

New Law on Statutes, New Contract with State

French Government Planning Further Cuts in Support for AFP



The government's draft budget for 2015, revealed on October 1st, confirms that support for Agence France-Presse is set to fall yet again. Despite efforts to put a positive spin on the figures, the document shows that the new contract between AFP and the state¹ will call for continuing declines in support.

The previous COM contract promised that the state would increase the sums provided each year by 1.8% over the period. It further committed the government to "*financing AFP's investments, in the framework of the 4XML project by providing a total of €20 million between 2009 and 2013*" (our translation).

The second part of that promise was not to be, as the funds extended for the 4XML technical project—since renamed Iris—were to be turned into a simple loan, provided at a high rate of over 5% interest. The government stated that what had initially been planned as an investment subsidy was certain to be classified as illicit state aid under the European Union's competition policy.

The promise to increase the contribution to running costs by 1.8% a year was nevertheless globally respected. The sum provided in 2014 comes to €123 million, which is around 40% of AFP's budget. Without it, the agency would simply not exist.

For next year, however, the budget of the "Culture and Communication Ministry"², which includes the traditional contribution to AFP, calls for an increase of just €2 million, described as an "*appreciable effort*" even though it amounts to only 1.6%. But in 2016 the "*effort*" will provide a rise of only \$0.8 million, or 0.6% followed by half that amount in 2017. At that rate, the increase in 2018 looks set to be zero!

Given those figures we can better understand the irritation expressed by CEO Emmanuel Hoog when during recent Works Committee meetings we stated that the complicated financial arrangements currently being planned for AFP looked set to result in ever-decreasing levels of support from the state.

The CEO reacted with indignation to this suggestion, apparently having forgotten that management had in fact published, in 2013, a document³ predicting exactly such a trend.

Management's graphic, shown overleaf under the title "*Progressive Withdrawal of the State*", has a plunging black line which represents "*annual average growth*" of the state contribution to AFP's budget.

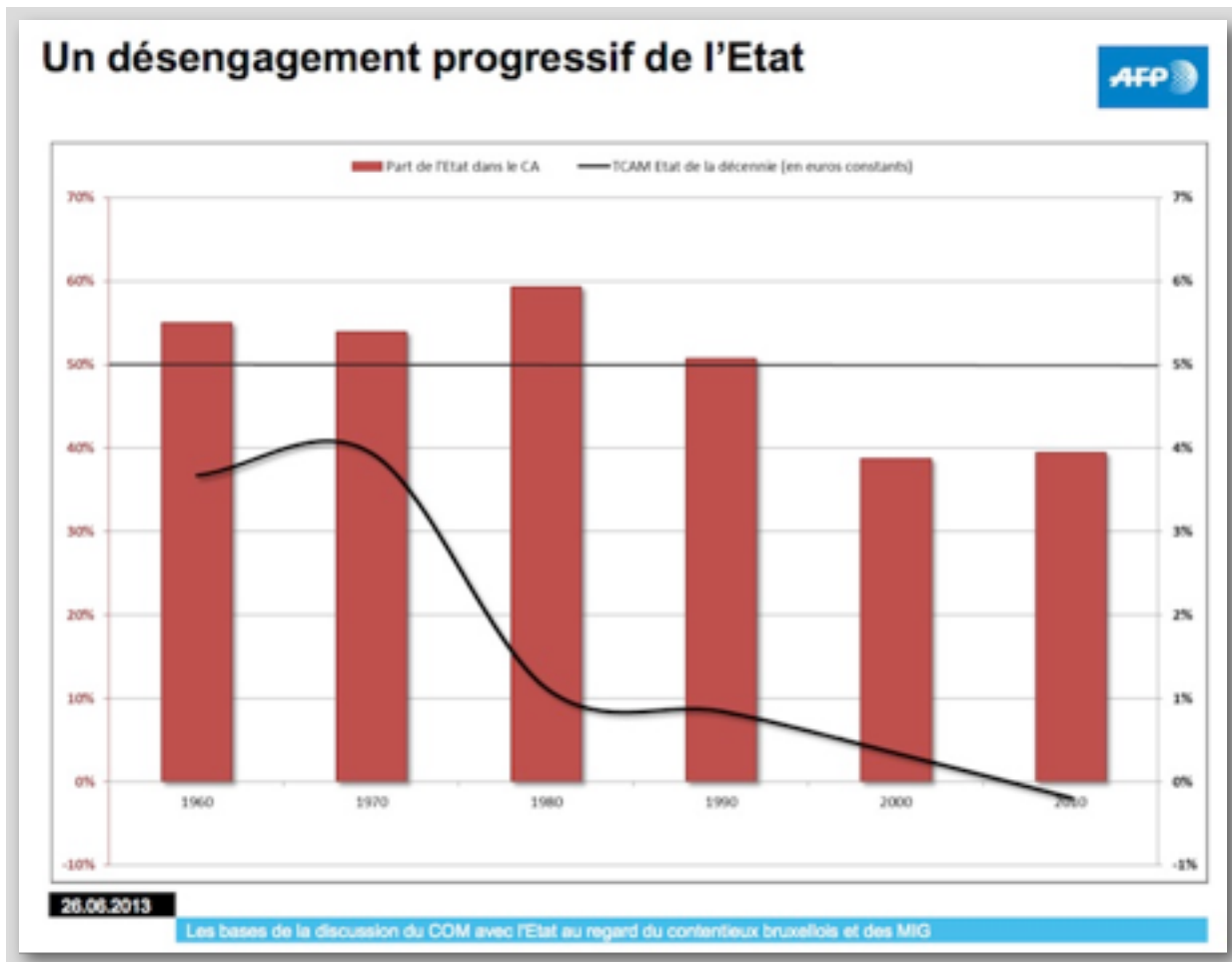
Given the little we know to date about the upcoming COM agreement, the decline in question is set to become even steeper.

1 The long-delayed Aims and Means Contract (COM) for 2014-18, expected to be signed in the near future, will be the third such agreement. The text of the preceding COM, for 2009-13 can be found at <http://www.sos-afp.org/en/com>

2 The text of the ministry's budget is at <http://www.culturecommunication.gouv.fr/PLF-2015>.

3 Document available on the AFP intranet at <http://u.afp.com/XRv>.

AFP management's graphic from June 2013



AFP's Future Under Threat

The backdrop to the new budget figures are the changes being planned to the way AFP is financed, both via the provisions of the new COM contract and via a new draft law that would supposedly bring AFP's financial arrangements into line with EU competition rules.

In fact, the budget figures show that recent announcements according to which the conflict with the European Commission has been satisfactorily resolved are no doubt premature.

Despite their misleading statements, and the lack of transparency shown by all three key players—the European Commission, the French government and AFP management—the near-term prospects for the only worldwide news agency that enjoys statutory independence from both state and private interests are now becoming somewhat clearer. In particular:

- Contrary to what we had been told, **the addition of a specific reference to a "general interest mission" in the 1957 statutes⁴ did not solve the conflict between French state aid to AFP and EU law.** The latter allows the government to finance the agency's running costs, but not its investments.

⁴ The change in question occurred in 2012. The French term "*mission d'intérêt général*" corresponds to what European competition law defines as "services of general economic interest". Cf http://www.sos-afp.org/en/statutes_article13.

- Despite a number of euphoric announcements, **the conflict with Brussels has not been solved satisfactorily and for an indefinite period**. In fact it could flare up again at any time, and the Commission has demanded a series of urgent measures. The French government, **threatened with swingeing financial penalties, but nevertheless a consenting partner**, has agreed to practically all of them.
- Particularly important: the status of "**general interest mission**", although clearly laid out in AFP's 1957 statutes, **has not been recognised by the European Commission in any absolute way**. In fact, Paris and Brussels have agreed to consider that AFP's activities are subject to market laws and to competition. **Within that framework, the "general interest missions" are basically tolerated—but only for 10 years, after which period they may or may not be renewed**. Furthermore, the missions in question are hedged around with conditions: AFP is asked to achieve sales growth by developing activities that fall outside the general interest missions, and which are to be carried out in subsidiaries with separate accounting arrangements. In fact, such operations have existed for some time, and have often proved highly risky in the past. The latest such subsidiary is **AFP Services**⁵, which indeed has activities that clearly fall outside the scope of the agency's mission as laid out in Articles 1 and 2 of the statutes. Believe it or not, the main client for the **corporate PR services** provided by the subsidiary is none other than the European Commission!
- Contrary to all the promises about ring-fencing AFP's essential missions, as laid out in those first two articles of its statutes, **the draft law dreamed up by MP Michel Françaix puts the Commission's demands right up there in Article 1**, with a totally incongruous additional clause. (See our recent statement on "[Unanswered Questions](#)"⁶).
- As shown by the figures in the draft of the 2015 state budget, **AFP's future finances are far from being secured**. The planned slowdown in the growth of state contributions to the agency's budget are predicated on a strong increase in commercial income. We are still waiting for Emmanuel Hoog to tell us how he plans to boost that income by between 2 and 2.5% per annum, given that sales actually *fell* by 2% in 2013, and that the stupid austerity policies applied by many governments ensure that there are no prospects of any near-term improvements.
- Despite the supposed benefits to be derived from Emmanuel Hoog's "**New Social Contract**" talks with the unions,⁷ if the increase in funds from the state go below 1% per year and commercial sales fail to pick up, the promise of even modest wage increases for staff will simply evaporate. After two years of zero increases for HQ-status staff, and cuts to the freelance budget in France, we may be looking at an **indefinite wage freeze**. Indeed, the latest round of the statutory union-management talks on wages, held on October 2nd, ended with no agreement.
- As regards the **technical subsidiary** suggested by MP Michel Françaix as a mechanism to provide funding for investments while at the same time respecting EU competition law, we are still in the dark concerning its precise contours. The Françaix Report suggested that the said subsidiary could take over AFP's technical facilities, and notably its Iris editorial system, which it would then lease back to the mother company.

⁵ See the agency's web site, at <http://www.afp.com/en/agency/subsidiaries/afp-services>.

⁶ <http://www.sud-afp.org/spip.php?article297>.

⁷ See our statement in English at <http://www.sud-afp.org/spip.php?article224>

We Must Have an Open Debate

At the risk of repeating ourselves, we once again insist that if we are to be able to truly assess the pros and cons of the planned measures, both the French government and AFP management must put all their cards on the table.

- **The government must make public its correspondence with the European Commission on AFP's finances, and the planned obsolescence of our general interest mission!** We need to know all the likely consequences of making AFP's operations conform to European Union rules, notably as regards **the ban on "cross subsidies"** between different types of activities. The ban in question appears likely to curb the growth of the agency's general interest missions and result in its activities being progressively sliced and diced on the international level, as is already the case for the German subsidiary, considered as being outside the "general interest mission".
- **The CEO must publish the text of the planned Aims and Means Contract for 2014-18**, and at long last answer our questions on the agency's wages bill, an issue closely linked to the planned new financial arrangements.

Before the passage of a possible new law, we have to honestly appraise the pros and cons of the path being taken. And we must not hesitate to say "no" if we find that the result will compromise both AFP's founding principles and its unity. Unfortunately, that seems to be the case.

To those who would reply that we cannot escape from European Union rules, we would point out that the intermediate version⁸ of Michel Francaix's report to the French government stated explicitly that there were **several ways for AFP to move ahead while respecting the rules**.

At bottom, the many questions raised by the projects currently planned for AFP serve as a reminder that **European Union rules are neither democratic, nor necessarily in the public interest**. This will come as no surprise to those of us who, along with a clear majority of French citizens in the 2005 referendum, rejected those rules, only to have them later imposed in an almost identical form by a parliamentary vote.

For SUD, defending AFP's independence and the material and moral interests of its staff cannot be dissociated from our commitment to another type of Europe.

Paris, October 3, 2014

SUD-AFP Trade Union (Solidarity – Unity – Democracy)

Sud
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Union
Syndicale
Solidaires

Union
Syndicale
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⁸ Available at http://www.sud-afp.org/IMG/pdf/rapport_etape_francaix.pdf (French only)