

A new CEO for AFP:

# Understanding Project Fries



Who is AFP's new CEO, Fabrice Fries? What are his plans? How should we react? SUD offers its initial analysis.

## Back to the 2015 reforms

On a first reading of the platform that Fries submitted to the selection committee -- **AFP, 2018-2022 - Let's Change!**<sup>1</sup> -- as well as the first reactions from trade unions<sup>2</sup> and the Society of Journalists, it seems to us there is a major misunderstanding of the deep changes that have taken place since 2015 which have resulted *in a new financial and management model at the agency*:

- AFP has been placed under EU market rules (the agreement with Brussels)
- Significant modification of AFP's 1957 Statute
- Creation of the subsidiary AFP Blue
- Signature of a new contract with the French state (COM 2015-2018)
- Renegotiation of wage and benefits agreements ("Grand Accord" of 2017)
- Commercial plan ("1,000 new clients")

Our analysis of this new model (which we have advanced since 2015<sup>3</sup>) is far from being shared universally at the Agency, although events appear to bear it out completely. To say today that Fries Platform is an attack on AFP's 1957 Statute is to forget our collective defeat in 2015 and to ignore that **the process to break up AFP** has been underway since then. A recap:

**The 1957 statute** (modified in 2012) defined AFP as an institution that has exclusively public interest missions. It was structurally independent, as *"it may under no circumstances fall under the control, either de facto or de jure, of any ideological, political or economic grouping"*. It had no need for a charter as the first two articles of the statute were sufficiently clear: the Agency was *"to seek out, in France ... as well as abroad, the elements of a complete and objective information service ... (and) to place that information at the disposal of users in exchange for payment."* It was a unique statute, which differentiated AFP from the other global news agencies which operated to earn profits or were under the direct control of governments which financed them.

**The 2015 Statute** retained the first two articles, but emptied them of meaning, by specifying that in addition to its public interest mission AFP also has commercial activities *-serving the interests of clients*. This also clearly stated in the **Aims and Means Contract** (COM), signed by the French state and AFP, that set the conditions for financing the Agency. The statute also gives AFP's **Conseil Supérieur** the role of being the European Commission's guard dog to ensure that public funding for AFP does not pass limits

<sup>1</sup> See [http://www.sud-afp.org/IMG/pdf/fabrice\\_fries\\_pour\\_afp\\_note\\_4\\_avril.pdf](http://www.sud-afp.org/IMG/pdf/fabrice_fries_pour_afp_note_4_avril.pdf)

<sup>2</sup> « La CGT ne laissera pas démanteler l'AFP » - <https://snjcgf.fr/wp-content/uploads/sites/11/2018/04/FRIES.pdf>

<sup>3</sup> See the platform presented by the SOS-AFP candidates in the 2017 election for staff representatives on AFP's Board of Governors: [http://www.sud-afp.org/IMG/pdf/eng\\_j\\_def.pdf](http://www.sud-afp.org/IMG/pdf/eng_j_def.pdf)

authorized by Brussels. This is why we said the 2015 Statute places AFP under a *double guardianship of an ideological grouping (the European Commission) and a political grouping (the French government)*, stripping it of the structural independence it enjoyed earlier. AFP has been given an **ethics charter**, which only poorly masks the loss of our independence. Finally, the new statute puts AFP under the same **bankruptcy rules** as ordinary commercial firms.

**The "necessary measures"** handed down the **European Commission** authorized the French state to subsidize AFP's operations under a public interest mission. But this authorization was based on the fact that public aid to AFP existed before the Treaty of Rome which began the European integration process. The authorization was also only temporary -- for 10 years. In 2025, everything will be reviewed from scratch.

## Fries has a European roadmap

Of course Mr Fries had to justify *changing* the CEO by attacking the record of his predecessor, Emmanuel Hoog (who managed the Agency from 2010 to 2018) and he promises a "*new method*". His platform of "*10 actions*" is **fully consistent with an eventual privatizing of AFP, and dovetail with efforts underway since 2015.**

In particular, the platform clearly aims to manage the Agency by the **same profitability criteria** used at commercial firms and to prepare for the reckoning with Brussels in 2025: the year when state funding for AFP may no longer be justified by the public interest mission.

**It is very telling that the public interest mission is not mentioned once in the platform drafted by Mr Fries**, who clearly aims to prepare AFP for post-2025:

**First stage:** "*AFP should demonstrate that its transformation plan is putting it on a sustainable path*" (page 8). "*The measure of success, over five years, is the return of growth and profits as well as the emergence of a new generation of products*" (page 10).

**Second stage:** a new reform of the Agency's Statute which will permit the "*capitalization of the Agency*". "*It seems to me this issue may not be broached until the plan attains its first effects: the reform of the statute for me is not an issue at the 'top of the inbox'*" (page 8).

**Third stage:** 2025. "*Ultimately, the issue will have to be defended before Brussels, which will analyze it under the prism of the market economy investment principle for state aid*" (page 8).

In brief, under the market economy investment principle Brussels considers whether a private investor would make the same investment decision as the state. Ultimately this comes down to whether there is a reasonable expectation of making a profit.

## Commercial offensive

Overall, the Fries platform is a continuation of the same strategy that the Agency has been laboring under for several years: "*breaking the scissors effect*" where AFP is trapped between the blades of low growth and rising costs (i.e. wages).

Among the top measures that Fries plans to put into place, two out of three focus on boosting sales:

- The creation of an **image division** (photo + video, infographics?), with a new sales target: “*raising the revenue for ‘images’ from 39% percent currently to 50% of the total in 2022*” (page 3) which is already causing major concerns in text services.
- **An audit and reorganization of sales and marketing** (page 6).

More generally, we note that of the 10 proposed actions, six concern the sales offensive, and constitute a profound revision of Hoog’s strategic plan. Where Hoog aimed to transform AFP in the world’s top sports news agency, hoping (no doubt naively) to profit from the billions sloshing around the professional sports business, **sports** is completely absent from Fries’s platform.

We are not dismissing with a wave of the hand the commercial projects of the new CEO. SUD in particular welcomes his taking on board an argument we have long advanced: that AFP shouldn’t focus exclusively on profitable markets but position itself strategically to **satisfy the need for information in emerging markets**, in particular in francophone countries.

Point 5 of Fries’s platform echoes our argument: “*Propose in emerging markets, in partnership with telecommunications operators, B2B2C offers for mobiles and tablets*”, i.e. offers aimed at consumers. It remains to be seen whether a partnership with a mobile operator, such as Orange, is the best solution, for AFP as well as the countries and people concerned.

A positive point: in contrast with the plan of his predecessor, Fries proposes to develop activities which are not purely commercial in character and fall under our *core mission to inform*. Under his action 2, he sets an ambition for AFP to transform itself in five years into a “*generalist and multi-specialist*” agency (page 4).

## Redeployment Alert

The Fries platform confirms and accentuates an orientation already set in the Aims and Means Contract for 2014-2018, which called for **reductions in HQ editorial staff** and **shifting jobs abroad**, using the politically palatable term “*redeployments abroad*”.

With the creation of an image division, the “*necessary redeployments to video*” and well as “*complete worldwide Live coverage*” (page 3) will undoubtedly have a considerable impact on editorial and technical services.

As for action point 8 -- the proposal to “*Adjust the mesh of our national network in function of the reform of the public audiovisual sector*” confirms the analysis we made during the creation of the France editorial region in 2013. **The liquidation of our French network is really at stake** when cost savings are targeted via synergies with France 3 and France Blue. Not to mention providing “turnkey pages” to French regional newspapers via AFP-Services (page 7).

In other words, Fries places AFP in the governmental approach which aims to drastically **reduce the public service mission** to leave the field open for several large profit-driven groups. These groups already dominate the information sector in France.

Fries tipped his hand about whose interests he represents when he wrote at the end of his

platform that: *"At the end of this mandate it is necessary ... that international growth combined with a return to profit allows compensating French media for a part of the effort they made by according them discounts on subscriptions"* (page 10).

This isn't hard to decipher: the staff of AFP need to make wage sacrifices to support French media barons whose publications, it just so happens, also benefit heavily from state aid to the media.

## Fabrice Fries, a man of the oligarchy

Reading the platform, one is struck by the knowledge of AFP demonstrated by Fries: is it any coincidence that he joins us from the **Cour de Comptes**, which recently completed a lengthy investigation into the Agency?

Even if Fries was selected in manner that demonstrates AFP's lack of independence (and no less on the same day as a new head for Radio France<sup>4</sup> was selected in similar conditions), it seem clear that the Jupiterian power did not install him at Place de la Bourse to have a safe pair of hands on the news wire. For that, the government would have used more subtle methods. The objective was clearly to change AFP's **financial trajectory**.

That is because it had become clear that Hoog wasn't capable of attaining the main objective: increasing commercial revenue in order to allow the French state to reduce its injections of public funds and thus prepare for the European deadline of 2025.

Is Fries the man of the moment? Seeing him as just a representative of the PR and business world -- he has passed through Vivendi, Havas and Publicis -- would be too simplistic. Rather, he is another one of the graduates of France's prestigious Ecole Nationale d'Administration that navigates easily between the public and private sector. Moreover, he has solid **European experience**. As LesEchos.fr wrote in 2009, Fries was a member of the "dream team" of European Commission chief Jacques Delors: "The dozen members of the office of Jacques Delors, where he worked for five years under the leadership of Pascal Lamy then Jean-Pierre Jouyet, today hold high-ranking posts in the European Commission."<sup>5</sup>

Fries thus seems well placed to prepare AFP for the 2025 deadline, and **in the interests of the oligarchs** which want to privatize and break our public services, because they care little about what is in the interest of the people and the opinion of the people.<sup>6</sup> Didn't a majority of French say NO to a free-market Europe during the 2005 referendum?

## Anti-social

And now we arrive to the social consequences of the appointment of Fries. Other than the "redeployments" previously mentioned, it evidently consists of **continued pressure on "staff costs"**. Also flagged were a likely round of **voluntary departures** and (yet another) **reorganization of the IT department**. Point 7 of Fries' action plan consists of *"launching a reflection on the scope and mission of the IT department (and general services)"* that opens the door to redeployments, reductions and outsourcing.

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<sup>4</sup> See the article in the La Croix and the letter from three board members - <http://u.afp.com/opMk>

<sup>5</sup> See <http://u.afp.com/op39>

<sup>6</sup> Thomas Guénoilé, ANTISOCIAL - La guerre sociale est déclarée, Plon mars 2018

The review of the IT department was listed as a priority by Fries. For voluntary departures, the CEO said it takes *"about one year between the decision and the first departures"*. He also noted that given that on average technicians are quite far from retirement, a considerable effort would need to be taken to retrain them. He made no specific proposals regarding administrative staff.

Journalists shouldn't be lulled into the belief that they will be spared. The experience with the "Grand Accord" of 2017 showed that all categories feel the impact. Fries said *"the deadweight effect of the plan will be difficult to avoid for those quite numerous employees over 65 years of age (40 employees)." Evidently, the staff is not the main asset of the Agency for Fries, but rather ballast to be thrown overboard.*

Finally, while the wage scale has been frozen for more than five years, Fries made no explicit mention of a **wage policy**. One can suppose that this means a continued wage freeze, as is set out in the Aims and Means Contract.

## How to react to Plan Fries?

The negotiations on the Grand Accord showed that promises of *"resistance"* may be victim to painful betrayals. Especially when they are based neither on a cogent analysis of the situation nor are backed by means that are coherent with that analysis.

To understand the Fries Platform, SUD believes one needs to understand the process of transformation underway since 2015.

To **successfully fight** against the dismantlement of AFP along with our wage and benefits package **we must take a stand against EU free market rules** that put profitability on a pedestal. Otherwise we must accept the logic of those rules: cutting expenses, cutting jobs, cutting wages. And ultimately AFP will no longer be able to carry out the public interest mission for which it was created, having either been starved of resources or sold off to the highest bidder.

As previous battles showed, **an internal movement is not sufficient**. Reversing the trend is only possible as part of a wider movement -- civic, political and social -- that says STOP to the political choices dictated by the oligarchy and the ordonnances of their man in the Elysee palace.

AFP employees and their elected representatives have an interest in **joining with other forces** who are already mobilized to defend public services, the right to a decent education, other social rights and freedoms. First among them, railway workers, whose strike deserves our support.

## At AFP and everywhere, fight back!

**SUD-AFP (Solidarity-Unity-Democracy)**  
Paris, 18 April 2018

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