests in cross-border restructuring situations. Although the restructuring was cross-border, the main source of worker involvement for the Spanish workforce was through the Economic and Social Council, a purely domestic information and consultation body established at Iberia in 2001.

The third point is the need for substantial penalties in European legislation for the violation of commitments made to the workforce in order to obtain support for or reduce opposition to cross-border restructuring. A number of commitments agreed with representatives of the Spanish workforce prior to the merger were – within a relatively short period of time after the merger – not carried through, in part on the grounds that British (and not Spanish) management were now calling the shots.

2. The British Airways/Iberia merger

In the summer of 2008, the Spanish airline Iberia and British Airways (BA), both national flag carrier airlines, announced their intention to merge, thereby creating what would then be the world's third largest airline in terms of turnover, behind only Air France and Lufthansa, and the fifth by stock market capitalisation, behind Air China, Singapore Airlines, Southwest Airlines and Lufthansa. Due to other merger operations undertaken by US companies, the resulting IAG became the third largest European carrier and the sixth in the world in terms of turnover. The final deal was secured in November 2009 in a binding agreement reached by the respective boards of directors, which created a holding company in which BA would take a 55 per cent stake, with Iberia accounting for the remaining 45 per cent. The former stockholders of each of the companies were allocated shares in proportion to their previous holdings, whereby the Spanish savings bank Caja Madrid (now Bankia) and Invesco, a UK investment company, continued to be the main shareholders, with 9 per cent.[1]

Table 1 **Timeline of the BA–Iberia merger**

1999	BA takes stake in Iberia as part of cooperation deal
2003	BA and Iberia begin operating together
2007	BA heads a consortium of investors in a takeover bid for Iberia
2007	BA withdraws its bid, arguing that the 'friendly terms' essential to the bid were no longer there
2008	BA and Iberia announce merger intention after BA had called off merger talks with Australia's Qantas
2009	November: Preliminary merger agreement
2010	April: Merger project is signed, to be formalised and approved by the EU
2011	Resulting IAG begins operating October: Launch of new low-cost brand Iberia Express
2012	April: Acquisition of British Midland International (BMI) from Lufthansa completed December: Merger of the cargo operations of British Airways, BMI and Iberia into a single business unit, IAG Cargo
2013	April: IAG assumes full control of Spanish low-cost airline Vueling
2015	August: Acquisition of the Irish airline Aer Lingus completed
2016	End of the 'Initial Period'

Source: authors' own compilation

1. Detailed information on the merger operation at: http://www.es.iairgroup.com/phoenix.zhtml?c=240950&p=irol-mergerdocdisclaim

The operation was undertaken following a failed attempt in 2007 by British Airways, together with a UK mutual fund, to buy Iberia, given the refusal by Caja Madrid to sell its stake to a non-domestic company. The new company began operating in early 2011, trading under the name of International Airlines Group (IAG). The British-Spanish holding is headquartered in London (United Kingdom), but with its registered office and tax domicile in Madrid (Spain) and listed on the London Stock Exchange (constituent of IBEX 35) with secondary listings on the Madrid, Barcelona, Bilbao and Valencia stock exchanges.

The merger was the culmination of an alliance process lasting ten years, during which both airlines shared routes as part of the major global airline grouping One World. At the time of the merger, Iberia held a 9.9 per cent stake in BA, with the latter holding a 13.5 per cent stake in the Spanish company. The main strategic aims of the merger were the consolidation of both companies after tough years in the airline industry, losses and debt problems in both cases; cost-cutting, synergies and competitiveness; meeting the increasing low-cost competition; and starting new alliances with American Airlines.

3. Rationales of the merger

The conditions preceding the merger between BA and Iberia are to be found in 1999 when Iberia Líneas Aéreas de España S.A. (Iberia) became a partner of the ONEWORLD Alliance, along with American Airlines and BA, among other airline companies. The establishment of the ONEWORLD Alliance was part of a broader process of corporate restructuring and business concentration within the airlines sector that started in the late 1990s and led to other transnational alliances, such as STAR ALLIANCE (STAR) and SKY TEAM, led by Air France and Lufthansa, respectively.

In April 2001, Iberia was privatised. The share capital of Iberia was controlled by the Spanish State Society of Industrial Participations (SEPI, now TENEO). SEPI announced the sale of its controlling stake in Iberia after the approval of the public stock offering by decision of the Council of Ministers of 30 December 1999. The privatisation of Iberia led to BA acquiring a shareholding through its capital company BA&AA Holdings Limited. BA announced its acquisition of 10 per cent of the shares of Iberia. It also held two seats on Iberia's board of directors. BA&AA's stake in Iberia was secured by a syndicated agreement for three years, until April 2004.

In May 2001, Iberia and BA concluded a first Memorandum of Understanding for the joint operation of their respective routes to South America. This included code-share flights by the partner airline and commercial collaboration. The agreement obtained the approval of the Directorate-General for Competition of the European Commission. In July 2002, the companies reached a second cooperation agreement which expanded the existing alliance to the connections between Spain and the United Kingdom, as well as to other Asian flight routes. In December 2003, the Directorate-General for Competition of the European Commission also approved this second commercial collaboration agreement, but demanded the transfer of several slots in Barajas-Madrid and Heathrow-

London airports due to dominant market position. Once this requirement was met, Iberia and BA began to operate together.

The companies reinforced their alliance in 2004. In March 2004, Iberia notified a relevant fact to the Spanish Securities Market Commission (CMNV) 'denying a change in the commercial relations with BA'. The communication refuted the rumours on the possible withdrawal of BA&AA Holdings from the equity of Iberia, once the terms of the syndicated agreement signed in April 2001 had expired. In late 2004, Iberia and BA signed another agreement of joint use and operation of the connections between Madrid, Barcelona and London, with their associated costs and benefits, profit-sharing, joint marketing and schedule coordination.

After three years of collaboration, the tightening of the alliance between Iberia and BA accelerated in 2007. Early that year, Iberia denied the rumours about a possible merger with Lufthansa. In March 2007, Iberia announced that TGP Capital LPP (Texas Pacific Group), on behalf of other partners, required financial, fiscal and corporate information to make a takeover bid for the entire share capital of the company, offering €3.60 per share.

In response to this request, Iberia demanded in turn information from TGP on the identity of its industry partner(s) and its operating licence or air operator's certificate (AOC). TPG answered that the takeover bid was made in the name of five companies: TGP Partners V LPP, Vista Capital de Expansión S.A., Inversiones Ibersuizas S.A., Querqus Equity S.L. and British Airways PLC, which acted as industry partner of the consortium. Thus, BA admitted its interest in taking over the majority shareholding in Iberia.

The request for information by TGP caused surprise and discomfort to Iberia, given that the industry partner of the consortium behind the bid had two seats on the company's board of directors. BA had complete access to Iberia's financial information through the participation of its subsidiary BA&AA Holdings in shareholding of the company. BA was perfectly aware, for instance, of Iberia's liquid assets position, which reached €2,411 million at the end of 2006. This ample financial situation was due to the different sales and asset disinvestments completed by Iberia since its privatisation in 2001.

In July 2007, however, Iberia decided to send the requested information to the consortium led by TGP. In November 2007, another takeover bid was launched on Iberia, offering €3.90 per share. The takeover bid was made by a Spanish consortium led by Gala Capital with the Spanish airline Air Europa as industry partner.

In this context, and with two competing takeover bids, two of the institutional shareholders with an ownership stake of moderate size, BBVA and LOGISTA, decided to sell their stakes in Iberia. However, BA decided not to make use of its preferential right of purchase of these two large blocks of shares as a member of the board of directors of Iberia. By contrast, Caja Madrid did make use of the preferential right of purchase and reinforced its stake in Iberia. After this move by the Spanish Savings Bank, the consortium led by TGP withdrew its takeover bid.

After the failure of BA's first takeover bid for Iberia and with the reinforcement of the stake held by Caja Madrid, some important changes were introduced in the Spanish company's board of directors. Iberia also decided not to answer the request for information made by Gala Capital. As a result, the Spanish consortium also withdrew its takeover bid.

The final movement prior to the merger between Iberia and BA was made in early 2008, when BA&AA Holdings announced a public offering for up to 13.15 per cent of Iberia, offering €2.34 per share. The announcement was considered to be hostile by the Spanish shareholder core, led by Caja Madrid, which had acquired the stakes of BBVA and LOGISTA a few months earlier, at €3.6 per share. Iberia also took a shareholding in BA, with the purchase of a 9.99 per cent stake in the British company, distributed between market price and financial derivatives.

4. The cross-border merger and its consequences for shareholders and creditors

In 29 July 2008, Iberia and BA announced their intention to start talks on the possible merger of the companies, based on the cross shareholdings of 9.99 per cent of BA in the hands of Iberia and the 13.15 per cent of Iberia owned by BA. However, there were other options on the table. BA was also exploring a possible merger with Australian Qantas. This paralysed the negotiations with Iberia.

The talks between Iberia and BA were formally resumed after a year, in August 2009. BA was in a very harsh financial situation as a result of the huge deficit in its pension fund (estimated at around £4 billion). The company decided to issue convertible bonds to raise £350 million of fresh capital, paying interest at 5.8 per cent per cent over five years, falling due on 13 August 2014. BA's financial problems accelerated the talks with Iberia. In November 2009, the companies signed a provisional Memorandum of Understanding on the merger, establishing a share swap of 45 per cent of the merged company for Iberia and 55 per cent for BA.

In April 2010, Iberia and BA signed the merger contract, based on the terms established in the Memorandum of Understanding. Rather than being structured as a transaction under the Directive on cross-border mergers, which had been implemented in both countries by this time and thus was available for use, the merger was to take place in a series of steps. First, shell companies were to be created in Spain: BA Holdco S.A. and the future parent company International Consolidated Airlines Group S.A. (IAG). Secondly, a share exchange was to be carried out, whereby shareholders in BA were to receive shares in BA Holdco S.A., which was then to become the holding company for BA. Finally, a purely domestic merger between Spanish companies (Iberia and BA Holdco S.A. into IAG) was to take place, with the former shareholders of Iberia and BA Holdco receiving shares in IAG. Although IAG would be registered in Spain (and would thus be a Spanish company under Spanish company law), the headquarters would be located in the United Kingdom. BA would in effect be the senior partner in the merger, as its shareholders would have the majority of shares in the new entity and management would be in London.

The merger received the approval of the Directorate-General for Competition of the European Commission in July 2010. Three months later, in September, the appointment of the merged company's board of directors was communicated to the Spanish national authorities. The new company had its registered office in Madrid (Spain). On 20 January 2011, Iberia suspended trading in its shares and proceeded to the share exchange. In legal terms and as far as the capital of Iberia and BA is concerned, the merger was concluded on 21 January 2011. However, the merger contract established the deadline of 21 January 2016 for the completion of the merger with the integration of the operative structures of Iberia and BA into IAG.

After five years (2011–2016) with much turbulence – economic recession, terrorist attacks, several air traffic controllers' strikes, labour conflicts around the Iberia restructuring and the creation of low-cost Iberia Express, not to mention the Brexit referendum – the merged group seems to be consolidated. In 2015, for the first time, the new holding IAG paid dividends to shareholders. The executive boards are composed of British and Spanish managers, the common aircraft fleet has grown from 352 (2011) to 525 (2016), passenger volume has doubled and the expected profit margins have risen. Although the big transatlantic merger project with American Airlines could not be realised, the incorporation of Irish Aer Lingus and Spanish Vueling, together with the new cargo division IAG Cargo has significantly widened and diversified the portfolio.

5. Consequences of the merger for the employees

The merger project established that all collective bargaining and employment contracts continue to be organised within the two brands BA and Iberia, which continue to operate as operating airline companies until 2016.

The Unite trade union, which represents thousands of BA workers, said it supported the deal, but 'not at any cost'. Steve Turner, Unite national officer for civil aviation, said: 'mergers mean synergies, and synergies usually mean job losses and the levelling down of terms and conditions' and that workers must be consulted on any 'key decisions' about their future (BBC News, 8 April 2010; http://news.bbc.co.uk/2/hi/8608667.stm)

As regards Iberia, the representatives of the workforce were informed of the merger from the very beginning of the first formal talks between Iberia and BA in July 2008. Nevertheless, the information and consultation of the employees was not conducted in fulfilment of the provisions of the Takeover Bids Directive, but rather via a company-level instrument for the representation of workers' interests, which had been established by Iberia in 2001 after privatisation in compensation for the loss of board-level representation. The name of this body is the Economic and Social Council of Iberia. It gathers together representatives of the management (including the CEO), as well as the two most representative trade unions among the ground staff, CCOO and UGT, and the pilots' trade union, SEPLA. The other representative trade unions in Iberia are not recognised members of this body.

> 'The merger started in 29 July 2008, with the notification of the relevant fact to the Spanish Securities Market Commission (CMNV) by Iberia. And if not that same day, the day after, we were called by the president of the company to a meeting at the Economic and Social Council of Iberia. We were informed of the intention of the company to proceed with the merger there (…) at the very moment that the talks were about to start.' (ref. IAG_SIND-01)

The Economic and Social Council of Iberia was established in 2001, after the privatisation of the company. The representatives of CCOO, UGT and SEPLA, the most representative trade unions, which had a seat on the board of directors of the public company, were compensated for the loss of board-level participation with this new body for information and consultation of employees. It covered only the Spanish workforce.

The Economic and Social Council of Iberia was convened on 29 July 2008, after the extraordinary meeting of the board of directors at which the decision to start the talks with BA was made. The representatives of CCOO, UGT and SEPLA were informed of Iberia's intention to proceed with the merger. At previous meetings of the body, these three trade unions had also been informed and consulted on the takeover bids made by TGP and Gala Capital. They were also aware of the different merger options that Iberia was considering at the time.

On 17 September 2008, CCOO and UGT addressed an open letter to the CEO of Iberia in which they demanded some guarantees for the workforce and for the operation of Iberia if the merger was completed. The pilots' trade union SEPLA joined the declaration afterwards. The trade unions asked for: (i) the preservation of Iberia as an independent company based in Spain with its own operating licence and air operator's certificate (AOC); (ii) the preservation of the traffic rights of Iberia for two years from the day of the merger, at least; (iii) the preservation and development of the hub of Madrid-Barajas; (iv) the preservation of the long-haul routes of Iberia and interests in other airports; (v) the preservation of the handling and mechanical maintenance of Iberia for a minimum of eight years, that is until 2016; (vi) no forced dismissals for a minimum of five years and the utilisation of statutory lay-off proceeding 72/01, negotiated in 2001, in the event of any changes in the workforce; and (vii) the preservation of the agreements and industrial relations dynamics of each company and country. Transnational agreements or other measures aimed at removing statutory, cultural and corporate differences and making equivalent the working conditions of the employees of Iberia and BA would not be accepted by the Spanish workforce.

> 'This is a letter we sent to the president of Iberia at that precise moment (…). And what we are saying here is that employee participation will be a key factor in the merger. We are asking him to listen to us. The operation should be favourable for the customers and the shareholders, but also for the workforce.' (ref. IAG_SIND-02)

In particular, the trade union organisations represented in the Economic and Social Council of Iberia were afraid that BA's delicate financial situation would have negative consequences on Iberia and that Iberia's liquid assets would be used to make good the British company's pension fund deficit.

The Iberia management informed and consulted the employees' representatives through the Economic and Social Council. CCOO, UGT and SEPLA transmitted the non-confidential information to other minority trade unions represented in the company. The privileged access to information of these three organisations caused some tension between majority and minority trade unions.

> 'We were given the information on the merger, yes (…). We had access to this information. As to the economic and financial situation of Iberia, well, we have a meeting with the management on a quarterly basis to monitor this. And we are in the firm. We have the same information available to the board of directors only 24 hours after they get it. In general terms, we got the information we asked for. There were no problems with this, no problems at all.' (ref. IAG_SIND-01)

The merger contract between Iberia and BA, signed in April 2010, included some of the compromises reached between Iberia management and the Spanish trade unions. Transitional provision 39 of the merger contract (BOE n. 149, 19 June 2010, section III, p. 53263) states that the working conditions of Iberia employees will not be modified as a result of the merger. It also established that in case employment downsizing was imposed by the management, the statutory lay-off proceeding 72/01 would apply. These guarantees would last two and a half years, until 31 December 2012.

Nevertheless, social peace in Iberia began to break down after the signing of the merger agreement in April 2010. Relations between management and workforce representatives deteriorated and conflict arose in late 2012, when the management announced a lay-off of 20 per cent of the workforce, roughly 4,000 dismissals with low severance pay: 20 days' wages per year of service with a maximum of 12 months' wages, according to the labour market reform approved by the government earlier that year.

> 'Once the merger contract is signed, the situation changes. The same day I have lunch with the new CEO of Iberia and he tells me that, well, that the situation has changed, that he is now in charge and that it is going to be a different thing (…). The agreements started to be broken (…). The management started to ignore the compromises on the merger they had made with the workforce.' (ref. IAG_SIND-03-R3)

Industrial disputes peaked during Christmas 2012 and early 2013, when a strike was called affecting ground staff and flight crews. Operations were paralysed and many routes disrupted and the Spanish government was forced to intervene. In March 2013, the situation was eased after mediation by an external expert. The company accepted another transitional period covering two years (2013–2015), in which the statutory lay-off procedure would again be applied. In this procedure, workforce downsizing would be implemented through early retirement schemes and voluntary termination of contracts. A total number of 3,141 employees had been included in the lay-off plan which had to be concluded by 31 December 2014: 2,256 of those affected are ground staff, 258 are pilots and 627 are cabin crew.

The impressions and satisfaction of the workforce representatives with regard to the quality of the information and consultation available to employees during the negotiation and consolidation of the merger differ considerably between the three most representative trade unions. The major trade unions among the ground staff, CCOO and UGT, share a very positive assessment of their participation in the merger and consider that relations with the management were mainly good and mutually beneficial during 2008–2014. The only exception was the intense period of industrial disputes in late 2012 and early 2013.

However, information and consultation were conducted through the Economic and Social Council, in which minority trade unions are not represented. The national transposition of the Cross-border Mergers Directive (Directive 2005/25/EC) was not applied to secure or enhance employees' participation rights in the merger.

CCOO and UGT did not make use of the possibility to be informed and consulted by the management under any other legal requirements, because they already had access to proper information and consultation through the Economic and Social Council:

> 'Insofar as we have been part of the Economic and Social Council of Iberia since 2001, insofar as it held meetings on a quarterly basis … we were perfectly aware of the situation. We knew that Iberia had to find a partner, we could see that BA was a clear option. Throughout the process, we have known exactly where we were.' (ref. IAG-SIND-02)

However, the Spanish pilots' trade union SEPLA has a totally different perspective on the quality of the participation process. It is highly dissatisfied with the information and consultation conducted by the management and considers that the interests of the workforce have not been properly represented in the merger.

> 'The Economic and Social Council of Iberia only provides information. It is supposed to be sensitive information that can affect the interest of the firm if it is made public. So a confidentiality clause is applied. However, we didn't meet the management regularly when the merger started. The Economic and Social Council was not convened. We asked the management to call meetings but it didn't (…). The body has served no purpose. We haven't had access to truly sensitive information.' (ref. IAG_SIND-03-R3)

According to the legal advice received by the SEPLA trade union, the merger between Iberia and BA was carried out by means of specifically tailored legal engineering to avoid the more inclusive requirements of European and Spanish Law (especially Law 27/2009 of 30 December 2011). The two merged companies that were dissolved in April 2010 to establish IAG were two shell capital companies already registered in Spain. In legal terms, the merger between Iberia and BA was not transnational, as the nationality of both merged capital companies was Spanish. However, the operational effects of the merger are obviously transnational.

> 'The merged companies are fully Spanish and the outcome of the merger, once the merged companies are dissolved, is also Spanish. It is registered in Madrid (...). But operations are governed from the United Kingdom. All the decisions are taken there. IAG is formally here, but decisions are taken there.' (ref. IAG_SIND-03-R1)

At the time of the merger many trade union and workforce groups and also Spanish politicians feared an effective takeover of Iberia by BA ('the big fish eats the smaller one', El País, 19.11.2015). Abandoning routes, cutting aircraft capacity and severe cost and employment cuts fuelled the impression of emptying the Spanish brand, reducing it to a low-cost division, and focussing all the high-profit strategies on BA. 'The mood among workers at Iberia, the Spanish flag carrier, is a mixture of anger and foreboding' (*Financial Times*, 06.12.2012). Only recently, after new investments and the recovery of closed routes, has this fear seemed to diminish.

Several interviewees stated that the workforce of Iberia has not been provided with appropriate information and consultation, given the lack of negotiation at corporate level at which actual decision-making occurred. Spanish workers' representatives had only been informed by Iberia managers who, in their view, have merely played the role of transmission belts with no authority since the merger of Iberia and BA in April 2010. In this sense, the negotiation of the IAG European Works Council, which started in November 2014, is expected to provide an opportunity to reach the management of IAG and to achieve actual information and consultation rights. Currently, the special negotiating body is negotiating the agreement on behalf of the future IAG EWC.

> 'To be honest, we don't expect too much of this European Works Council. But it can help us to solve one of the biggest problems we have had since the beginning of the merger. Our inability to access those who are actually taking the decisions in IAG and talk to them face to face. To be informed by them directly and to make them hear us.' (ref. IAG_SIND-04)

The main Spanish trade unions represented in the company, SEPLA, UGT and CCOO, feared that once the merger of the operational structures of Iberia and BA was completed, on 21 January 2016, the management of IAG would transfer the seat of the company from Spain to the United Kingdom.

6. Conclusions

The case study of the formation of IAG is informative for the study of cross-border mergers specifically and cross-border restructuring more generally. Although IAG is in effect the child of a cross-border merger – the merger of a Spanish company (Iberia) with a British airline (BA) – the Directive on cross-border mergers was not the midwife in this birth. Rather, a series of transactions (formation of shell companies, share exchange between BA and a Spanish holding company, domestic merger between

Spanish companies) were used as an alterative mechanism to achieve this end. As the data in Chapter 2 and the case studies in Section 3 of this book show, most transactions covered by the Cross-border Mergers Directive are carried out ‘intra-group’, rather than between independent companies. This case study provides one example of the alternative means available for merger between such independent companies.

This case study also highlights the difficulties of protecting workers’ interests in complex cross-border restructurings and the need for stronger rights in European legislation. As such transactions affect workforces in two or more countries, these workforces will generally have different (and in many countries weak or no) rights to information, consultation and participation. Had the Directive on cross-border mergers been utilised, these rights would have been weak anyway, as these are limited to a months’ notice ahead of the shareholder meeting deciding on the merger, receipt of the draft merger terms and management report, and the right to attach an opinion; the provisions on worker participation would not have applied in this case. As it turned out, the Spanish workforce had most of its information and consultation through the Iberian Economic and Social Council, a company-specific body.[2]

Finally, the case study illustrates the need for substantial and effective penalties in case management violates its commitments to the workforce. The Iberia Economic and Social Council was able to negotiate what looked like a good deal for its workforce as a result of the merger. However, commitments made were soon reneged on, partly with the argument that strategic decision-making had now shifted to the British management in London (although IAG formally is a Spanish company, as it is registered in Spain). In the case of cross-border restructuring, decision-making power often shifts location within the company, and the sanctioning of agreements needs to reflect this reality.

Reference

Bech-Bruun and Lexidale (2013) Study on the application of the Cross-border Mergers Directive for the Directorate General for the Internal Market and Services, European Union. http://dx.doi.org/10.2780/96404

2. The Economic and Social Council was created by an agreement between the trade unions and the company in the course of the privatisation of Iberia in 2000. In compensation for their seats on the company board, Iberia established this specific representative board for trade union and company representatives, with privileged access to information on strategic economic issues.