

Industrial relations & industrial change

Industrial Relations in Europe

Employment & social affairs



European Commission

Industrial Relations in Europe 2002

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Industrial relations are at the core of the Member States' economic and social organisation. They play their part in creating an area of solidarity within Europe, where people rally together and participate.

The first edition of this report described the distinctive features of the Europeanisation of industrial relations and the significant changes over recent years. We saw the extent to which the development of industrial relations was linked to that of European integration.

The European venture presses forward and introduction of the euro has been a success story. Against that backdrop, industrial relations are having to meet new challenges, while the national industrial relations systems are facing radical transformations, namely globalisation, the strengthening of economic and monetary union, enlargement, new technologies and the knowledge society, demographic ageing and the dramatic changes on the labour market.

The 2002 report reviews a number of notable trends, in particular the organisation of new European players at sectoral level and the preparations for enlargement, and outlines the principal advances in labour relations in Europe in the course of 2000 and 2001.

Enlargement is a key rendezvous for the Union. Most of the candidate countries have adjusted their economic and social structures in a big way over the past ten years and this has affected industrial relations and the interested parties. It was important, therefore, in the run-up to enlargement, to present the social partners in the candidate countries for the first time and report on how they are coping with their own particular challenges.

Anna Diamantopoulou

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In the first edition of this report issued in March 2000, the Commission described the distinctive features of the Europeanisation of industrial relations¹.

This trend is gaining ground. The forces for change are prompting the players in this vast field of industrial relations to cooperate and coordinate their action. These forces are, of course, structural: globalisation dissolves frontiers and makes specific demands on social systems; the growth of new technologies is transforming the organisation of work and has numerous implications for time spent in economic activity, the forms of governance that businesses adopt and the role of lifelong learning. The forthcoming enlargement, the Union's fifth, will usher in a new era with tremendous challenges, particularly for the social partners. The report presented in late January by the high-level group on industrial relations and change, chaired by Ms J. Rodrigues, outlines these challenges and puts forward guidelines for the future.

Nowadays industrial relations are at the core of the Member States' economic and social organisation. They play a decisive part in shaping Europe's identity, an area of free enterprise and free competition, but also responsibility, compliance with rules on equal treatment for workers, solidarity and dialogue.

Industrial, labour or employment relations regulate the link between the company and the employee and also, indirectly, between society as a whole and its citizens. They cover both the content of the labour relationship and the wage or salary, and also the arrangements for working time (which affect all other aspects of life), rules on access to employment and hence the fluidity of the labour market. In addition, industrial relations in Europe enhance the value of contracts freely negotiated between independent players, partners in building the social area.

The salient feature of labour relations in the EU Member States is the role played by the social partners who represent the interests of employees

and businesses. Recognition has been given to their rights, which are based on their ability to regulate, by means of agreements, numerous aspects of labour relations; at the same time, they have become partners of the public authorities in many economic and social fields. Today this partnership takes shape in different ways, in particular in the negotiation of national pacts and when the social partners are consulted on government initiatives and policies.

The Maastricht Treaty placed the social partners and industrial relations at the heart of the European venture. The consultation process established by Article 138 of the Treaty and the social partners' ability to open negotiations on any topic coming within their responsibilities gives tangible recognition to their contribution. Europe has clearly opted for a system of labour relations based on the social partners' bargaining capacity. More than in other areas, this option distinguishes and gives a strong identity to the EU, which is not found in the other similarly-developed regions.

In pursuing its work on the Social Policy Agenda adopted at the Nice European Council in December 2000, the Commission intends to promote the quality of employment and industrial relations and social policy generally. Over and above the clearly-defined procedures which enable all interested parties to take action or be heard, it is vital that industrial relations meet the challenges now facing the EU and constitute a force for change and modernisation, not a barrier.

The European social partners have been requested to take part in this collective effort to modernise our employment relations. In the context of their social dialogue and the agreements they can conclude (on telework or vocational training in particular) or in the context of implementing the European employment strategy guidelines and the Broad Economic Policy Guidelines, their contribution is indispensable and decisive.

On account of its very organisation, from the level of the company to that of the centralised industrial branch, the social dialogue can bring forward new, innovative solutions, adapted to the

¹ The 2000 edition covered the following issues: Industrial relations at national and European level, labour law, wages, working time and the social pacts

business environment and providing appropriate balances between flexibility and security. In many fields, social dialogue stimulates innovation. Moreover, being based on discussion, then, where appropriate, freely-negotiated commitments and agreements, the social dialogue is one of the most refined forms of good governance. In the context of the debate under way on governance, the European social dialogue constitutes an exemplary practice: associating external players in decision-making. It plays a big part in promoting widespread, open discussion on what is at stake in the building of Europe and also directly involves the world of work in setting the European Union's goals.

Now that the European Union is forging ahead with integration and the Euro has successfully become legal tender, labour relations will be called upon to deal with new questions: mobility, transferability of rights and equal treatment.

These new challenges are emerging while, at the same time, in all Member States of the Union, the industrial relations systems are themselves dealing with radical change.

The 2002 report focuses on a number of the most distinctive aspects of the challenges mentioned above: the social partners' contribution to the European venture, the training of new European partners, notably at sectoral level, and preparations for enlargement.

The European social dialogue has gained strength on both fronts of its activities: tripartite concertation and bipartite dialogue. The social partners' joint declaration presented on the occasion of the Laeken Social Summit on 13 December 2001 clearly displays their willingness to extend their action over the coming years.

The setting in place of a single consultation forum for all aspects of the strategy decided upon at the Lisbon European Council in March 2000 grants official recognition to the responsibility shared by all the players on macroeconomic and monetary policy matters and as regards the structural reforms of the labour market and employment policy.

The European social partners' undertaking to open discussions on drawing up a multiannual work programme by the end of 2002 illustrates their willingness to contribute actively and in advance to the different issues at stake in Social Europe (quality, employment, anticipation of change).

Beyond this formal involvement and the intention to participate in building up European

structures, the actual results of social dialogue activities have been limited and marked by the first failure of cross-industry negotiations after nine months of discussion on temporary work and the lack of any substantial contribution on employment. However, marked progress was made on reinforcing European provisions on worker information and consultation, extended to establishments with more than 50 employees. After more than 30 years of fruitless discussions, the European Company Statute now offers a balanced framework which makes life more simple for companies, while providing new guarantees for employees. With a view to managing restructuring in a responsible and controlled fashion, the rules on worker information and consultation have been fleshed out and extended to all establishments with more than 50 employees.

The European rules on combating discrimination constitute genuine progress for Europe as guardian of fundamental rights and equal opportunities.

Following on from the 2000 report, the first chapter reviews the measures introduced in the Member States to extend collective agreements. These provisions are essential to understanding the scope of Article 139 of the Treaty which provides for an extension procedure and also allows the social partners, if they so wish, to make use of national arrangements for implementation.

Representativeness is a key issue. The Commission has examined representativeness in a number of communications on the social dialogue (COM (93) 600 final and COM (1998) 322 final), setting out its approach to implementation of Article 138 of the Treaty.

To take part in the consultation process under Article 138 of the Treaty, the social-partner organisations have to fulfil the following three criteria:

- be multisectoral, or relate to specific sectors or categories and be organised at European level;
- consist of organisations which are themselves recognised as part of Member States' social partner structures and have the capacity to negotiate agreements and, in so far as possible, be representative of all the Member States;
- have adequate structures to ensure their effective participation in the consultation process.

At present some 30 European-scale organisations meet these criteria. The Commission is following developments in this area very closely by means of a study on representativeness, which will cover other occupational categories.

The 2002 report covers eight sectors presented in a broad context, including the economic situation and employment. Despite the unequal progress among national organisations, the sectoral players are increasingly organised at EU level.

The European Union's key rendezvous in the forthcoming period is enlargement. It represents an enormous challenge on account of the geographical expansion (territory up by 34%) and demographic aspect (population up by 28%) and also the juxtaposition of two very different histories and extremely diverse industrial relations practices.

The social partners of the Union are already involved in the enlargement process and have built bridges with organisations in the candidate countries, both through affiliation and exchanges and information. The European conferences organised by the social partners in Warsaw and Bratislava sought to strengthen these links.

Several key questions arise in this context. The status of the social partners has often been weakened during the transition process. The far-reaching economic reforms have prompted organisations to restructure and redefine their

operations. The social-partner organisations in the candidate countries have not yet completed their reshaping and restructuring: hence the existence of numerous players and uncertainty as to how they will develop. The nature of the role assigned to partnership and social dialogue has changed considerably in recent years. Centralised tripartite set-ups leave room for many decentralised, bipartite social-dialogue forums, while the interested parties are not ready to take on this new role; they have no terms of reference or legitimate status. The candidate countries have practically no sectoral social dialogue, so a transitional balance has to be found between approaches discussed on a tripartite basis and voluntary negotiation in sectors or undertakings capable of carrying through such negotiations.

During the catching-up process, the social partners will play a crucial role. Labour relations will determine the pace of this process and its quality. Against that background, the European social model, and in particular its dual balance between the economic and social dimensions and between the role of the decentralised players and the public authorities, can be seen as a rampart and a trail-blazer in the successful management of change.

Preliminary observations

Social relations in the workplace – some indicators

The employment situation in Europe sets the scene for industrial relations, although such relations cannot be reduced to mere economic variables. We propose to describe employment and labour conditions in Europe using some composite indicators.

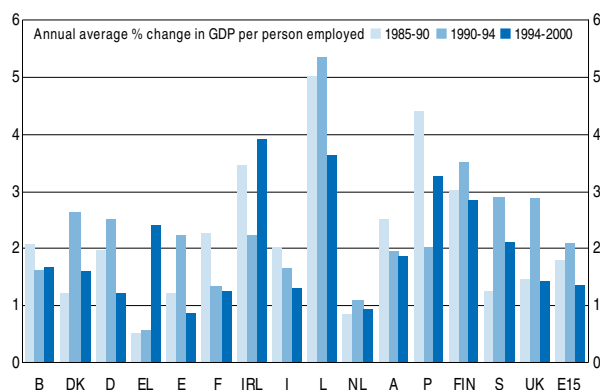
1 Growth of productivity and distribution of value added

As we indicated in the 2000 report, the growth in real labour productivity gains and in the share of wages in value added is causing a situation of wage restraint and a sharing of wealth in favour of capital.

Inconsistent but widespread productivity gains (Figure 1). All countries have experienced growth in labour productivity in the three periods examined here. Following a drop in the intermediate period 1990-94, these levels, while sometimes high, remain fairly average across Europe. (However, we must not lose sight of the fact that these increases in GDP are the result of several factors, which are not clear from these aggregated data).

Change in labour costs per employee, 1985-90, 1990-94 and 1994-2000

1



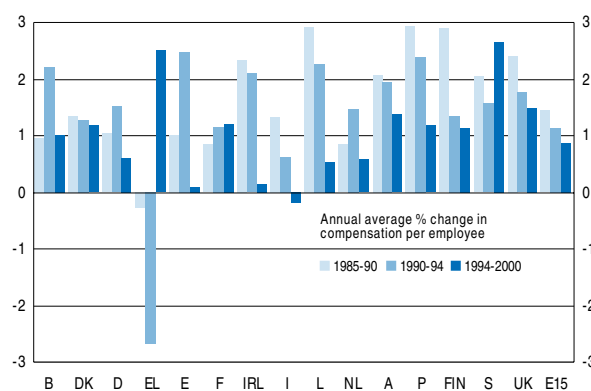
Source: Eurostat, National Accounts

Labour costs (Figure 2), which include basic wages and indirect labour costs, have also increased, though this growth is slight in relation to the European Union average and is uneven across the various Member States. The exception is Spain,

where annual growth in these costs fell before increasing significantly. On average, therefore, Europe experienced a moderate increase in earnings from work during this period.

Growth of labour productivity, 1985-90, 1990-94 and 1994-2000

2

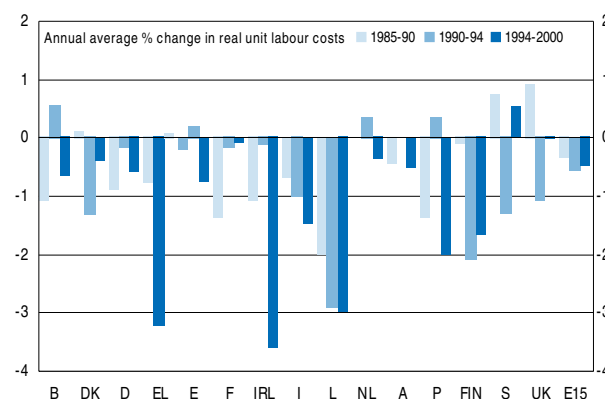


Source: Eurostat, National Accounts

The distribution of value added has on the whole been more favourable to capital than to labour (Figure 3). This is clear from the graph below, which illustrates the data from the first two series. The share of wages in European GDP fell by an average of 0.5% per year. Only the United Kingdom and Sweden experienced growth in salaries during the latest period.

Change in wage share per unit of GDP, 1985-90, 1990-94 and 1994-2000

3

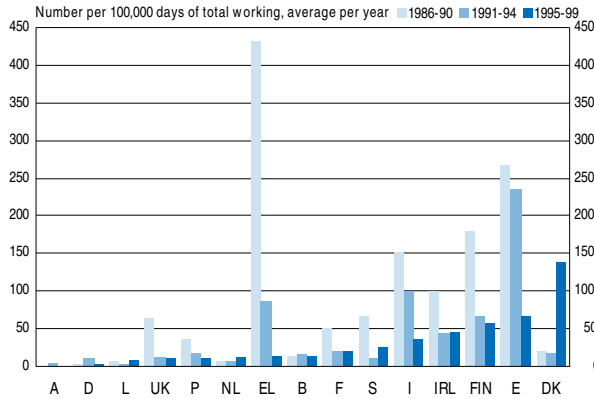


Source: Eurostat, National Accounts

While **the level of tensions** in industrial relations is not evident from the number of actual strikes alone, it may be examined in terms of the number of working days lost from strikes. The graph below

shows a reduction in the average number of strike days per year for the three periods under review in all EU Member States, with the exception of Denmark and Sweden.

4 Number of working days lost from strikes per 100,000 days worked, 1986-90, 1991-94 and 1995-99



Source: Eurostat, Statistics on industrial disputes

2 Structural data for employment and training

As we know, **the increasing number of women in the workforce** brings with it inequality and discrimination, which are of the utmost concern to the social partners.

Equal opportunities for men and women in Europe, in terms of access to employment and equal and fair remuneration, are improving.

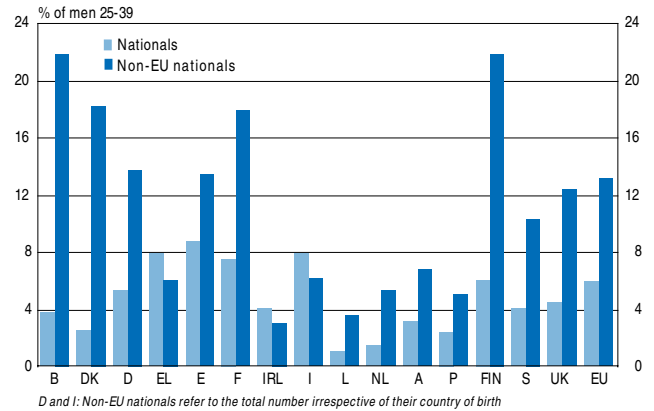
The percentage of women in employment remains lower than that of men. The rate of employment of non-European non-nationals is significantly lower than that of nationals. (Figures 5 and 6)

The two graphs illustrate this discrimination in employment, particularly in relation to women.

An uneven pattern emerges when **levels of education** in Europe are examined in relation to employment.

The European average shows the **relative equality** of education levels between men and women, but this average equivalence conceals significant diversity across the Member States.

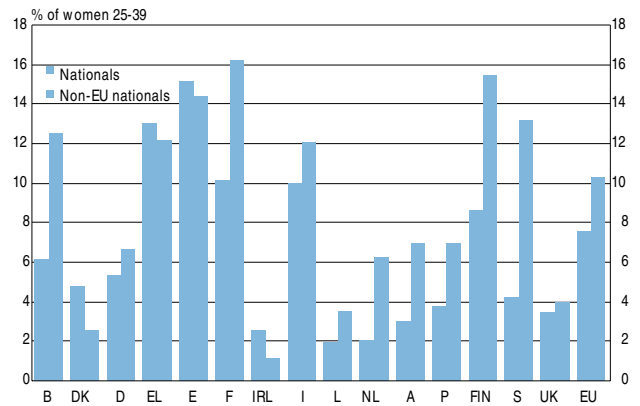
5 Unemployment rates of men aged 25-39 by nationality, 2000



D and I: Non-EU nationals refer to the total number irrespective of their country of birth

Source: Eurostat, Labour Force Survey

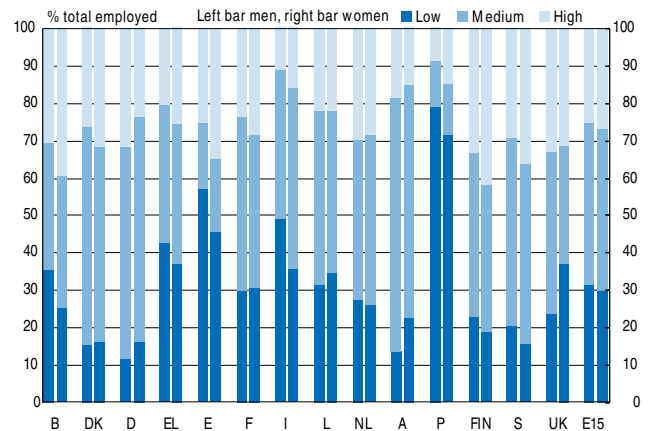
6 Unemployment rates of women aged 25-39 by nationality, 2000



D and I: Non-EU nationals refer to the total number irrespective of their country of birth

Source: Eurostat, Labour Force Survey

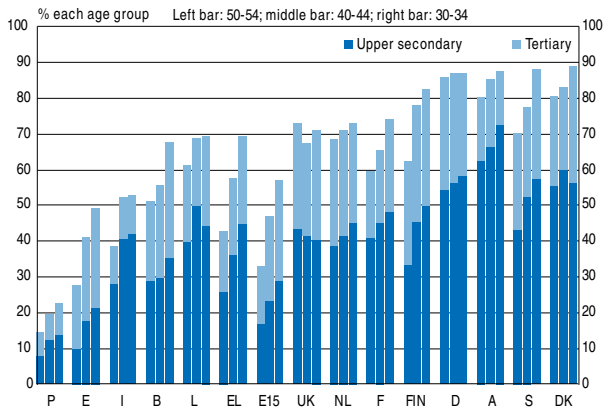
7 Education attainment levels of men and women aged 25-59 in Member States, 2000



Source: Eurostat, Labour Force Survey

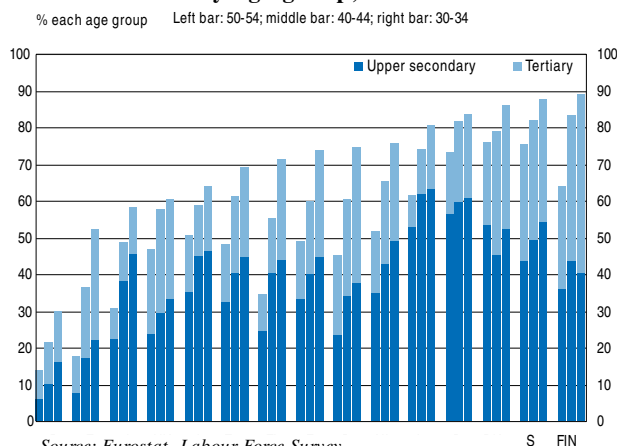
An examination of education levels by age gives grounds for optimism as education levels are higher for younger groups. This trend is confirmed among both women (Figure 9) and men (Figure 8).

Education attainment levels of men by age group, 2000 8



Source: Eurostat, Labour Force Survey

Education attainment levels of women by age group, 2000 9

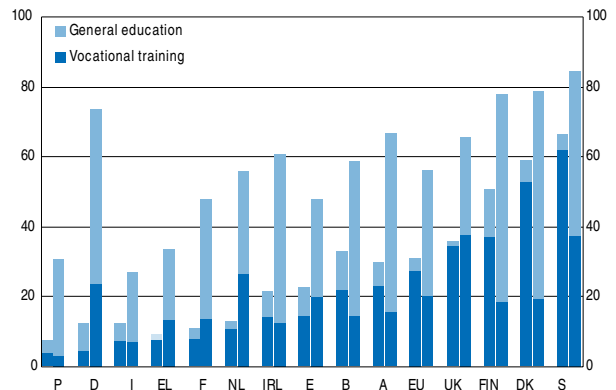


Source: Eurostat, Labour Force Survey

The provision of training is unevenly distributed across Member States (Figure 10).

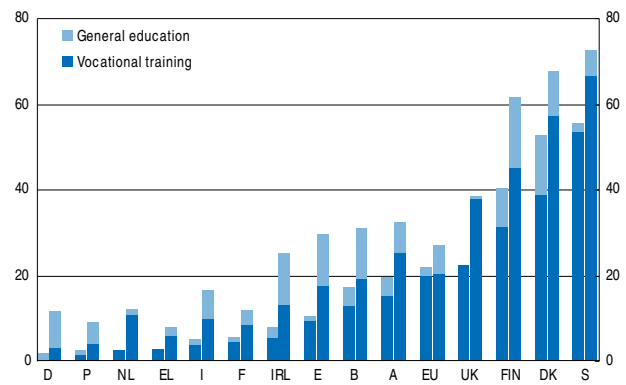
Although the level of ongoing training provided is slightly higher for women than for men in most European Union countries, a comparison reveals considerable differences: levels are significantly higher in Denmark, Finland and the United Kingdom than in other countries.

Proportion of employed men and women aged 25-49 who received training over previous year in Member States, 1998 10



Source: Eurostat, European Community Household Panel

Proportion of employed men and women aged 50-64 who received vocational training over previous year in Member States, 1998 11

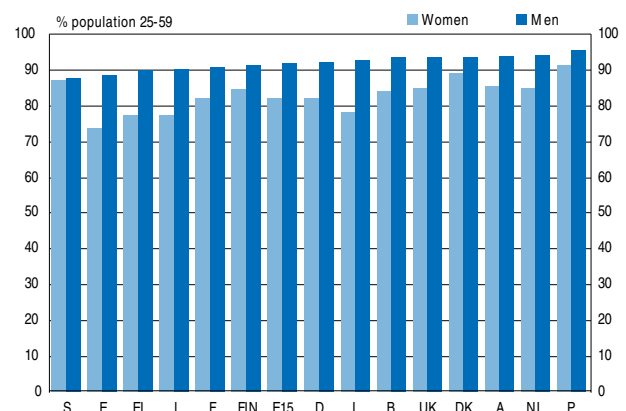


Source: Eurostat, European Community Household Panel

These same countries also stand out as regards provision for older workers aged 50 and over (Figure 11).

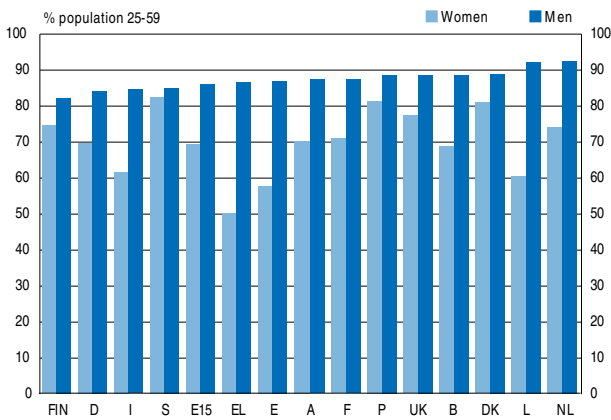
Level of education is a crucial factor of *employability*, particularly for women.

Figure 12 Employment rates of men and women aged 25-59 with a high level of education, 2000 12



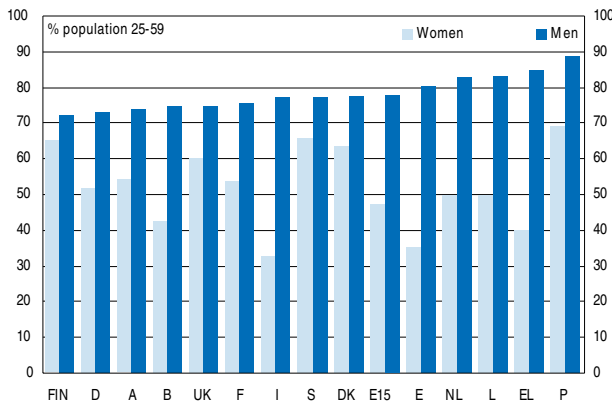
Source: Eurostat, Labour Force Survey

13 Employment rates of men aged 25-59 with a medium level of education, 2000



Source: Eurostat, Labour Force Survey

14 Figure 14 Employment rates of men and women aged 25-59 with a low level of education, 2000



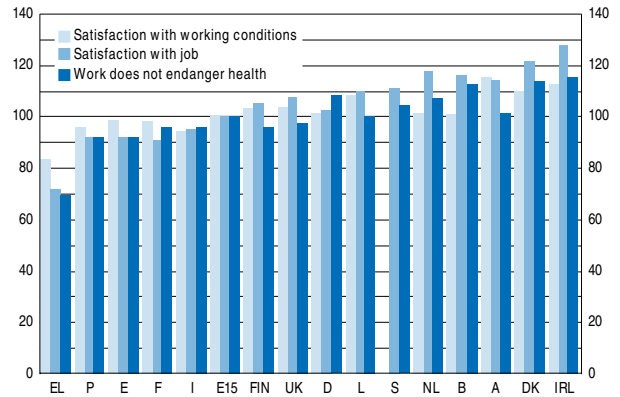
Source: Eurostat, Labour Force Survey

3 Working conditions and quality of employment

When asked about the quality of their **working conditions**, European workers give various answers depending on the criteria applied and the country in question.

Among countries with figures above the EU average, the level of job satisfaction is, paradoxically, close to the percentage of employees who feel they are working in conditions which pose a health risk and often inadequate working conditions (Figure 15). The lowest level of satisfaction for all criteria was found among the countries of southern Europe.

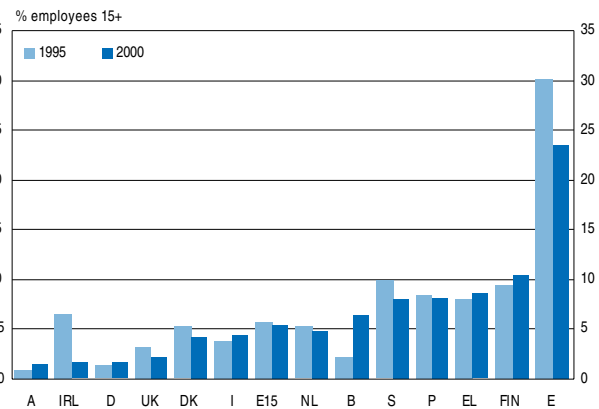
15 Job quality indicators



Source: Eurostat, European Household Panel and European Foundation for the Improvement in Living and Working Conditions

Fewer than 5% of European workers fall into the category of **involuntary temporary work**. But this average conceals disparities of up to 25% (Spain).

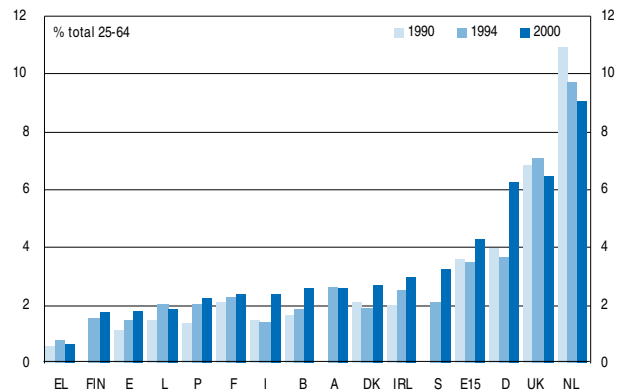
16 Share of employees in temporary jobs because they could not find permanent ones, 1995 and 2000



Source: Eurostat, Labour Force Survey

Weekly working hours vary considerably in Europe. While 4% of the EU population aged 25-64 work fewer than 15 hours per week, this figure is close to 10% in the Netherlands (Figure 17).

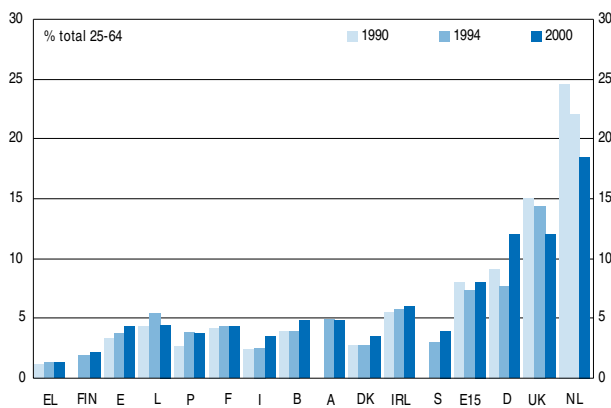
17 Total employed aged 25-64 working <15 hours a week in 1990, 1994 and 2000



Source: Eurostat, Labour Force Survey

If only **employment among women** is taken into account, these figures are respectively 8% for the EU and 20% for the Netherlands.

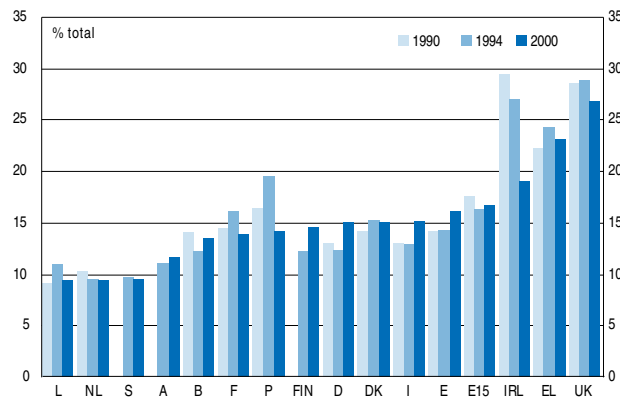
Women employed aged 25-64 working <15 hours a week in 1990, 1994 and 2000 18



Source: Eurostat, Labour Force Survey

Conversely, employees working over 50 hours per week are more common in both categories and there are more 'over-employed' men (Figure 19) than women (Figure 20). Over-employment is particularly pronounced in the countries of southern Europe, although it has fallen in the last decade.

Men employed working 50+ hours per week, 1990, 1994 19



Source: Eurostat, Labour Force Survey

The graph below summarises **the differences in concentration of weekly working hours in Europe**. The lines illustrate the distribution of working hours of the average third of the working population, while the top and bottom represent the top and bottom thirds respectively. In the Netherlands, for example, a third of the workforce works fewer than 32 hours per week and a third works more than 39 hours, while in the United Kingdom these thresholds are significantly higher, respectively 36 and 42 hours.

Women employed working 50+ hours per week, 1990, 1994 and 2000 20

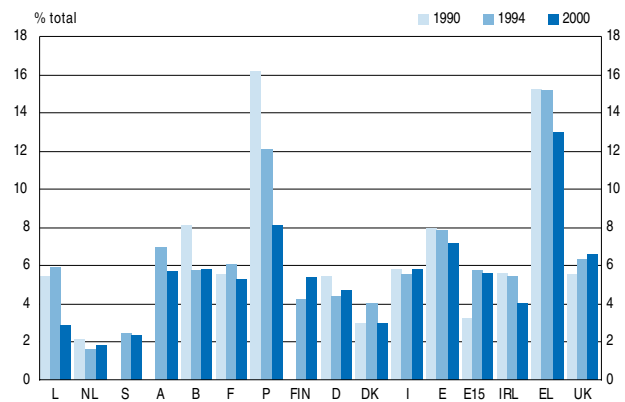
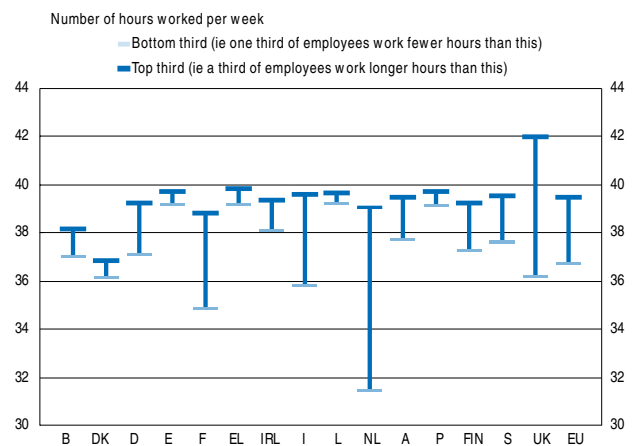


Figure 20 Women employed working 50+ hours per week, 1990, 1994 and 2000

Usual weekly hours worked by top and bottom third of employees in industry and services ranked by hours worked, 2000 21



Source: Eurostat, Labour Force Survey

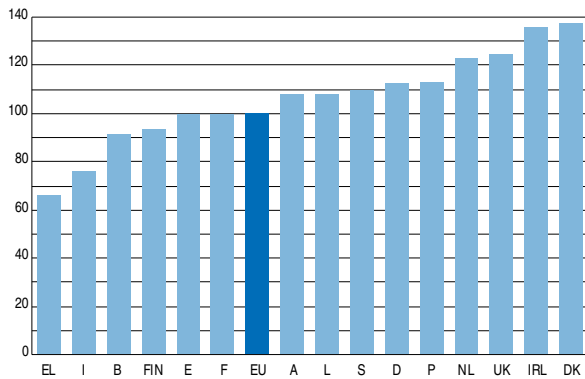
4 Mobility and integration into the labour market

Mobility is an indication of a series of complex movements in the labour market and between voluntary and involuntary inactivity and employment.

The composite index of labour mobility (Figure 22) takes account of job rotation (for 50% of the index) and inflows into employment following a period of unemployment, after leaving the education system and having looked after a family.

Composite index of labour mobility

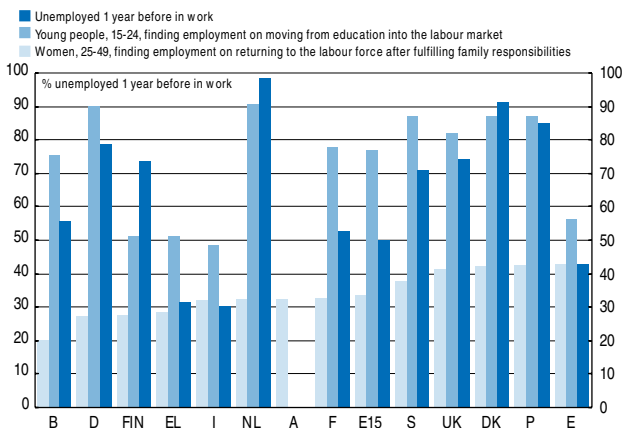
22



Source: Eurostat, Labour Force Survey

People in employment one year after being unemployed, LFS data, 1999-2000

23



Source: Eurostat, Labour Force Survey

The graph (Figure 22) below illustrates these situations and shows the extent to which the various national employment systems avoid labelling workers who experience unemployment situations.

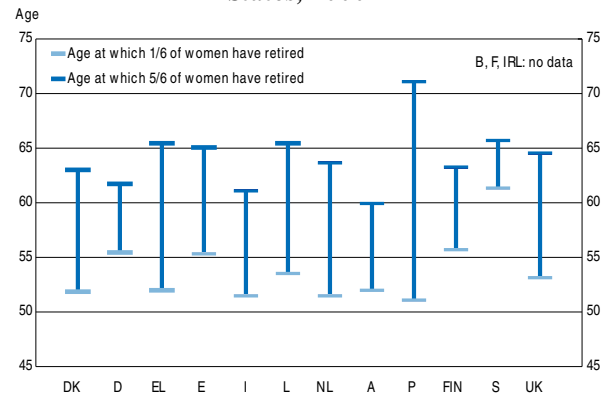
In addition, as already mentioned, the probability of finding a job is increased by level of education and gender. With the notable exception of Portugal (where the rate of employment of women and low-skilled workers is very high), the difficulties experienced by European women in entering the labour market after fulfilling family responsibilities are greater the further north they live. The same applies to young people.

The graphs (Figures 24 and 25) illustrate the differences in retirement age for men and women. They may be read as follows: two thirds of the population are distributed (and more or less concentrated according to the length of the line) between the top and bottom of the vertical lines. One sixth of the population leaves before the lower age and one sixth after the upper age. National situations vary significantly. The retirement age for women is generally lower than for men, except in

Mediterranean countries with a high percentage of agricultural workers. The northern countries have noticeably shorter lines, and retirement is based on a shorter period of time. However, the lower and upper ages can vary considerably even within the 'northern' countries of the EU. For example, in Sweden most people retire between the ages of 60 and 65, which is much later than in Germany, where most retire between the ages of 56 and 62.

Retirement age of women in Member States, 2000

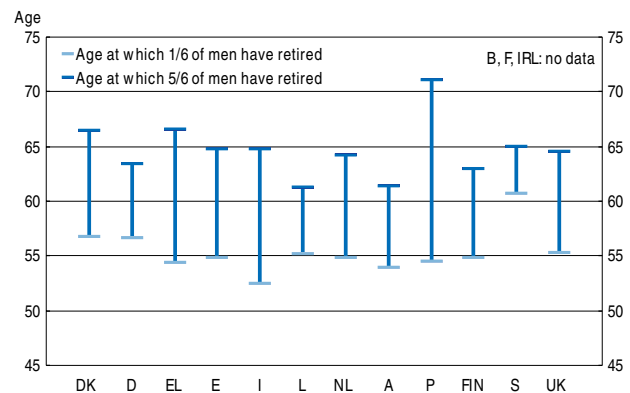
24



Source: Eurostat, Labour Force Survey

Retirement age of men in Member States, 2000

25



Source: Eurostat, Labour Force Survey

Principal advances in labour relations in Europe

Involvement of the social partners

The role of the social partners is a key feature of the European social model, which combines a number of values — responsibility, solidarity and participation. All aspects of the social dialogue — from consultation to negotiation — help to make the decision-making procedure more effective and enhance good European governance. The social partners' involvement in the dialogue has gone hand in hand with progress in European integration. The seventies was above all the period when the *national organisations* expressed at European level the concerns of their members, employees and businesses, a first stage where national representatives could be consulted on a tripartite basis and give their opinions on Community policies. From 1985 onwards, on the initiative of Jacques Delors, steps were taken towards *a more independent dialogue*, the beginnings of a European bargaining area.

At **cross-industry** level, the Social Dialogue Committee is a forum for ongoing, independent, bipartite dialogue; it has technical working parties on macroeconomics, the labour market, and education and training.

At **industry level**, the sectoral social dialogue committees have now been established and the scope of their initiatives is expanding.

The social partners also play a part in preparing the work of the Council, together with the Member States and the Commission, in the context of *tripartite concertation*, which has intensified in recent years.

Since 1985, the results of the social dialogue in its various guises have become increasingly diverse: from joint texts (joint opinions, statements and joint contributions) to framework agreements negotiated under the Treaty.

The social partners have thus made a start on setting up their own genuine bargaining area.

During the 2000–2001 period, the social partners' contribution took shape against a very special background: the new strategy launched in Lisbon and the social agenda, which set the targets for European social policy until 2005.

An additional factor was the prospect of Europe's fifth enlargement.

The social partners were accordingly involved in all stages of implementation of the "active welfare state" launched by the **Lisbon** European Council (23 and 24 March 2000) which set Europe a new goal: *"to become the most competitive and dynamic knowledge-based economy in the world, capable of sustaining economic growth, with more and better jobs and greater social cohesion"*.

At **Feira** (19 and 20 June 2000), the Council confirmed its optimism: economic and social renewal, full employment, social cohesion and justice; it called on all interested parties to play their part.

In **Nice** (7 and 8 December 2000), the *Social Policy Agenda* adopted by the Council set forth a five-year work programme, aiming to make social policies a veritable productive factor. The European Council assigned the social partners a central role in implementing and monitoring the agenda, notably on the occasion of an annual meeting to be held before the spring European Council.

In **Stockholm** (23 and 24 March 2001), the Council underlined the importance of the social partners' role in managing change. To contribute to this aim, it endorsed the setting-up of the European Observatory for Industrial Change.

In **Gothenburg** (16 June 2001), the European Council adopted a strategy for sustainable development and added an environmental dimension to the Lisbon process for employment, economic reform and social cohesion.

In **Laeken** (14 and 15 December 2001), the European Council welcomed the social partners' willingness to develop their social dialogue by jointly drawing up a multiannual work programme before the European Council in 2002. It also noted their desire to develop and improve coordination of tripartite concertation on the various aspects of the Lisbon strategy and confirmed that a social affairs summit would be held in future before each spring European Council.

In addition, since the Luxembourg Summit (20 and 21 November 1997), the social partners have been closely associated in the *European employment strategy*. The 2001 *employment guidelines* further reinforced their involvement by confirming their participation in national action plans for employment and their role in monitoring and assessment, inviting them to establish their own process in accordance with their national traditions and practices.

The social partners responded to this invitation by becoming fully involved in introducing change and participating in reinforcement and modernisation of the European social model.

The development of new forms of employment which can reconcile the need for greater flexibility with security are a key component of change. The cross-industry negotiations on telework, which started on 12 October 2001, are in line with this new goal. The social partners' commitment is especially important in so far as, for the first time, the agreement resulting from their negotiations will not be incorporated into a Council directive. The guidelines negotiated on a voluntary basis signed on 7 February 2001 in the **telecommunications** industry and the agreement signed in the **commerce** sector on 26 April 2001 on telework will constitute a reference and source of inspiration for the negotiators.

The negotiations launched in June 2000 on *temporary employment* also tie in with the aim of finding new forms of flexibility and security. Although they were inconclusive, despite the many mediation meetings organised by the Commission, the social partners worked for nine months in a European bargaining area and arrived at many points of consensus which served as a basis for the Commission in preparing its proposed legislation.

Anticipating change

The social partners also acted as agents for change in the preparations for the recently-inaugurated European Monitoring Centre on Change. They defined its tasks in their joint opinion of November 2000 and are now taking part in its steering committee. Thanks to its capacity for analysis, the Monitoring Centre will keep the key players at territorial, sectoral and company levels informed about change.

Various industries also expressed willingness to contribute to the employment strategy under the adaptability pillar. The agreement concluded on 22 March 2000 on working time in **civil aviation** is a good example. It is at industry level that the players have to deal most directly with industrial

change: that is why a number of sectors have issued statements of support for the European Monitoring Centre on Change. Others, such as electricity, postal services and telecommunications, reacted strongly, by means of joint statements, to the social repercussions of privatisation. Similarly, the civil aviation industry is continuing its deliberations on the social consequences of the "single sky".

Lifelong learning

Investment by companies in human capital and lifelong learning for their employees to enable them to enhance their skills and adapt to new techniques and know-how has become a key issue in the context of change. As a result, the cross-industry social partners decided to tackle *training* differently from their previous approach in the joint opinions adopted in the 1985–1999 period. Since October 2000, they have been focusing on identifying ways and means of access to lifelong learning and reflecting on the development of personal skills. Their discussions (lasting more than one year) culminated in a report for the Barcelona European Council in March 2002.

The social partners have organised practical measures closer to the grass roots in the different sectors. The reasons for these initiatives varied from one sector to another: mobility inspired the European forum on the mutual recognition of licences in **sea fishing** in Europe at Bénodet, France on 13 and 14 October 2000. Training was recognised as a tool for modernisation and skill renewal in the postal, **footwear, leather, textiles and clothing, and cleaning** industries. New qualifications needs caused by changes in the industry gave rise to the establishment of think tanks on employability in the different transport sectors.

In the **telecommunications** sector, some working groups debated on the future skills needs and job profiles in the ICT and telecommunications sector.

European employment strategy

As for the *European employment strategy*, at this stage, the social partners have limited themselves to exchanging experiences at European level and producing a compendium of good practices linked to the strategy's four pillars. They have not yet made a start on their own process for scrutinising the national plans. It has to be said that their participation in the strategy is a big challenge for them: operating simultaneously at national, cross-industry and European level is far from easy.

Quality

Quality is an essential part of *strengthening and modernising the European social model*. It has become a common theme of the Lisbon strategy and should become the benchmark by which social policies are devised and evaluated. It comprises guarantees on the exercise of fundamental and social rights, equal opportunities for men and women, the prevention of new forms of insecurity and active reduction of exclusion, decent levels of health and safety and a high standard of social protection. The quality of social policy also includes services, which combine competence with the social dimension.

The private security sector and the cleaning sector are promoting quality in employment and services through manuals on selecting best value in public tendering. The sector social partners in all Member States have implemented the manual in private security.

Fundamental rights and equal opportunities

Initiatives were most numerous at sectoral level in the very sensitive area of *fundamental rights and equal opportunities*.

Most of the undertakings in the fashion industry are modern, competitive SMEs employing 2.6 million workers across the European Union. However, the fashion industry employs a total of 6 million people within the Euromed economic and commercial area, including the applicant countries. Hence the importance of active partnership in applying codes of conduct in the industry.

A code of conduct was signed by the **leather/tanning** industry on 10 July 2000. This innovative code covers the guiding principles of health and safety at work, maximum working times, rest periods, overtime and minimum wages. It enforces respect for workers' dignity and strictly prohibits any physical abuse, threats and sexual harassment. The code also covers activities that are contracted out — even at international level — and establishes a number of control, verification and appeal mechanisms.

The most recent code, adopted by the **footwear** industry on 17 November 2000, includes monitoring machinery similar to that of the leather/tanning industry code. It opens the way for checks by specialised, independent institutes. Employers in the retail footwear trade have also adopted the code and the social partners in the distributive trades in general have already adopted

a code of conduct covering fundamental rights. On the same tack, the **textiles and clothing** industry produced a compendium of best practice on women's employment in the industry and a code of conduct was signed in the **hairdressing** industry on 26 June 2001.

A guide on best practices in the postal sector was adopted.

Social protection

At **cross-industry** level, the social partners participated, in the context of the new open method of coordination set in place in Lisbon, in the work of the *Social Protection Committee* established in December 2000. They were also associated in the debate on pension viability within the recently-established Pensions Forum. They were thus fulfilling their natural role as they play a decisive part in framing European social policy and are involved in the national social protection systems.

In contrast, their contribution to preparation of the national action plans to combat social exclusion was rather limited.

As for the *quality of services*, ETUC and CEEP adopted on 15 June 2000 a charter for services of general interest where they drew attention to the fundamental responsibilities of the public authorities in this field. High quality services of general interest support economic development and have strong job-creation potential.

Health and safety

Health and safety is of paramount importance to workers. That is why many sectoral social dialogue committees have focused on the subject in different ways. In **farming** and the **cleaning** and **sugar** industries, information packs have been produced for workers and disseminated widely. The construction industry is taking part in the preparation and monitoring of Community law on health and safety. As mentioned above, the code of conduct in the **leather/tanning** industry includes guidelines on health and safety.

Industrial relations

Quality is also indispensable in *industrial relations* and was one of the aims of the Social Agenda. It is intrinsically linked to the deliberations on governance at all levels.

The White Paper on *governance* of June 2001 raised the question of the social partners' place and role in European civil society. Similarly, the high-level

group on industrial relations and the management of change set up in 2001 raised the issue of good-quality industrial relations and the conditions for attaining them. The group's recommendations are expected for 2002.

The quality of social dialogue depends also on close links between the European level and the national, regional and local levels; it is the key to the success of the social partners' contribution to the employment strategy and the recently-introduced inclusion strategy.

As we have seen, it is a collective learning process.

The joint declaration signed by UEAPME and ETUC on 5 July 2001 is an example of high-quality industrial relations.

The social partners' joint contribution to the **Laeken** European Council also refers to the quality of their dialogue. They wish to strengthen their special role in European governance, distinguish more clearly between bipartite social dialogue and tripartite social concertation, tighten the links between tripartite concertation on the different aspects of the Lisbon strategy and give new impetus to their social dialogue through a multiannual work programme.

In this context it is also interesting to note the growing involvement of the Social Partners in the planning and implementation of the Structural Funds. Partnership was an innovating principle of the 1988 reform of the Structural Funds and the involvement of the social partners was stressed in the 1993 revision of the Funds. The 1999 regulation of the Structural Funds reinforced this involvement.

Enlargement

It is of vital importance that the social partners of the candidate countries are well *prepared for enlargement*. For them that means building up an independent social dialogue with structured employers' and trade union organisations capable of conferring together on a bipartite basis and ultimately negotiating agreements.

The first conference on the role of the social partners in the enlargement process, organised in **Warsaw** in March 1999 at the joint request of the social partners and with Commission support, constituted a decisive point of departure for the social dialogue in the candidate countries. Since that conference, the social partners have launched numerous initiatives both jointly and individually.

The social partners organised jointly a conference

in **Bratislava** in March 2000; it assembled social partners from the European Union and thirteen candidate countries. The aim was to present and discuss the main results of a joint study, "Social dialogue and consultation in the candidate countries, status and prospects", which took stock of consultation and social dialogue systems and practices in the candidate countries. The statement adopted on conclusion of the conference gave a first status report on the social dialogue in these countries and made suggestions for practical action.

The follow-up to Bratislava will be an integral part of forthcoming work in the cross-industry social dialogue. A first step was the organisation for the first time of a Social Dialogue Committee meeting with social partners from the candidate countries on 29 January last.

Individual operations have also been organised, such as the fourth *employers'* round table in Nicosia in 2000 on health and safety and the fifth round table in Berlin in 2001 on worker information and consultation. These round tables have been organised since 1997 and have gradually become an indispensable tool for employers in discussing among themselves the most sensitive issues involved in transposing the *Community acquis*.

In addition, missions of general interest constitute a major challenge for the Member States and form part of the *Community acquis* to be taken on board in the candidate countries.

After a first seminar in 1999 in Brussels, which took stock of the problems of public undertakings and undertakings of general interest in the candidate countries, **CEEP** organised a second one in 2001 on more specialised matters (financial conditions for modernising infrastructure, training and skills management).

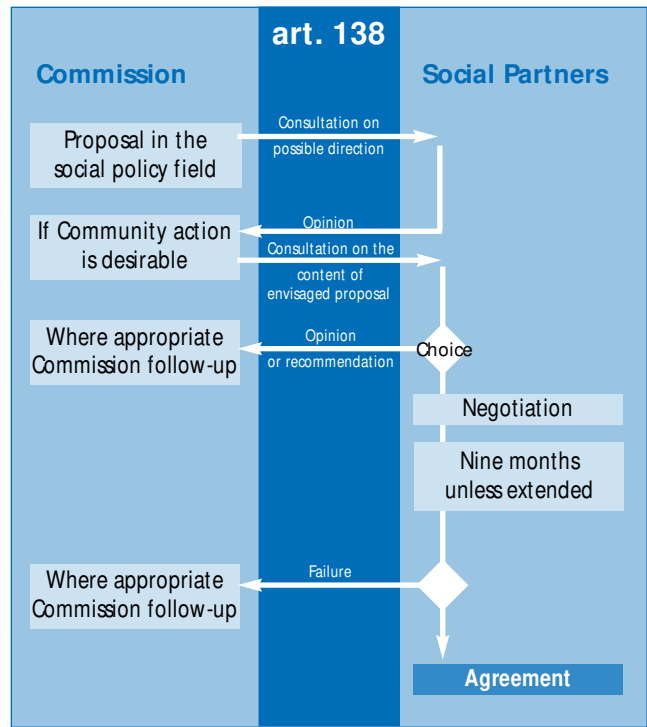
Again, Social Partners' involvement in the planning, monitoring and implementation of the Structural Funds will become a requirement in the enlargement process.

Towards the end of 1999, **ETUC** launched a study on "Central and Eastern Europe in EU enterprises' strategy for industrial restructuring and relocation". This study reviewed not only the sometimes considerable adjustments at local level, but also the opportunities created by relocation in terms of competitiveness and economic growth in an enlarged European Union.

Consultation under Article 138

Article 138 Treaty gives the social partners the right to be consulted in two stages on the advisability and direction of a proposal and its content. The areas on which the Commission is required to consult the social partners are set out in Article 137 of the Treaty.

On completion of the consultation, the organisations consulted may submit an opinion or recommendation to the Commission or in form it of their intention to open negotiations on the subject of the consultation. The consultation steers a course between agreements and legislation. These provisions have been used eleven times since 1993. In three cases, the social partners negotiated a framework agreement implemented at European level by means of a Council directive (parental leave, part-time work and fixed-term work). In one case they commenced negotiations but did not come to any agreement (temporary work). In the context of modernising employment relationships, the social partners have opened negotiations on telework.

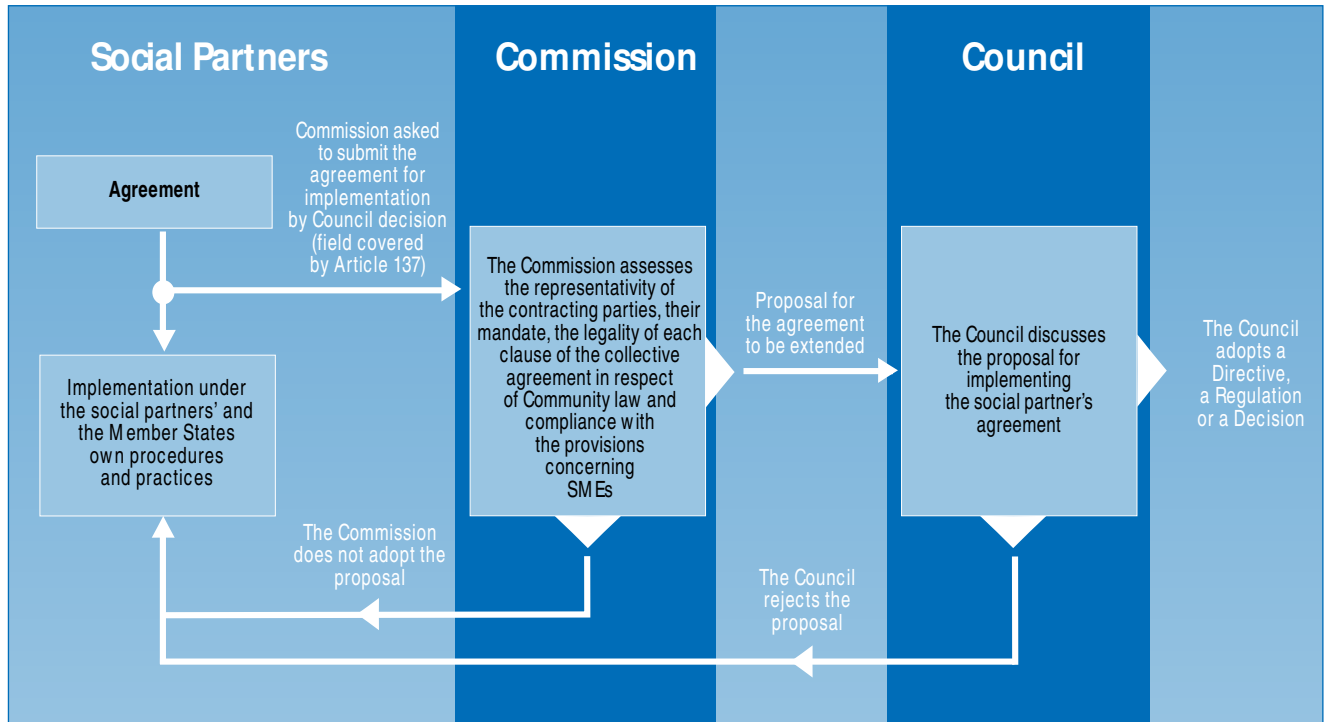


Date	Subject	Social partners' contribution	Result
1993	European works council	Opinion	Directive 94/45/EC
1995	Reconciling working life and family life	Agreement on parental leave, 14 December 1995	Directive 96/34/EC
1995	Burden of proof in cases of discrimination based on sex	Directive 97/80/EC	
1995	Flexibility in working time and worker security	<ul style="list-style-type: none"> Agreement on part-time work, 6 June 1996 Agreement on fixed-term work, 18 March 1999 Failure of negotiations on temporary work 	Directive 97/81/EC Directive 99/70/EC Proposal adopted by the Commission on 20 March 2002
1996	Fight against sexual harassment		Political agreement on 17 April 2002
1997	Worker information and consultation		Agreement reached on 17 December 2001 in the Conciliation Committee
2000	Protection of workers against their employer's insolvency	Opinion	Political agreement in the Council on common position on 3 December 2001
2000	Modernising and improving employment relationships	Negotiations in hand on telework	-
2000	Asbestos	Opinion	Directive adopted by the Commission on 20 July 2001
2000	Health and safety at work for the self-employed	Opinion	Proposal for a Commission Recommendation in preparation
2001	Data protection	Opinion	-
2002	Anticipating and managing change		

Framework agreements

Article 139(2) of the Treaty states: "Agreements concluded at Community level shall be implemented either in accordance with the procedures and practices specific to management and labour and the Member States or, in matters covered by Article 137, at the joint request of the signatory parties, by a Council decision on a proposal from the Commission."

Of the nine agreements concluded by the European social partners, five have been implemented by means of a Council directive. The social partners in the agriculture, telecommunications and commerce sectors preferred to relay the terms of their agreements in further agreements and texts signed at both national and company level.



Agreement	Implementing provisions	Implementation
Agreement on the role of the social partners in the development of the Community social dimension October 1991		Text taken over in Articles 138 and 139 of the Treaty
Framework agreement on parental leave 14 December 1995	"The ETUC, UNICE and CEEP request the Commission to submit this Framework Agreement to the Council for a decision making these requirements binding in the Member States of the European Community with the exception of the United Kingdom of Great Britain and Northern Ireland."	Council Directive 96/34/EC 3 June 1996 Report on implementation in preparation in Commission
Framework agreement on part-time work 6 June 1997	"The ETUC, UNICE and CEEP request the Commission to submit this Framework Agreement to the Council for a decision making these requirements binding in the Member States which are party to the Agreement on social policy annexed to the Protocol on social policy annexed to the Treaty establishing the European Community."	Council Directive 97/81/EC 15 December 1997
Recommendation framework agreement on the improvement of paid employment in agriculture in the Member States of the European Union 24 July 1997	"Collective bargaining is an effective means of developing and implementing policies aimed at promoting and improving employment. The social partners within the agricultural sector, represented at European level by the GEOPA/COPA and the EFA/ETUC, recognise each other's independent power of negotiation under the provisions of Article 118b of the Treaty on European Union and Article 4(1) of the Agreement on Social Policy annexed to the Treaty..." "Given the changing economic background to this recommendation framework agreement, the signatory parties ask the Joint Committee on social problems affecting agricultural workers in the European Union to examine the situation in the Member States in the various areas affected by this text every two years from the standpoint of both national legislation and applicable collective agreements."	Implementation through national collective agreements Monitoring in hand within sectoral social dialogue committee on agriculture
European Agreement on the Organisation of Working Time of Seafarers 30 September 1998	"...Whereas Article 4(2) of the Agreement on social policy provides that agreements concluded at European level may be implemented at the joint request of the signatory parties by a Council decision on a proposal from the Commission..."	Council Directive 99/63/EC 21 June 1999
Framework agreement on fixed-term work 18 March 1999	"The ETUC, UNICE and CEEP request the Commission to submit this Framework Agreement to the Council for a decision making these requirements binding in the Member States which are party to the Agreement on social policy annexed to the Protocol (No 14) on social policy annexed to the Treaty establishing the European Community."	Council Directive 99/70/EC 28 June 1999
European Agreement on the Organisation of Working Time of Mobile Workers in Civil Aviation 22 March 2000	"...Having regard to the fact that Article 139(2) of the Treaty provides that agreements concluded at European level may be implemented at the joint request of the signatory parties by a Council decision on a proposal from the Commission, Having regard to the fact that the signatory parties hereby make such a request..."	Council Directive 2000/79/EC 27 November 2000
Guidelines for telework in Europe in telecommunications 7 February 2001	"The sectoral social dialogue committee recommends these guidelines for adoption by the end of 2001, on a voluntary basis and according to each country's laws and collective bargaining practices. The sectoral social dialogue committee agrees to monitor the adoption of these guidelines in 2002."	Implementation through collective agreements at company level
European framework agreement on guidelines on telework in commerce 26 April 2001	"Social partners for commerce in different Member States of the European Union have chosen or may choose to regulate telework in various ways, through particular agreements on appropriate levels or through integrating telework -issues in existing collective agreements or recommendations..."	Implementation through collective agreements at national and company level or other provisions

The Social Dialogue Summits

The bipartite social dialogue, launched at Val Duchesse in 1985 by the then Commission President, Jacques Delors, continues nowadays in the Social Dialogue Committee and in its technical working parties (macroeconomics, labour market, education and training). Summits are organised at regular intervals to impart momentum and break new ground.

The social dialogue summits are high-level meetings between the cross-industry social partners (chairmen and general secretaries of ETUC, UNICE and CEEP and member organisations) chaired by the Commission.

They may take the form of "plenary meetings" (with representatives of all national affiliates) or "restricted meetings" (mini-summits). The summits from 1985 to 1997 fell under the first heading, while the Vienna and Brussels summits of 1998 and 2000 fell into the latter category.

Date	Place	Outcome
31 January 1985	Val Duchesse I	Social dialogue relaunched
12 November 1985	Val Duchesse II	Establishment of two working parties: on macroeconomics and on new technologies and social dialogue
7 May 1987	Palais d'Egmont I	Social dialogue reviewed for first time
12 January 1989	Palais d'Egmont II	Establishment of a political steering group comprising representatives of the three organisation and the Commission, and two working parties: on education and training and labour market
3 July 1992	Palais d'Egmont III	Joint statement on the future of the social dialogue (implementation of new Community dialogue procedures, consultation and negotiation in accordance with the agreement of 31 October 1991 and with the Maastricht Treaty)
28 September 1993	Palais d'Egmont IV	Preparations for joint contribution to the White Paper on Growth, Competitiveness and Employment
8 November 1994	Brussels, Commission	Discussion on the role of vocational training
21 October 1995	Florence	Launching of ECIR Joint statement on the fight against racism Joint statement on employment
29 November 1996	Dublin Castle	Joint declaration on Action for employment: a confidence pact
6 June 1997	The Hague	Signing of the social partners' agreement on part-time work
13 November 1997	Palais d'Egmont V	Joint contribution to the Luxembourg summit on employment
2 June 1998	Val Duchesse III	Discussion on the prospects for the social dialogue
4 December 1998	Vienna	Exchange of views on the European Employment Strategy and on the Commission Communication of the organisation of work
25 May 2000	Brussels – Commission	Exchange of views on the role of the social partners in following up the Lisbon European Council and with a view to the Forum of 15 June
22 March 2001	Stockholm	Social partners' contribution to the Social Policy Agenda
13 December 2001	Laeken	Prospects for the social dialogue: joint declaration by the social partners

The agenda for concertation: 2000/2001

The meetings between the European social partners and the European institutions are known as concertation.

Since 1970, the Standing Committee on Employment -recast in 1999- has been meeting every six months in the presence of the representatives of the Council, the Commission and the social partners to discuss subjects of importance related to industrial change and employment.

Tripartite concertation has made headway in recent years: the social partners are now invited to regular, informal meetings with the troika of heads of state or government on the sidelines of the European Councils, with the Employment and Social Affairs Council, the Economic and Financial Affairs Council and the representatives of the European Central Bank. The Cologne European Council of June 1999 established a macroeconomic dialogue, involving the social partners in the coordination of economic, monetary, budgetary and fiscal policies.

Date	Meeting	Context and Aim
11–12.02.2000	Informal Social Affairs Council, Lisbon	Preparations for Social Affairs Council
13.3.2000	Standing Committee on Employment	Preparations for Lisbon European Council, 23 and 24 March 2000
22.3.2000	Social partners meet with the troika and the Commission, Lisbon	Preparations for the Lisbon European Council, 23 and 24 March 2000
14.4.2000 and 08.5.2000	Macroeconomic Working Party at technical and political level	- Discussion on the economic situation and prospects - Broad economic policy guidelines
15.6.2000	Forum assembling the representatives of the governments of the Member States, the Commission, the European Parliament, the Economic and Social Committee, the Committee of the Regions, the ECB, the EIB and the social partners, Brussels	Follow-up to the Cologne European Council (December 1999), discussion on contribution of the different players to the Lisbon strategy, notably the social partners' contribution
08.7.2000	Informal Social Affairs Council, Paris	Preparations for Social Affairs Council
17.10.2000	Standing Committee on Employment, 17 October 2000	Discussion on the 2001 employment package
15.11.2000 and 27.11.2000	Macroeconomic Working Party at technical and political level	Discussion on the economic situation and prospects
05.12.2000	Social partners meet with the troika and the Commission, Paris	Preparations for the Nice European Council, 7 and 8 December 2000
21–23.01.2001	Informal Social Affairs Council, Norrköping	Preparations for Social Affairs Council
06.3.2001	Standing Committee on Employment	Preparations for Stockholm European Council, 23 and 24 March 2001
05.4.2001 and 07.5.2001	Macroeconomic Working Party at technical and political level	- Discussion on the economic situation and prospects - Broad economic policy guidelines - Comparison of US/EU investment performance
06–07.7.2001	Informal Social Affairs Council, Liège	Preparations for Social Affairs Council
08.10.2001	Standing Committee on Employment	Discussion on the 2002 employment package, notably the quality of employment
22.11.2001 and 03.12.2001	Macroeconomic Working Party at technical and political level	Economic situation, prospects in the wake of the events of 11 September 2001

European social partners and the social agenda

Anticipation and management of change	
Air transport	Management of social consequences of the "single sky" initiative
Footwear Insurance	Support for establishment of the European Monitoring Centre on Change Support for establishment of the European Monitoring Centre on Change
Multisectoral level	Follow-up to and establishment of the European Monitoring Centre on Change within the Dublin Foundation
Railways	Start of discussions on working conditions for workers on interoperable networks and introduction of a European licence for such workers
Equal opportunities Fundamental rights	
Commerce	Follow-up to the declaration of May 2000 on racism and xenophobia Implementation of the 1999 agreement
Fisheries	Deliberations on introduction of a social clause in fisheries agreements
Footwear	Extension of the code of conduct on child labour to all fundamental rights (ILO conventions) signed in November 2000
Hairdressing	Code of conduct signed on 26 June 2001
Postal services	Compendium of good practices
Tanning	Implementation of the code of conduct on fundamental rights, 10 July 2000
Telecommunications	Establishment of the DIVERSITY working party covering subjects like equal opportunities, disabled workers and migrant workers.
Textiles and clothing	Manual of good practices and recommendations concerning women's employment Deliberations on updating the code of conduct signed in 1997
Wood	Implementation of the European wood industry social partners' charter
Quality of social policy	
Cleaning	Manual on selecting best value, 2001
Fisheries	Standard social clause adopted in the fisheries sector; it will be included in all fisheries agreements between the European Union and third countries
Multisectoral level	Follow-up to the ETUC/CEEP charter on services of general interest Joint ETUC/UEAPME declaration on the social dialogue
Private security	Manual on selecting best value, 1999
Transport, footwear, leather, textiles/ clothing	Integration of the social dimension into the planning of Community policies

Sectoral social dialogue committees (SSDC)					
Sector	Workers	Employers	Old Committee group	Old informal	New SSDC
Agriculture	EFFAT	GEOPA-COPA	✓		✓
Air transport	ECE; ETF	ACI Europe; AEA; ERA; IACA	✓		✓
Banking	UNI-Europa	EACB; ESG; FBE;		✓	✓
Cleaning	UNI-Europa	EFCI		✓	✓
Commerce	UNI-Europa	EUROCOMMERCE		✓	✓
Construction	EFBWW	FIEC		✓	✓
Culture	EEA	PEARLE*			✓
Electricity	EMCEF; EPSU	EURELECTRIC		✓	✓
Footwear	ETUF-TCL	CEC		✓	✓
Furniture	EFBWW	UEA			✓
HORECA/Tourism	EFFAT	HOTREC		✓	✓
Inland waterways	ETF	ESO/OEB; UINF	✓		✓
Insurance	UNI-Europa	ACME; BIPAR; CEA		✓	✓
Mining	EMCEF	APEP; CECISO	✓		✓
Personal services (hairdressing)	UNI-Europa	CIC Europe			✓
Postal services	UNI-Europa	POSTEUROP	✓		✓
Private security	UNI-Europa	CoESS		✓	✓
Railways	ETF	CER	✓		✓
Road transport	ETF	IRU	✓		✓
Sea fishing	ETF	EUROPECHE/COGECA	✓		✓
Sea transport	ETF	ECSA	✓		✓
Sugar	EFFAT	CEFS		✓	✓
Tanning/leather	ETUF-TCL	COTANCE			✓
Telecommunications	UNI-Europa	ETNO	✓		✓
Temporary work	UNI-Europa	CIETT Europe			✓
Textiles/clothing	ETUF-TCL	EURATEX		✓	✓
Wood	EFBWW	CEI-Bois		✓	✓
TOTAL			10	12	27

Social partners' contribution to the employment strategy

	General contribution	Vocational training
Agriculture	White Paper on employment qualifications	Negotiations on the validation of
Banking	Work of group on employability of bank staff (study completed in June 2001)	Conference on best training practice Follow-up to the project on the
Cleaning	Conference on evaluation and development of the social dialogue in the sector, 19 and 20 April 2001 Joint contribution on employment, 20 February 2001	training kit for cleaners working in the home Project in hand on the training kit for basic cleaners
Commerce	Follow-up to the declaration on employment of April 2000 Agreement on telework, April 2001	Implementation of the e-commerce training project
Construction		Follow-up to a study on future vocational training needs
Culture	Three-year work programme on good practice in employment in live performance and national round tables	
Electricity	Follow up to the Joint Declaration on the social consequences of sector restructuring.	
Fisheries	Analysis of matters relating to recruitment of young people fisheries training and employment	Preparatory work for the establishment of a network
Footwear	Implementation of a multiannual action plan on competitiveness and employment Establishment of a joint database on collective agreements	Project on setting up European-level education and vocational training institutes
Graphics	Follow-up to the seminar on competitiveness and employment, Lisbon, June 2000	Article 6 ESF project on the updating of qualifications
Horeca/Tourism (hotels, restaurants, cafés)	Analysis of medium-term trends in the industry	
Multisectoral	Preparation of country fiches on implementation of the NAPs Negotiations on telework Barcelona European Council	Interim report to the Stockholm European Council: on that basis, preparation of a contribution for the
Personal services (hairdressing)	Signing of a code of conduct on the quality of work and service, terms and conditions of employment and fundamental rights, 26 June 2001	Follow-up to the project on training needs requirements (Leonardo) Follow-up to a study on future training Preparation of a project on exchanges for young people
Postal services	Support to the study on employment development, December 2001	Conference on training and skills
Railways	Pursuit of working party's review of adaptability and interoperability view to establishing a strategy for	Study on the development of key occupations (visits to undertakings) with employability in railway undertakings
Sea transport	Follow-up to the repercussions on employment on the abolition of duty-free goods	Follow-up to the Commission communication on the employment and training of seafarers
Sugar Tanning	Follow-up to the joint declaration on the joint organisation of the sugar market Implementation of the joint declaration of 7 December 1999 on employment and competitiveness Establishment of a joint database on collective agreements Follow-up to the code of conduct (10 July 2000) on terms and conditions of employment	Dissemination of Leonardo kit on active/ interactive safety in the sugar industry Determination of training and skills needs
Telecommunications	Agreement on guidelines on telework, February 2001	Working party on training in new technologies Conference on the human factor in the third-generation telephony market (UMTS) Conference on 'Delivering skills for the future', September 2001
Temporary work	Follow-up to the study on temporary work Joint declaration on objectives for a directive on temporary agency work, 8 October 2001 Joint declaration on the development of the social dialogue, 3 July 2000	
Textiles and clothing	Implementation of the Commission's action plan on competitiveness and employment	Assessment of training and skills needs Project on advanced vocational training
Wood	Discussion on competitiveness in the wood industry	

The sectors in the enlargement process: a few examples

Enlargement came to the fore in many sectors during 2000 and 2001. The commerce, textiles and clothing, agriculture and banking sectors were the first to take joint initiatives, paving the way for involvement by the social partners of the candidate countries in European social dialogue. These initiatives took various forms, including conferences assembling the social partners of the EU and

those of the candidate countries, and progressive application of codes of conduct. In other sectors, the possible consequences of enlargement on working conditions gave rise to deliberations, for example, in road and rail transport and civil aviation. In telecommunications, the social implications of market liberalisation were high on the agenda.

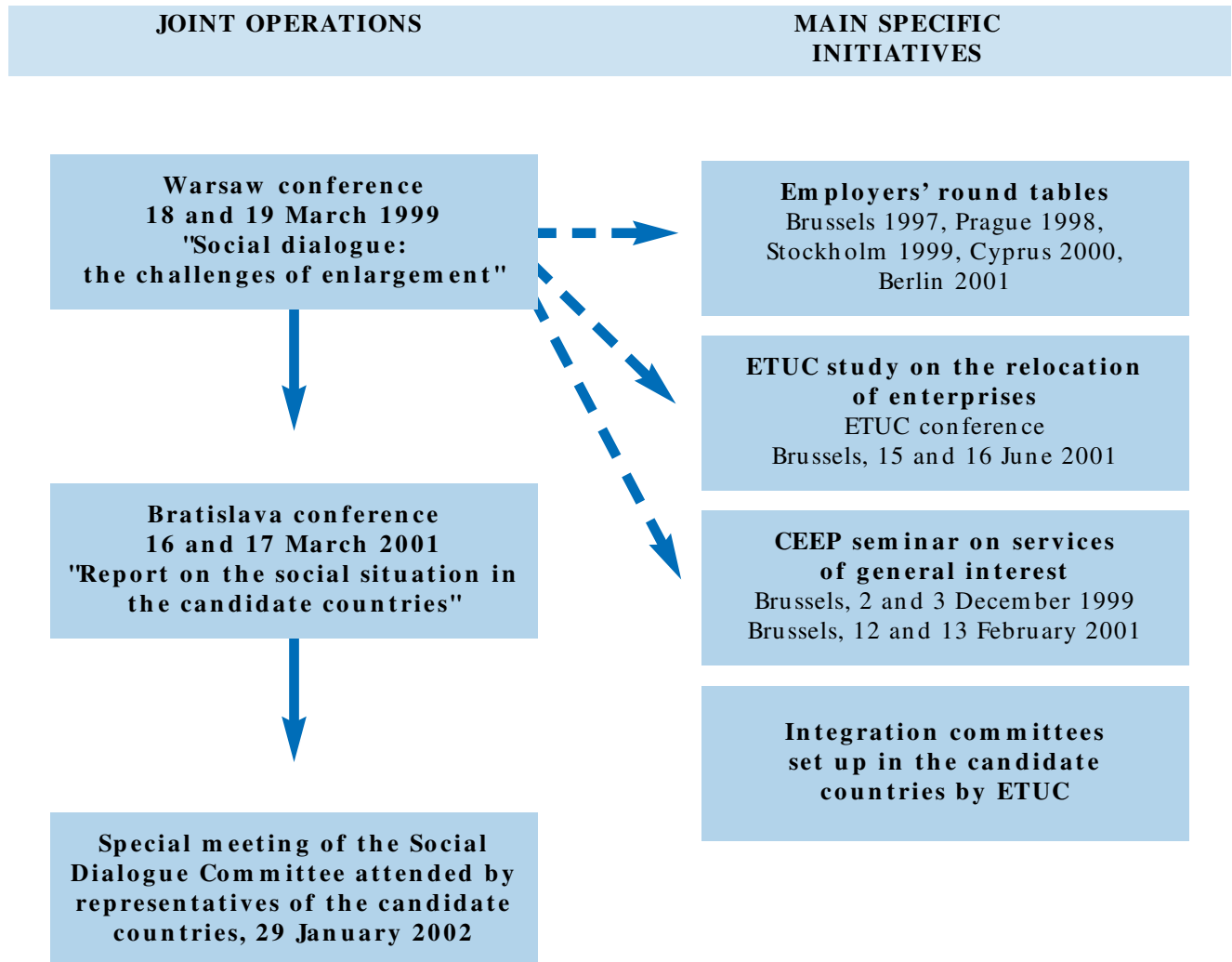
Sectors	Initiatives
Agriculture	Conference on the involvement of the CEEC social partners in the social dialogue (Budapest, January 2000)
Air transport	Conference on the social dialogue in the industry (September 2000)
Banking	Bilateral round tables (Hungary, Czech Republic, Poland, Malta)
Cleaning	Joint declaration following up a joint project on identification of the social partners in the candidate countries Joint declaration on the enlargement
Commerce	Round tables (Bulgaria, Slovakia, Lithuania, Slovenia)
Footwear	Economic and social forum on the Community acquis (Prague, November 2000)
Horeca	Seminar organised by ECF/IUF with the Hungarian trade unions on European social dialogue (Brussels, May 2000)
Postal services	Round table on enlargement (Bucharest, December 2001)
Private security	Joint declaration on the consequences of enlargement for the industry
Road transport	Joint opinion on drivers from third countries in intra-Community traffic (September 2000)
Sea transport	Discussion under way on flags of convenience
Tanning	Economic and social forum (Hungary, September 2001)
Telecommunications	Joint seminar in Hungary on the social implications of market liberalisation (October 2001)
Textiles and clothing	Extension of the 1997 code of conduct to the CEECs and Turkey (seminar in Turkey in 2000 on the social dialogue and fundamental social rights)

Enlargement: initiatives at cross-industry level

Since the Warsaw conference in March 1999, the social partners have launched a number of initiatives, both jointly and separately (round tables, seminars, and studies).

countries qualify for pre-accession financial assistance, notably under the Phare programme for the CEECs. A number of the projects funded under the programme in 2000–2001 concerns the social dialogue.

In addition, in certain areas, the candidate



Joint texts adopted in 2000 — October 2001

Sector	Title of agreement
Agriculture	<ul style="list-style-type: none"> EFA – GEOPA/COPA conference on employment of agricultural workers in the European Union, Saint-Raphaël, France, 12 and 13 April 2000: final statement, 13 April 2000 European social partners' White Paper on employment and agriculture: Guaranteeing employment through vocational and continuing training in European agriculture, 13 April 2000 Guidelines for sprayers: Spraying techniques, environment and safety, 8 November 2000 Safety manual for forestry work, 8 November 2000
Civil aviation	<ul style="list-style-type: none"> European Agreement on the Organisation of Working Time of Mobile Workers in Civil Aviation concluded by the Association of European Airlines (AEA), the European Transport Workers' Federation (ETF), the European Cockpit Association (ECA), the European Regions Airline Association (ERA) and the International Air Carrier Association (IACA), 22 March 2000
Wood	<ul style="list-style-type: none"> Code of conduct, 31 October 2000
Footwear	<ul style="list-style-type: none"> Social action programme: social partners' contribution to the footwear sector, 2 June 2000 Code of conduct: social partners' charter for the footwear industry, 17 November 2000
Commerce	<ul style="list-style-type: none"> Joint declaration of the conference on employment, 14 April 2000 Joint declaration on the fight against racism and xenophobia, 15 May 2000 European agreement on the guidelines on telework, 26 April 2001
Construction	<ul style="list-style-type: none"> Joint declaration FIEC–FETBB, 24 January 2000
Electricity	<ul style="list-style-type: none"> Joint declaration by EURELECTRIC, EMCEF and EPSU on the ECOTEC study for the European Commission on the social implications of the internal electricity market, 7 November 2000
Cross-industry	<ul style="list-style-type: none"> Joint social-partner declaration to the Forum on 15 June 2000 Joint declaration on the European Monitoring Centre on Change, 21 November 2000 Introductory statement to the social partners' compendium concerning the employment guidelines, 21 November 2000
Cleaning	<ul style="list-style-type: none"> Joint conclusions on the report on the study on certain key aspects of the industrial cleaning sector in Europe, 2 October 2000 Joint declaration on the follow-up to the survey on harmonious development of the industry, 31 January 2000 Joint declaration on employment, 20 February 2001 Joint FENI/UNI–Europa declaration: The social partners of the industrial cleaning industry and EU enlargement to the countries of central and eastern Europe (CEECs), 3 April 2000
Fisheries	<ul style="list-style-type: none"> Resolution of the fishing industry social partners on the oil crisis, 20 November 2000 Joint declaration on the results and recommendations of the European Forum for the Mutual Recognition of Certificates in the sea-fishing sector in Europe and on the establishment of a fisheries training and employment network (REFOPE), 20 November 2000 Proposal on social clause
Postal services	<ul style="list-style-type: none"> Proceedings of the round table on training, 29 November 2000 Compendium of best practice in equal opportunities, 30 November 2000
Private security	<ul style="list-style-type: none"> Joint declaration by CoESS and UNI–Europa on modernising work organisation in the private security industry, 11 July 2000
Personal services	<ul style="list-style-type: none"> Code of conduct for hairdressing, 26 June 2001
Performing arts	<ul style="list-style-type: none"> Joint declaration on lifelong learning, 27 May 2000
Sugar	<ul style="list-style-type: none"> Joint declaration on apprenticeship, 13 November 2000 Joint declaration on the least-developed countries, 13 November 2000
Tanning	<ul style="list-style-type: none"> Contribution by the social partners of the leather industry to preparation of a new agenda for social policy, 26 May 2000 Code of conduct in the leather and tanning sector, 10 July 2000
Telecommunications	<ul style="list-style-type: none"> Joint statement for the Lisbon Summit: New work organisation and skills for modernisation, growth and competitiveness in the information society, 9 March 2000 European agreement on the guidelines on telework, 7 February 2001
Textiles and clothing	<ul style="list-style-type: none"> Social action programme: social partners' contribution, 26 May 2000
Sea transport	<ul style="list-style-type: none"> ETF/ECSA contribution on training and recruitment of seafarers in Europe, 25 January 2000
Road transport	<ul style="list-style-type: none"> Joint opinion on the employment of drivers, 15 September 2000
Temporary work	<ul style="list-style-type: none"> Joint declaration on the development of the sectoral social dialogue, 3 July 2001 Joint declaration on a draft directive on temporary agency work, 8 October 2001

Review of legislation 2000-2001

Review of legislation 2000 - 2001

A milestone was reached in labour law in 2000–2001, with the adoption of the Directive annexed to the European Company Statute. It is especially relevant to the social partners. The political agreement on a common position of the Council on the Directive on worker information and consultation was also of vital concern. It is very closely linked with the Lisbon European Council's aim of achieving a competitive, adaptable European labour force.

In addition, under Article 211 of the Treaty, the Commission ensures, in various fashions, that the Member States correctly incorporate directives into national law.

European Company Statute

On 8 October 2001 the Employment and Social Affairs Council formally adopted the European Company Statute (*Societas Europaea* - SE). The agreement reached at the Nice European Council had given fresh impetus to the debate on this subject.

Europe had been discussing the European Company for more than thirty years — an indication of its importance and complexity.

The Member States have three years to take all the necessary measures to enable SEs to register in their territory from June 2004.

The advantages of this legal innovation to companies are obvious: in the long term, they will be able to set up as a single company operating through establishments in the different Member States, presenting a single annual report and a single tax return within a single European framework with European employees.

Thanks to the European Company, big savings will be made in administrative and legal costs by small, medium-sized and big businesses wishing to operate on a Community scale through an SE instead of through a complicated, costly network of subsidiaries registered under the laws of the different Member States.

The European Company Statute will also allow cross-border mergers for the first time,

(transforming subsidiaries into establishments of the single SE) and in that case the tax measures under the 1990 Directive will apply; companies could not take advantage of these measures until now as they were unable to carry out such mergers. The new Statute will also provide for rationalisation of structures in groups which have often become extremely complex on account of acquisitions and other operations over the course of time; they will be able to set up an SE by product range, sector of economic activity or geographical area, without regard to national boundaries.

The Statute will also be very attractive from the tax standpoint. An SE operating through establishments instead of subsidiaries will be able to offset losses from such establishments against the SE's profits — a considerable tax advantage. An SE may transfer its head office to another Member State without needing to wind up (tax advantage) and re-establish (cost saving).

The simplification of group structures will also make the financial markets more transparent and raise their profile at European and international level.

The SE Directive does not depart from the principles of the Directive on European works councils: liberty to negotiate together with subsidiary rules in the absence of an agreement. As for transnational information and consultation, the subsidiary rules are tighter than those of the EWC Directive. They include arrangements for participation where employees were afforded participation previously in the companies concerned.

The question of participation will surely make negotiations more difficult, as demonstrated in the case of some recent mergers where the definition of the rules on participation to be applied in the entity resulting from the operations concerned could not be ignored, despite the fact that no legal text required that the issue be covered (although this will be the case in three years' time under the SE Directive). However, recent experience has also shown that the parties concerned (merging companies and their workers' representatives) are able to arrive at mutually-acceptable solutions.

The principal difficulty in the negotiations under the SE Directive (and the principal difference vis-à-vis the EWC Directive) will be caused by the two parallel sets of negotiations, inevitable in many cases: one on the arrangements for involving employees to be applied within the SE and the other on the social consequences of the restructuring often involved in the operation.

From the institutional point of view, Community law has been enhanced. Five further Community-law texts of similar importance were awaiting a solution to the problems related to the Statute for the European Company: the three "twin" statutes of the SE (the European cooperative society, the European association and the European mutual society) and two company law directives (on transnational mergers and the transfer of the head office of a company from one Member State to another). In all these cases, the challenge is the same: how to reconcile the flexibility afforded to companies to organise themselves at transnational level with socially-acceptable arrangements providing in particular for the protection of acquired rights in respect of employees' involvement in the operation of a business. In the course of the next few years, the Commission, the Council and the European Parliament should be able to wind up these five dossiers on the basis of the agreement reached for the European Company.

Lastly, adoption of the European Company Statute cleared the logjam for the proposal on information and consultation of workers in the EU which was also based on rules on anticipation, crisis prevention and management of change (see below).

At the end of this marathon, ten Community directives concerning collective labour relations will have been introduced. They will form a cohesive whole which should guarantee throughout the European Union, after enlargement as well, the safeguard and development of this essential component of the European social model.

Worker information and consultation

On 11 June 2001, the Employment and Social Affairs Council adopted a common position on the proposal for a Directive of the European Parliament and of the Council establishing a general framework for informing and consulting employees, which the Commission had put forward in November 1998.

This Directive completes the Community framework in this area. It includes arrangements for regular, ongoing information and consultation of workers' representatives in undertakings with at least 50 employees and covers the economic and financial situation of the company, the probable development of employment within the company, any anticipatory measures envisaged and any decision affecting employment contracts.

The Community rules in force for more than 25 years on information and consultation of employees in the event of collective redundancies and of transfers of undertakings will thus be supplemented and covered by general, standing procedures.

Following the agreement reached in the Conciliation Committee on 17 December 2001, the Directive on worker information and consultation was formally adopted by the European Parliament and the Council early in 2002.

Working time

On 22 June 2000, the Council adopted a Directive² amending Council Directive 93/104/EC concerning certain aspects of the organisation of working time to cover sectors and activities excluded from that Directive. It extends the scope of Directive 93/104/EC as regards minimum rules on working time to all non-mobile workers and mobile workers in the railway industry. It also provides for specific measures as regards the working time of seafarers and road transport workers.

The Council Directive of 27 November 2000³ on the organisation of working time of mobile workers in civil aviation implements the agreement concluded on 22 March 2000 by the civil aviation social partners. This is the fifth directive adopted under Article 139(2) of the Treaty.

The agreement by the social partners in civil aviation limits annual working time to 2 000 hours and flying time to 900 hours.

It is this agreement — implemented at European level by a Directive — which henceforth regulates the working time of mobile workers in civil aviation. However, Directive 93/104/EC still applies to the sector's non-mobile workers.

² Directive 2000/34/EC: OJL 195/41 of 1. 8. 2000

³ Directive 2000/79/EC: OJL 302 of 1. 12. 2000

Employee protection in the event of the employer's insolvency

In January 2001, the Commission transmitted to the Council a proposal for a Directive amending Directive 80/987/EEC relating to the protection of employees in the event of the insolvency of their employer. While retaining the basic structure of the Directive in force, the main proposed amendments aim to:

- extend the concept of insolvency and improve consistency with other Community directives;
- adopt an explicit rule to specify the competent guarantee institution responsible for settling employees' claims in cross-border insolvency situations;
- introduce a new rule providing for administrative cooperation between Member States.

The European Parliament gave its opinion on the first reading on 29 November 2001. The Employment and Social Affairs Council of 3

December 2001 reached political agreement on a common position. The Council formally adopted the common position in early 2002

Implementation of Community law

In accordance with Article 211 of the Treaty, the Commission monitors the Member States' implementation of Community law and regularly prepares reports for the Parliament and Council. They received two reports in 2000: on the state of application of the European works council Directive (Council Directive 94/45/EC of 22 September 1994), and on implementation of the Directive on working time (Directive 93/104/EC of 23 November 1993).

Its work is not restricted to the preparation of reports however. It provides back-up for the Member States in the transposal of directives. The Directive on the posting of workers is a very good example of close coordination in implementation of a directive.

Implementation of the Directive on the posting of workers

To provide support for the transposal of the Directive on the posting of workers (Directive 96/71/EC of 16 December 1996) in the different Member States, the Commission set up an ad hoc group of national experts to provide a forum for discussion.

Purpose and composition of the group

As this Directive comprises many provisions with a transnational dimension, it was considered useful that, during the period for transposing the text into the different national laws, the Member States should coordinate to prevent any clashes between the different national systems. The group was made up of national experts responsible for transposing the Directive in their Member State and the Commission provided logistical support.

The group's activities

The group held nine meetings between April 1997 and March 1999. Thanks to the reflection, discussions and exchanges within the group a document was drawn up and subsequently published by the Employment and Social Affairs DG. The detailed analysis of all the Directive's articles, and the conclusions and guidance on interpretation and implementation helped to ensure coordinated transposal into the laws of all the Member States. In the context of enlargement, this document should also help the candidate countries.

Review of legislation 2000–2001

Subject	Commission position	Legal basis	Status
Health and safety at the workplace	COM(2001) 417: Protection of workers from the risks related to exposure to asbestos at work	Article 137(2) EC Codecision	Proposal adopted: 20/07/2001 Common position of the Council: Conciliation Committee Signature Parliament and Council
	COM(98) 678 final: Minimum safety and health requirements for the use of work equipment by workers	Article 137(2) EC Codecision	Proposal adopted: 27/11/1998 Common position of the Council: 23/03/2001 Conciliation Committee Signature Parliament and Council
	COM(1992) 560: Minimum health and safety requirements regarding the exposure of workers to the risks arising from physical agents	Article 137(2) EC Codecision	Proposal adopted: 23/12/1992 Common position of the Council: 25/06/2001 Conciliation Committee Signature Parliament and Council
	COM(1990) 588: Minimum requirements to improve the mobility and safe transport of workers with reduced mobility	Article 137(2) EC Codecision	Proposal adopted: 5/12/1990 Common position of the Council Conciliation Committee Signature Parliament and Council
	COM(1992) 234: Minimum safety and health requirements for transport activities and workplaces on means of transport	Article 137(2) EC Codecision	Proposal adopted: 16/11/1992 Common position of the Council Conciliation Committee Signature Parliament and Council
Social security for migrant workers	COM(2001) 344: Application of social security schemes to employed persons, self-employed persons and to members of their families moving within the Community	Articles 308 and 42 EC Codecision	Proposal adopted: 25/06/2001 Common position of the Council Conciliation Committee Signature Parliament and Council
	COM(1998) 779: Coordination of social security systems	Articles 8a, 51 and 235 EC, then 18, 42 and 308 EC Codecision	Proposal adopted: 21/12/1998 Common position of the Council Conciliation Committee Signature Parliament and Council
	COM(1997) 561: Application of social security schemes to employed persons, self-employed persons and to members of their families moving within the Community	Articles 51 and 235 EC, then 42 and 308 EC Codecision	Proposal adopted: 12/11/1997 Common position of the Council Conciliation Committee Signature Parliament and Council
	COM(1995) 734: Unemployment benefits	Articles 42 and 308 EC Codecision	Proposal adopted: 10/01/1996 Common position of the Council Conciliation Committee Signature Parliament and Council
	COM(1995) 735: Pre-retirement benefits	Articles 51 and 235 EC, then 42 and 308 EC Codecision	Proposal adopted: 10/01/1996 Common position of the Council Conciliation Committee Signature Parliament and Council
	COM(2000) 186 final: Social security schemes	Articles 42 and 308 EC	Proposal adopted: 28/04/2000 Common position of the Council Conciliation Committee Signature Parliament and Council

Worker information and consultation	COM(2000) 832: Approximation of the laws of the Member States relating to the protection of employees in the event of the insolvency of their employer	Article 137 EC Codecision	Proposal adopted: 15/01/2001 Common position of the Council: 3/12/2001 Conciliation Committee Signature Parliament and Council
	COM(1998) 612: Establishment of a general framework for improving information and consultation rights of employees in the European Community	Article 137(2) Codecision	Proposal adopted: 11/11/1998 Common position of the Council: 13/02/2001 Conciliation Committee 17/12/2001 Signature Parliament and Council
Anti-discrimination	COM(2000) 368 final: Programme of Community action to encourage cooperation between Member States to combat social exclusion	Article 141(3) Codecision	Proposal adopted: 16/06/2000 Common position of the Council: 13/02/2001 Conciliation Committee Signature Parliament and Council
	COM(2000) 459: Community incentive measures in the field of employment	Article 129 Codecision	Proposal adopted: 20/07/2000 Common position of the Council: 20/06/2001 Conciliation Committee Signature Parliament and Council
Equal opportunities	COM(2000) 334 final: Implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions	Article 14(3) Codecision	Proposal adopted: 7/06/2000 Common position of the Council Conciliation Committee Signature Parliament and Council
Freedom of movement for workers	COM(1998) 394/1: Freedom of movement for workers within the Community	Article 49 EC, then 40 EC Codecision	Proposal adopted: 22/07/1998 Common position of the Council Conciliation Committee Signature Parliament and Council
	COM(1998) 394/2: Abolition of restrictions on movement and residence within the Community for workers of Member States and their families	Article 49 EC, then 40 EC Codecision	Proposal adopted: 22/07/1998 Common position of the Council Conciliation Committee Signature Parliament and Council
	COM(1997) 561: Extension to nationals of third countries of Regulation (EEC) No 1408/71	Articles 51 and 235 EC, then 42 and 308 EC Codecision	Proposal adopted: 12/11/1997 Common position of the Council Conciliation Committee Signature Parliament and Council
European Company Statute	COM(1989) 268/2: Statute for a European company with regard to the involvement of employees	Article 95 EC Codecision	Proposal adopted: 24/08/1989 Common position of the Council Conciliation Committee Signature Parliament and Council
Working time	COM(1998) 662: Organisation of working time to cover sectors and activities excluded from that directive	Article 137(2) EC Codecision	Proposal adopted: 18/11/1998 Common position of the Council: 2/07/1999 Conciliation Committee: 28/03/2000, 06/04/2000 Signature Parliament and Council: 22/06/2000

Transposal of European directives

DIRECTIVES	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
1. LABOUR LAW															
80/987 "insolvency"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
91/533 "written statement"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
91/383 "temporary employment"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
93/104 "working time"	C	C	C	C	C	IC	C	N	C	C	C	C	C	C	C
94/33 "young people"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
94/45 "European works councils" (97/74-UK)	C	C	C	C	C	C	C	C	C	C	C	C	C	C	NR
96/71 "posting of workers" (deadline : 16.12.99)	N	C	C	C	C	C	C	C	N	C	C	C	C	C	C
97/74 "extension 94/45 to UK" (15.12.99)	C	-	-	-	C	-	-	-	-	-	-	-	-	-	C
97/81 "part-time work" (dea.:20.01.2000)(98/23-UK)	IC	C	C	C	C	C	N	C	C	C	C	C	C	N	NR
98/23 "extension" 97/81 to UK (7.4.00)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	C
98/50 "transfers of undertakings 2" (dea:17.07.2001)	N	N	N	N	C	N	N	C	N	N	N	N	C	N	N
98/59 "collective redundancies - codif" - JO 98.225 16-21	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
99/63 "working time of seafarers" (dead: 30.06.2002)										C			C		
99/70 "fixed-term work" (deadline : 10.07.2001)	N	D	C	D	C	N	N	D	C	N	IC	D	C	N	D
00/34 "excluded sectors 93/104" (date transposition: 1.8.05)															
00/79 "agreement on working time civil aviation" (1.12.03)															
01/23 "transfer of undertakings" codification 77/187 et 98/50)															
2. EQUAL TREATMENT															
75/117 "equal pay"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
76/207 "access to employment"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
79/7 "social security"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
86/378 "occupational social security schemes"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
86/613 "self-employed women"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
92/85 "pregnant workers"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
96/34 "parental leave" (97/75 - UK) (dea.:15.12.99)	C	C	C	C	C	C	C	C	C	C	C	C	C	C	NR
96/97 "occup.so.sec.schemes"	C	C	C	N	C	C	C	C	C	C	C	C	C	C	C
97/75 "extension 96/34 au RU" (15/12/99)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	C
97/80 "burden of proof" (dea:1.1.2001)(UK:98/52;dea, 22/7/2001)	C	C	C	N	C	N	C	C	C	C	C	C	C	C	NR
98/52 "extension 97/80 to UK" (22/07/2001)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	C
00/43 "race" - (19/07/03)															
00/78 general framework equal treatment in employment & occupation " (02/12/03)															
3. FREE MOVEMENT OF WORKERS															
98/49 "supplementary pensions rights" (dea:25.01.2002) 98L209	-	-	-	-	C	-	-	C	-	C	C	C	-	-	-

4. HEALTH AND SAFETY AT WORK																
78/610 "vinyl chloride monomer"	C	NR	C	C	C	C	NR	C	C	C	C	C	C	C	C	C
82/130 "explosive atmospheres (firedamp)"	C	C	C	C	C	C	NR	C	C	C	C	NR	NR	C	C	C
83/477 "asbestos"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
86/188 "noise"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
88/35 "explosive atmospheres (firedamp 2)"	C	C	C	C	C	C	NR	C	C	C	C	NR	NR	C	C	C
89/391 "framework"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
89/654 "work places"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
89/655 "work equipment"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
89/656 "personal protective equipment"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
90/269 "manual handling of loads"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
90/270 "display screen equipment"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
90/394 "carcinogens"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
91/269 "explosive atmospheres (firedamp3)"	C	C	C	C	C	C	C	C	C	C	C	NR	NR	C	C	C
91/322 "chemical, physical and biological agents 3"	C	C	C	C	NR	NR	C	C	C	C	C	NR	C	C	C	C
91/382 "asbestos 2"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
92/29 "medical assistance on board of vessels"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
92/57 "construction"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
92/58 "health and safety signs"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
92/91 "drilling"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
92/104 "mining"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
DIRECTIVES	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	
93/103 "work on board fishing vessels"	C	C	C	C	C	C	C	C	NR	C	NR	C	C	C	C	C
94/44 "explosive atmospheres 4" (COM directive)	C	C	C	C	C	C	NR	C	C	C	C	NR	NR	C	C	C
95/30 "biological agents 3"	C	C	C	C	C	C	C	C	C	C	IC	C	C	C	C	C
95/63 "work equipment 2"	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
96/94 "chemi.,phys.& bio.agents 4"	C	C	C	C	NR	NR	C	C	C	NR	C	NR	C	C	C	C
97/42 "carcinogens 2" (deadline : 27.06.00)	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C
97/59 "biological agents 4"	C	C	C	C	C	C	C	C	C	C	IC	C	C	C	C	C
97/65 "biological agents 5"	C	C	C	C	C	C	C	C	C	C	IC	C	C	C	C	C
98/24 "chemical agents 5" (deadline : 5.5.2001)	N	C	IC	N	C	N	N	N	N	N	IC	N	C	N	N	N
98/65 "explo.atm o.5" (COM direc.)(dead: 31.12.99)	N	N	C	C	C	C	NR	N	C	C	N	NR	NR	C	C	C
99/38 "carcinogens 3" (deadline: 29.04.2003)						C	C	C			IC	C	C			
99/92 "explosive atmospheres" 30.06.2003																
00/54 "agents biologiques" (7° - 89.391) codification		C		C								IC				
00/39 "Dir.first list of indicative occupational exposure limit values chemical agents Commission" (31.12.01)																
01/45 "scaffolding" (modification 89/655 (19/07/2004) - JO 195 du 19/7)																
% of national legislation 2001 communicated on 1 October	87,8	95,9	95,9	91,8	100	89,8	91,8	93,9	93,9	93,9	85,7	95,9	100	91,8	95,9	
% of national legislation communicated on 1 January 2000	96,2	98,1	98,1	92,4	100	92,4	96,2	86,7	90,5	96,2	90,5	98,1	98,1	100	94,3	
C = Communication of national legislation																
D = Derogation																
IC = Incomplete / communication																
NR = Directive not relevant to a particular country																
N = No communication of national legislation																

Non-discrimination

The anti-discrimination package

This section reviews recent EU developments in combating discrimination.

The right to equality before the law and the protection of all persons against discrimination constitutes a fundamental right and is essential to the proper functioning of democratic societies.

The European Community has a long-standing commitment towards equal opportunities and equal treatment for women and men. It has also consistently shown its commitment to eliminating all other forms of discrimination through a variety of instruments – joint declarations, resolutions, directives and action programmes. The 1989 Community Charter of the Fundamental Social Rights of Workers recognised the importance of combating all forms of discrimination so as to ensure equal treatment for all.

However, the Community has often been criticised for not going further and in particular for the lack of a specific legal base for action. In Amsterdam in June 1997, the Heads of State or Government recognised the crucial importance of underlining the principles of non-discrimination. They agreed to strengthen the European Union's capacity to act in this area by introducing Article 13 into the Treaty establishing the European Community. It provides the Community with specific powers to take action to combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age and sexual orientation.

Following the signature of the new Treaty, the Commission held extensive consultations about the scope of legislation with civil society including the social partners, the Member States and the European Parliament.

During these consultations, the key actors involved confirmed the importance of four principles:

- the need to move forward on a broad front;
- the need to take account of the varying levels of progress made in the Member States: while some Member States have relied on constitutional clauses alone, others have developed very specific legislation in certain areas;

- the need to make full use of the available momentum and political will;
- the need to contribute to the development of practical policies on the ground and also to the establishment of the right not to be discriminated against.

The reasoning behind this is that while legislation to outlaw discrimination is an essential part of an effective strategy to change attitudes and behaviour, sending clear signals about what society regards as acceptable or unacceptable, it is not sufficient on its own. Legislation must be underpinned by concrete action which enables people to learn from the successes and failures of others and to build those lessons into their own action to tackle discrimination at local level – where it is often most effective.

The Commission proposed a range of initiatives to fight discrimination on 25 November 1999. The package fulfilled the Commission's undertaking to table measures implementing the article as early as possible and responded to the invitation for action from the European Parliament and Member States, and from EU leaders at their meeting in Tampere.

Although all the Member States have included in their constitutional and/or legal order provisions on non-discrimination, the scope and enforceability of these provisions (including ease of access to justice) vary considerably from one Member State to another. The package requires that all Member States broaden and deepen the protection provided against discrimination. These initiatives will bring Community added value to existing national provisions by providing a comprehensive framework for protection against discrimination right across the European Union, including protection against harassment, positive action, remedies and proper enforcement.

The package was made up of a communication, which presented the issue, and two separate directives:

- a horizontal directive to combat discrimination based on religion or belief, disability, age or sexual orientation in the labour market. Employment is the area in which discrimination on all grounds is most evident and where it is

frequently most damaging to individuals' chances of success in society;

- a specific directive to combat discrimination on grounds of racial and ethnic origin. As with the horizontal directive, it prohibits discrimination in employment, but it also goes beyond that to cover other economic and social rights such as non-discrimination in education, social advantages, social protection and access to goods and services.

These legislative proposals were supplemented by an action programme.

Complementarity

The package does not constitute the entirety of the Community's action to combat discrimination. The measures included in the anti-discrimination package are intended to complement other activities at Community level.

- First, the Employment Guidelines commit Member States to make the fight against discrimination against women a priority for all their action in the labour market. They also require them to give special attention to the needs of the disabled, ethnic minorities and other groups and individuals who may be disadvantaged in the labour market, including as a result of discrimination.
- Second, these groups can benefit from the ordinary assistance of the Structural Funds, in particular the European Social Fund, through the new Community Initiative EQUAL. Focusing on the labour market, EQUAL forms part of the integrated strategy to combat discrimination and social exclusion. It is complementary to the specific legislation and action programmes under Articles 13 and 137 of the Treaty establishing the European Community. The priorities are those agreed between the Member States and the Commission, relating to the four pillars of the European Employment Strategy. All the Community Initiative Programmes initiated by Member States under EQUAL have now been adopted by the Commission.
- Third, the new Education, Training and Youth programmes will continue to promote the integration of disadvantaged groups, including people exposed to discrimination on various grounds, as one of their horizontal priorities.
- Fourth, the new Community Action Programme for Equality between Women and Men 2001-2005.

Finally, the Commission Programme to combat Social Exclusion under Article 137 was launched in

January 2002. The aim of the programme is to encourage co-operation between Member States to combat social exclusion. Discrimination can, of course, be a contributory factor leading to social exclusion. Unlike EQUAL, the programme is not meant to provide financial support for activities carried out on the ground, but rather to promote policy-oriented co-operation at Community level to underpin Member States' efforts to prevent and combat social exclusion. It focuses on Member States' efforts to promote the integration of groups which are excluded or are at risk of exclusion, while the programme included in the package based on Article 13 is designed to support and improve the effectiveness of Member States' measures to combat discrimination.

In March 2000, the European Council of Lisbon in March 2000 recognised that the extent of poverty and social exclusion was unacceptable. Building a more inclusive European Union was thus considered as an essential element in achieving the Union's ten-year strategic goal of sustained economic growth, more and better jobs and greater social cohesion. The Lisbon Council agreed to adopt an Open Method of Co-ordination in order to make a decisive impact on the eradication of poverty and social exclusion by 2010.

In June 2001 the first two yearly National Action Plans against poverty and social exclusion were adopted by the Member States.

Over and above these measures, action is taken to combat racism and xenophobia through police and judicial co-operation under Title VI of the Treaty on European Union.

Institutional discussion

It is not without significance that it took less than two years from the entry into force of the Amsterdam Treaty to reach agreement on this ambitious package of measures under the new Article 13. The rapid adoption was achieved thanks to effective and constructive co-operation from all institutions and bodies involved in the decision-making process (Council of Ministers, European Parliament, Economic and Social Committee and Committee of the Regions).

The directive on racial and ethnic discrimination was adopted in June 2000 and the directive on the other grounds of discrimination and the action programme were adopted by the Social Affairs Council of 27 November 2000.

Common elements

The two directives have many common elements.

Concept of discrimination: it includes both direct and indirect discrimination: Unlike direct discrimination, which can be described as different treatment on the grounds of a specific characteristic, indirect discrimination is much more subtle and difficult to identify. Under the directives, an apparently neutral provision, criterion or practice would be regarded as indirectly discriminatory if it put persons having a particular race, religion, disability, age or sexual orientation at a particular disadvantage compared with other persons unless that provision, criterion or practice was objectively justified.

Protection against harassment which is considered as discrimination: Harassment is any unwanted physical or verbal conduct that offends or humiliates others. Such conduct can interfere with ability to do a job or obtain a service. It can take different forms such as: threats, intimidation, or verbal abuse; unwelcome remarks or jokes about subjects like ethnicity, religion, disability, sexual orientation or age; displaying offensive pictures or posters, etc.

Material scope with regard to employment: Conditions of access to employment, vocational training, employment and working conditions and membership of and involvement in employers' and workers' organisations;

Justified differences of treatment when a characteristic constitutes a genuine occupational requirement for the job: The justification for these cases relates to the nature of the job concerned or the context in which it is carried out.

Possibility given to the Member States to maintain or adopt positive actions: Positive actions may include, inter alia, measures intended to promote the employment and training of disabled people.

Defence of rights: Victims of discrimination must have a right of redress through an administrative or judicial procedure, associated with appropriate sanctions for those who discriminate. This procedure can be engaged by associations or organisations on behalf or in support of the complainant with his or her approval.

Shift of the burden of the proof: once a prima facie case of discrimination has been made out by a complainant and accepted by a court or other instance, the burden of proof in a civil or administrative procedure shifts to the respondent (this does not apply to criminal law procedures).

The victims of discrimination are protected against victimisation, and in particular against dismissal.

The Member States are required to provide appropriate means of disseminating information on the provisions adopted to implement the directives.

Social Dialogue

Both directives have a specific provision concerning social dialogue.

The role of the social partners in the fight against discrimination was first embodied at European level by the Social Partners' Joint Declaration on Racism and Xenophobia in the Workplace adopted in Florence in 1995. This was followed by a Social Partners' Joint Declaration in 1999 on employment of disabled people and a Compendium of best practice.

"... In adopting this declaration, they reaffirm openly, clearly and publicly their commitment to take an active part in a common endeavour to prevent racial discrimination and to act jointly against it in their own sphere of influence, the workplace."

(Declaration of 21 October 1995 on the prevention of racial discrimination and xenophobia)

"UNICE/UEAPME and the ETUC fully recognise the challenge of improving employment opportunities for people with disabilities on the open labour market. ... These organisations would like to make a contribution to promoting the occupational integration of people with disabilities in Europe."

(Declaration of 11 May 1999 on the employment of people with disabilities)

The Social Partners at national level in some Member States (Belgium, France) have also adopted framework agreements on combating racial and ethnic discrimination in companies and codes of conduct have been agreed at national and local level in other Member States (UK, Netherlands). A number of these include provisions to resolve disputes about discrimination through, for example, the establishment of complaints points or nominated mediators within the company which can have a positive effect on the elimination of discrimination.

The directives require Member States to encourage social partners to contribute to their implemen-

tation by adopting anti-discrimination agreements and by monitoring the implementation of equal treatment in the workplace. Possible measures include the conclusion of agreements between social partners and the adoption of codes of conduct aimed at preventing discrimination.

Action Programme

Finally, the Community Action Programme to combat discrimination was launched on 1 January 2001 with a budget of 100 million Euro over six years.

The anti-discrimination programme is designed to promote measures to prevent and combat direct and indirect discrimination based on racial or ethnic origin, religion or belief, disability, age and sexual orientation, whether on one or multiple grounds. It will both support the implementation of the directives and tackle issues which cannot be satisfactorily dealt with by legislation.

The programme takes into account not only the specific features, but also the similarities in the experience of discrimination under the different grounds and the methods which have been developed to tackle it. It will enable the actors to pool their efforts, strengthening the multiplication of good practice and facilitating the development of integrated, co-ordinated co-operation across sectors and grounds. There is no ranking of priorities between the grounds covered in the action programme. It addresses discrimination across the board rather than providing separately for action under the different grounds.

The programme is split into three strands:

- improvement of existing knowledge as regards discrimination: development of statistical bases and indicators making it possible to evaluate the effectiveness of the anti-discriminatory policies;
- support for transnational exchanges of information and good practices between target actors - NGOs, local and regional authorities, research institutes and social partners - in the fight against discrimination;
- change of attitudes in society by means of awareness-raising: information, publications, campaigns, conferences, etc, which can have an impact on public opinion.

To create the maximum impact with a limited budget, the programme focuses on key operations. It works with target actors, including the social partners, who can ensure cross fertilisation of expertise and influence developments in policy

and practice within the Member States. The strategy is, therefore, to promote transnational co-operation with and between these actors on a number of key themes.

Good practices

Employers

The Centre for Business & Diversity of the European Business Network for Social Cohesion aims to help business recognise and benefit from the growing diversity of European society. The Centre promotes work that identifies how diversity is linked with business performance now and how it can be integrated into business operations and practices in the future. For example, the Centre is developing a common auditing tool for the implementation of diversity practice, a Diversity Learning Space where practitioners can access personal Intranet sites with tailored resources and learning tools, and an online Database of Practitioners. The aim is to have a community of 3000 people by 2003.

Concerning race

In the Joint Declaration of 1995 on "Prevention of Racial Discrimination and Xenophobia and Promotion of Equal Treatment at the Workplace", the social partners stated their commitment to the fight against racism. In order to address the problem of racism and xenophobia and encourage diversity at work, they decided to highlight workplace initiatives in the form of a compendium of good practice. This European Compendium of Good Practice for the prevention of Racism at the Workplace (1997) includes 25 cases on preventing racism in the 15 Member States of the European Union. They encompass private and public-sector companies, trade unions, collective agreements, and codes of conduct and national initiatives.

Concerning disability

To contribute to the discussions on equal opportunities for people with disabilities, CEEP, UNICE and ETUC published in 1999 a compendium of 36 cases of good practice to show how companies and trade union are integrating disabled people at the workplace. This compendium highlights positive initiatives taken in the ordinary work environment in favour of the employment of disabled people. The number and diversity of the examples show that employment of people with disabilities can have a positive impact not only on the disabled employees themselves but also on other staff and employers, as these measures have enabled the employees concerned to perform their tasks and duties more successfully.

Extension of collective agreements

Extension of agreements: various mechanisms

Mechanisms for extending collective agreements cover all institutional (legal) systems and voluntary practices or a combination of the two, whether they emanate from employers or employees or from the authorities, under which the initial coverage of all or part of a collective agreement is extended to cover parties which were originally non-signatories or their members.

Using a single term – *extension* – to denote all the mechanisms which increase the coverage of collective agreements may lead to confusion given the range of situations and procedures in Europe.

For the sake of comparability, we shall consider here primarily the procedures for extending *sectoral* collective agreements. We recognise the importance of cross-industry bodies in some countries (Belgium, Finland, Italy, Austria, Portugal or Spain) and, in contrast, the processes of decentralisation from sector to enterprise (Netherlands, Germany, France, etc.) and from national towards territorial negotiation. By definition, however, company agreements are excluded from the scope of the extension: *it is always sectoral collective bargaining which establishes wages, working conditions and working time in most European countries and for most workers.*

We can therefore define three mechanisms for extending collective agreements:

- The first type is where a worker is employed by a firm where the employer is a member of a signatory organisation to the collective agreements, although he himself is not affiliated to a signatory trade union organisation. The same enterprises may contain workers affiliated to a signatory organisation or to a non-signatory organisation

covering the same categories of employees. Another frequent case is that where a worker is not affiliated to any employees' organisation, although his employer is linked to trade unions by a collective agreement.

Here, the extension expands a collective agreement to cover all employees of the enterprise(s) (represented by the employers' organisation potentially affected by the agreement), whether affiliated to a signatory trade union or not.

- The second type concerns workers affiliated to a trade union signatory to the collective agreement(s) covering their field of activity, where their employer is not. This situation may result from plural representation of the employers' interests or from a low rate of organisation among them. This may involve certain sectors, regions, categories of enterprises or all employers. In this second situation, the coverage of a collective agreement is extended to include employees in enterprises not represented by signatory employers' organisations. Empirically, it may be realised that this problem arises in almost all industrial relations systems, albeit to widely differing degrees.
- Finally, the third type is where neither the worker nor the employer are affiliated to a signatory organisation to the collective agreements. Although analytically this situation should be distinguished from the previous one, in practice it is usually the same extension systems which apply. In these cases, extension will consist of applying to enterprises not originally covered all or part of the agreements negotiated for the sector or occupational category. If the entire sector or region is non-organised, one could envisage the extension of agreements negotiated under similar conditions to other geographical areas/branches of activity.

In each national industrial relations system, these three cases are applied to different degrees either by legal mechanisms, which is most frequently the

The table below summarises the three cases of extension.

		Employers	
		Affiliated	Not affiliated
Employees	Affiliated	Normal cover	Extension (2)
	Not affiliated	Extension (1)	Extension (3)

case, or through voluntary practices on the part of the players.

It should also be noted that the different types of extension are often mixed in current practice.

Forms of extension

Type 1 extension

This first type of extension concerns workers not affiliated to a signatory trade union, or not organised at all, while the employer is a member of an employers' organisation. It is by far the most common type of extension in the Member States of the EU, although paradoxically the least well known.

A distinction can be made between three main groups of countries, which use different methods for extensions of this type:

- In one group of countries, the law and legal provisions govern the extension of agreements. In Austria, Belgium, France, Luxembourg, the Netherlands and Spain, the legal texts governing industrial relations explicitly state that the sectoral collective agreements signed shall apply to all workers in the member enterprises of the signatory organisations. Straight away, collective agreements

go beyond the simple contractual field. The case of Spain, however, is unusual in so far as the particular mechanism for concluding the collective agreement establishes employers' and employees' organisations directly as legislative partners provided that certain conditions are met (reference is made to 'statutory agreements'). The agreements concluded apply directly to *all enterprises and workers concerned*. In this case, there is therefore no real distinction between the three types of extension. On the other hand, if the legal conditions set out in the **Organic Law on freedom of association** are not met, agreements are binding only on the member parties and a problem such as that with the type 1 extension may arise. Apart from this exception, one may therefore consider that the sectoral coverage of a collective agreement corresponds to the rate of affiliation of employers' organisations.

- In a second group, we find countries where this type of extension rests on voluntary practices on the part of employers. In Denmark, Finland and Sweden, the great majority of employers automatically apply the negotiated provisions to non-affiliated workers. This practice also exists (although apparently to a lesser extent) in Italy. In Ireland, employers tend to apply agreements concluded with trade unions to employees and non-employees without differentiation. This latter

Type 1 Extension

	Importance	Origin
Austria	Default procedure	Legal provision (Tarifvertragsgesetz)
Belgium	Default procedure (possibility of individual opt-outs)	Legal provision
Denmark	Default procedure (if mentioned in the agreement)	Voluntary (individual employers)
Finland	Default procedure	Voluntary (individual employers)
France	Default procedure	Legal provision
Germany	Sometimes	Anschlusstarifvertrag by non-signatory trade union
	Always	Voluntary (individual employers)
Greece	Sometimes	Voluntary adhesion by trade union
Ireland	Sometimes	Voluntary (individual employers)
Italy	Common practice	Voluntary
Luxembourg	Default procedure	Legal provision
Netherlands	Default procedure	Legal provision
Portugal	Default procedure	Legal provision
Spain	Provided that they comply with legal requirements, statutory collective agreements apply to all workers of a given sector/category/area	
	Very limited, due to the small number of such agreements	Voluntary adhesion to non-statutory agreements by individual worker, trade union, companies
Sweden	Sometimes	Voluntary
United Kingdom	Sometimes	Voluntary

case relates to company agreements.

- Finally, in some countries, particularly Greece and the United Kingdom, there may be less straightforward situations, limiting the scope of this type of extension mechanism. Firstly, if the main basis for signing the agreements is *professional or occupational*, the scope of this type of extension, whether voluntary or not, will be restricted.

Secondly, while not a failure of membership but rather a pluralism – particularly conflictual – within the trade unions present which explains the lack of coverage of an agreement, it is not certain that this type of system could operate as satisfactorily. Some trade unions may subscribe a posteriori to an agreement, thus extending coverage to their affiliates. One could also visualise the opposite situation, where an agreement exists for certain categories of personnel while, for the rest, individual negotiations will lay down terms and working conditions.

One of the difficulties posed by these voluntary practices is that they are difficult to measure. Most of the national teams of researchers who contributed to the project note the absence of relevant data.

Type 2 extension

Although in most cases type 2 and type 3 extensions overlap, there are some situations where it is nevertheless worthwhile distinguishing the specific nature of the type 2 extension. The type 2 extension covers situations where the workers are affiliated to a signatory trade union, although their employer is not. In practice, this case is most frequently covered by systems which apply equally to all enterprises which are not members of an employers' organisation.

However, there are two examples relating solely to this type of extension, in Italy and Sweden. Their presence in other countries is not impossible, but their scale appears more limited. In both cases, the extension is applied through the trade unions, which are generally well represented, with average affiliation rates exceeding 50%.

In Italy, this generally occurs before the courts, with the invocation of an article of the Italian constitution (Article 39) providing for the application *erga omnes* to all workers of minimum terms and working conditions. The procedure is so widespread that some employers anticipate the behaviour of trade unions by implementing the minimum provisions of the agreement in individual employment contracts.

In Sweden, on the other hand, the powerful trade unions can exert pressure directly on the enterprises

concerned by urging them to subscribe to existing agreements if they are not members of a signatory employers' organisation.

Type 3 extension

This type of extension relates to enterprises not affiliated to an employers' organisation. In practice, a number of examples may arise: there may be individually non-organised employers in a sector where the majority are organised, or on the contrary branches where there is no collective agreement. There are various mechanisms for applying to these enterprises conditions negotiated within the sector, and we shall examine them in order of frequency.

Legal extension

The most frequent case (involving nine of the 15 Member States) involves a legal mechanism giving the collective agreement legal force by one method or another. Methods differ from one country to another, but are broadly as follows: under certain conditions (representativeness of the signatory parties, or coverage of the agreement already signed), all or part of the content of a collective agreement may be applied to enterprises in a sector which are not covered, or to enterprises in another sector considered to be similar. This mechanism functions through the intervention of the authorities, generally the Ministry of Employment, at the request of one or both parties concerned, or, more rarely, on an own-initiative basis following consultation of employers' or employees' organisations. The countries covered by these different variations are Belgium, Finland, France, Germany, Greece, Luxembourg, the Netherlands, Portugal, Spain and Austria.

As can be seen from the table below, there are significant differences between these various systems. They vary on two important points:

The number of extended agreements: in Belgium and Finland, almost all collective agreements may be considered to be extended. Legal extension is almost automatic and occurs in a context of high collective organisation of employers and employees. It supplements a rate of initial coverage for collective agreements which is already very high. In France, Spain, Portugal, Greece and the Netherlands, extension is a common practice but not systematic. It usually occurs at the discretion of the authorities, who consult employers' and employees' organisations. The extension mechanism here constitutes a tool for overcoming the weakness of one or both negotiating parties, usually the trade union partner, and involves a large number of employees. On the other hand, in the cases of Austria, Germany and Luxembourg, extension

Type 3 legal extension devices

	Devices	Extent	Extended content
Austria	<i>Satzung (Extension order) by the Federal Arbitration Board</i>	Rare	All
Belgium	<i>Collective agreements automatically turned into Royal Decree</i>	Default procedure	All
Finland	<i>Automatic if agreements already cover more than 50% of employees in a sector</i>	Default procedure	Minimal provisions
France	<i>Extension/Elargissement declaration by the Minister of Labour upon advice of employers'/ employees' organisations</i>	Most agreements	All
Germany	<i>Allgemeinverbindlichkeitserklärung: extension of a sectoral agreement by request of one of the parties if 51% of the workers are already covered</i>	Few agreements	Minimal provisions
Greece	<i>Epektasi sylloyikón symváseon: extension to all workers in a sector if 51% are already covered. Some occupational agreements may not be extended.</i>	Most agreements	All
Luxembourg	<i>Agreements declared generally binding by Règlement grand-ducal</i>	Few agreements	All
Netherlands	<i>Agreements declared generally binding by the Government at the request of one or more of the parties, if 55 to 60% of the workers are already covered</i>	Most agreements	All
Portugal	<i>Portario de extensão (extension directives) by the Ministry of Employment and Social affairs</i>	Most agreements	All
Spain	<i>Provided that they comply with legal requirements, collective agreements apply to all workers of a given scope</i>	Automatic in case of statutory (i.e. most) agreements	All

involves only a minority of collective agreements and workers, and appears to be more of a safety device for avoiding excessive disparities between employees or enterprises in the labour market.

As a corollary, the margin for manoeuvre for employers' and employees' organisations varies in terms of the initiative given to extension mechanisms. In Belgium, Finland, Austria, Germany and the Netherlands the mechanism is set in motion at the request of the social partners and the decision is generally taken by a body on which they sit. In contrast, in France sometimes, but particularly in Greece and Portugal, the authorities have more influence over the decision, and the social partners can generally only issue an opinion on the procedure under way, which is frequently at the initiative of the government.

Judicial mechanisms

In some countries, recourse to the courts and tribunals or to third organisations is one of the means whereby the content of collective agreements can be extended to cover individual enterprises. Apart from the cases already dealt with in section 2.2, where a trade union is represented in a company and calls for the application *erga omnes* of sectoral minima, two other possibilities may arise:

- In Austria, in the absence of a collective agreement, and at the request of an employees' organisation, the Federal Conciliation Committee (Bundeseinigungsamt), a body subordinate to the Ministry of Labour (Bundesministerium für Arbeit, Gesundheit und Soziales, BMAGS) representing trade unions, employers and the authorities, may lay down minimum pay scales.
- In Ireland, in the context of voluntary industrial relations, the Labour Court plays a role in extending collective agreements. There are two systems:

Company or (rarely) sectoral agreements may be registered with the Labour Court. These Registered Employment Agreements (REA) apply to all workers potentially affected by the agreement, regardless of whether their employer is affiliated to a signatory organisation. This mechanism, however, has hitherto been little used.

One of the 16 Joint Labour Committees (JLC), tripartite bodies subordinate to the Labour Court, may, at the request of an employers' or employees' organisation or of the authorities, issue proposals concerning minimum wages and working conditions. These may be confirmed by the Labour Court in the form of an Employment Regulation Order (ERO). However, the complexity of the conditions which have to be met in order to start

up this system, allied to the low level of minimum terms and conditions effectively negotiated, limits their scope and does not slow down wage competition.

Voluntary mechanisms

In contrast to the systems described above, there is a second set of extension mechanisms. However, these are characterised by a wider diversity of forms.

- In some countries, individual employers or employers' organisations may sign a membership agreement with their employees or with (a) trade union(s). This formally recognises that, even if the employer is not affiliated to one of the organisations which negotiated the collective agreement, he wishes to observe its terms and conditions. The importance of such practices is very difficult to evaluate, but it appears – logically – to be more established in those countries characterised by a more voluntarist tradition of industrial relations and only involves fairly rare cases. Danish, Swedish, Luxembourgish and German experts have mentioned such agreements in their countries.
- Without concluding a formal agreement, employers may individually follow the provisions of agreements negotiated at sectoral or occupational category level. This could be the case, for example, with smaller enterprises which thereby avoid the costs involved in membership of an organisation representing them in the context of what economists might term a "free rider" effect. Thus in Denmark, it is considered that collective agreements "rub off" on the working conditions of a number of enterprises which were not represented when they were negotiated. This practice appears to be quite widespread, but is more developed in Italy, Denmark and Sweden.

Other mechanisms

Finally, other systems may be considered as extension mechanisms, even if they are not known as such although they fulfil that function. We have chosen to list them in terms of how specific they are to the Member States.

- In the context of the Austrian industrial relations system, all employers must be affiliated to the legal organisation which represents their interests, namely the Chamber of Commerce (WKÖ) and its territorial and/or sectoral units. By default, therefore, almost all enterprises are members of a signatory organisation to collective agreements, with coverage therefore approaching 100%. In addition, by default, a legal provision (TVG) lays down that a collective agreement covers employees who are not trade union members working for an employer covered by a collective agreement.

- In the Netherlands, apart from other existing types of extension, employers' and employees' organisations sit on public bodies charged with regulating various aspects of sectoral policy. These 'statutory trade organisations' (Publiekrechtelijke Bedrijfsorganisatie - PBO) have the power to issue regulations governing working conditions (vermogensaanwasdeling - VAD), establishing minimum standards and making up for the shortcomings of agreements.
- In Belgium, where sectoral negotiations take place within 'joint commissions', two of these have the task of defining working conditions and wages for manual workers and employees not covered by other collective agreements. While the first covers only a small number of employees, the second defines working conditions for 300 000 private sector employees. The provisions negotiated are generally less favourable than those in other sectors. They comprise representatives of general employers' and white-collar workers' organisations (and not particular trade unions), and negotiate a collective agreement (subsequently extended to cover all enterprises potentially concerned) for these workers. The combination of these two systems (the auxiliary joint commissions and the extension of collective agreements negotiated within them) constitutes a safety net, providing employees with minimum cover. It is important to note that the National Labour Council can also conclude collective agreements which can be extended by Royal Decree covering all workers and employers in the Belgian private sector.

Content of the extension and the role of the players

The various forms of extension say nothing about the content and the extent of their effects.

According to the legal provisions in force from one country to another, extension mechanisms may be used to extend all or only part of the content of collective agreements. This distinction is important as it permits a differentiation between a system characterised by a high degree of standardisation of working conditions guaranteed through industrial relations and one where only minimum standards are laid down.

Measuring the content of the extension

- In many countries (*Austria, Belgium, Denmark, France, Greece, Luxembourg, Portugal, Spain and Sweden*) the whole content of the agreements is extended, with the exception of clauses specifically linking signatory organisations (such as commitments to social peace in some cases). In this case, extension has the role of harmonising working conditions, and may involve a very

significant number of workers, as is the case in France or Spain. The main way of obtaining this result is through legal extension mechanisms (cf. 2.3.1), but in the view of some experts there may be functional equivalents, such as the system of compulsory membership of the employers' organisation in Austria, which results in 'complete' coverage by collective agreement of enterprises which would not otherwise have signed agreements. This tendency is also noted in the condition imposed on most legal extension mechanisms of more than 50% prior coverage by the agreement proposed for extension.

- In contrast, in countries such as Finland, Germany, Ireland, Italy and the Netherlands, only a proportion of agreements (generally the sectoral minima) are the subject of an extension. In this case, the extension mechanisms supplement existing laws (where they exist) in some countries which lay down minimum wages or working conditions. Depending on the rate of affiliation by employers and employees to signatory organisations to collective agreements, and on the other hand on the existence and the level of legal minima in terms of wages or working conditions, there may be a greater or lesser margin of fluctuation for competition based on these elements. It may be slight, as in Germany, where sectoral minima and the rate of coverage are fairly high. It may be more significant where sectoral minima are lower, as in Ireland, and do not prevent competition on the basis of low wages. The recent introduction of a legal minimum wage in this country provoked an internal debate, as a number of the sectoral minima negotiated were lower than those laid down by law.

Degree of organisation of the players and importance of extension practices

Extension practices play a role of varying importance from one Member State to another. An initial approach (requiring all precautions with regard to the reliability of the data available) is to compare the rate of coverage by collective agreements, which is often high, with the importance of the players taking part in this negotiation. This question merits more detailed examination, which space here does not permit. However, if we consider the average rate of affiliation (density) to employers' or employees' organisations, we can roughly distinguish countries where extension is a complement to the localised but relatively insignificant deficiencies of the social partners from those where its role is as an important substitute when faced with a fairly low degree of collective organisation.

There are three examples, referring to different types of extension:

- The negotiating partners may both be highly

organised, and the initial coverage of collective agreements may be considered to be significant. This is the case in Belgium, Denmark, Finland and Sweden. In all these countries, affiliation rates exceed two thirds of employees, and extension therefore supports a strong initial presence by the social partners.

- In a second case, there is a sometimes significant asymmetry between the signatories to collective agreements. The most frequent case appears to be one where the trade union partner is weak and employers more strongly organised. This situation appears more typical in France, Austria, Germany, Italy, Luxembourg and the Netherlands. It is primarily the type 1 mechanisms which play an important role in this situation, extending the provisions of agreements to workers not affiliated to signatory trade unions. The other extension systems play only a limited role.
- In the third case, the two parties have relatively little weight, and extension plays a key supporting role in collective negotiations, which would otherwise be only a marginal factor in determining wages and working conditions, if the contractual logic (coverage of the signatory parties only) was followed. This appears to be the case particularly in countries such as Greece, Portugal or Spain.

Finally, in the case of enterprises not affiliated to an employers' organisation, particular attention must be paid to the role played by industrial relations as a whole in regulating labour markets, at the risk of overestimating the weight of some systems. In particular, whether extension mechanisms may exist in some countries, such as Greece and Portugal (and to a lesser extent in Spain), although sectoral (or national) collective agreements play only a limited role in determining working conditions.

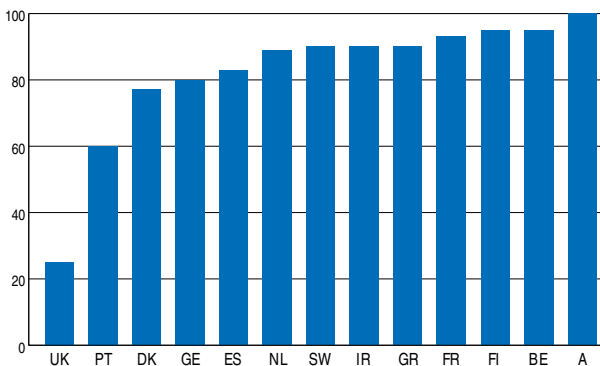
Conclusion

Extension mechanisms represent very different situations from one Member State to another. This diversity is expressed in the forms that they may adopt, the gaps in coverage they are intended to fill and social practices in each country. As a result of these differences, there is a basic distinction between extension mechanisms in different countries, between those where they appear primarily to play a part in harmonising working conditions by applying the provisions of agreements to a large number of workers and those where they establish limits to competition between employers on the basis of working conditions and wages.

Extension mechanisms thus provide an indicator of the degree of integration of collective bargaining, and of how closely intermeshed are the agreement provisions which individual employment contracts must meet in each Member State of the EU.

The table below shows the main variables to enable an assessment of extension mechanisms between Member States.

Coverage of collective agreements, 2000 26



Source: IST, Univ. Catholique de Louvain la Neuve

Extension of collective agreements

Main extension mechanisms (sorted by importance)	Content extended	TMA L *	TMA K **	Cover CB Level***	Extent
Austria 1. Compulsory membership for employers' organisations (type 3) 2. Agreements binding on non-unionised workers (legal provision – type 1) 3. Satzung (Extension Order) by the Federal Arbitration Board (type 3)	All	41%	Nearly 100%	100% S	1. Important 2, 3. Marginal
Belgium 1. Collective agreements turned into Royal Decree (type 3) 2. Agreements binding on non-unionised workers (legal provision – type 1) 3. Agreements negotiated in the Auxilliary Joint Committee (type 3)	All Lower rates	51	67%	>90% S, I	1. Most agreements; 2. Automatic
Denmark 1. Agreements binding on non-unionised workers (voluntary - type 1) 2. Formal adhesion agreements (type 3) 3. Informal 'rub-off effect' (at company level - type 3)	All	78	>50%	71-77% S, I, C	1, 2 important; 3. Sometimes
Finland 1. Automatic if already covering > 50% of employees in a sector (legal provision type 3) 2. Agreements binding on non-unionised workers (legal provision – type 1)	Min. rates All	68	70	95%	Important (about 25% of employees)
France 1. Agreements binding on non-unionised workers (legal provision – type 1) 2. Extension/Elargissement declaration by the Minister of Labour (type 3)	All	9	>90	>93%	1. important 2. 80% of agreements
Germany 1. Agreements binding on non-unionised workers (voluntary – type 1) 2. Allgemein verbindlichkeitserklärung: extension of a sectoral agreement by request of one of the parties (type 3) 3. Mirroring of sectoral agreements by individual company agreements (type 3)	Min. rates All	30%	82	70 to 80% S, I, C	1. Important 2. Modest about 1 million 3. Not known
Greece 1. Sometimes voluntary adhesion by trade union (type 1) 2. <i>Epektasi sylloyikón symváseon</i> : extension to all workers in a sector if 51% are already covered (type 3)	All	25	<25	90% S, O	Important
Ireland 1. Voluntary 2. Registered Employment Agreements (type 3) 3. Employment Regulation Orders (type 3)	Min. rates	48	44	*90% F, I	1. Marginal 2,3 23% of employees
Italy 1. Common practice/voluntary (type 1) 2. Jurisprudence, based on Article 39 of Constitution erga omnes (type 2) 3. Voluntary adhesion by employers (type 3)	Min. rates	44	64	High S, I	Important
Luxembourg 1. Agreements binding on non-unionised workers (legal provision – type 1) 2. Agreements declared generally binding by way of Regulation grand-ducal (type 3) 1. Important	All	43	93	Near 100%, S, F	1. Important 2. Marginal
Netherlands 1. Agreements binding on non-unionised workers (legal provision – type 1) 2. <i>Algemeen-Verbindend Verklaring</i> (Agreements declared generally binding) by the Government at the request of one or more of the parties – type 3 3. 'Regulations on employment conditions' by public law organisations of business and industry	All Min. rates	24	>80	89% S, F	1. Important 2. few (about 500 000 workers concerned) All

Extension of collective agreements

Portugal	1. Agreements binding on non-unionised workers (legal provision – type 1) 2. Portaria de extensão (extension directives) by the Ministry of Employment and Social affairs – type 3		26	<25	Higher than 2/3% S	Important
Spain	Provided that they comply with legal requirements, collective agreements apply to all workers of their potential scope (type 3)	All	18	47	83% S, F, I	Important
Sweden	1. Voluntary adhesion by employers 2. Union pressures (type 2) 3. Agreements binding on non-unionised workers (voluntary /type 1)	All	97	75	75-95% S, F	Sometimes
United Kingdom	Some agreements may be binding on non-unionised workers (type 1)	-	32	48	25%, F	Marginal

* Trade union density rates; source: ILO, (1997) *Le travail dans le monde. Relations professionnelles, démocratie et cohésion sociale*, Genève, Bureau International du Travail.

** Number of salaried employees in member companies of organisations negotiating collective agreements in the private sector. Estimates from Spineux (dir), Walthéry (1998), *Les organisations de partenaires sociaux en Europe et leur représentativité*, Rapport de recherche pour la Direction Générale Emploi et Affaires Sociales de la Commission des Communautés Européennes, Louvain-la-Neuve.
<http://www.trav.ucl.ac.be/partners/default.html>. A variable proportion of workers, corresponding to social security activities, has been removed from the original figure in order to reflect **private sector rates** more appropriately. All these figures, however, must be treated with the **greatest caution**, given the scarcity and lack of accuracy of available data.

*** Estimated average rate of coverage by collective agreements. These figures have to be treated with caution given differences in the method of calculation, especially whether or not company agreements are included.

Main collective bargaining level: I – Interprofessional (cross-industry) national, S – National at Sector level, O – Occupational, C – Company

The structure
of the players
in the social dialogue

Introduction

This chapter looks at the structure of the players in the European social dialogue, particularly at sectoral level. This construction is based on national organisations' membership of European structures. This underlies developments in institutions and social practices without reducing employment diversity, both national and sectoral.

Studying the representativeness of the European social dialogue means simultaneously taking on board the logic of the Europeanisation of employment and of industrial relations in Europe through a tension between national and European representativeness in training and transformation. Each Member State of the European Union has its specific characteristics: historically identifiable training of its players, methods for organising and legitimising their agreement-based relations and dealing with conflicts, etc.

On "representativeness"

To represent someone means to represent that person's interests vis à vis another private or public representative. It therefore means defending the interests of that person. But the "representatives" are negotiating on contrary interests, which involves compromise. It is through their capacity to negotiate compromises that "representatives" validate their representativeness and the legitimacy of the agreements they conclude. One could therefore say that the substance of legitimate representativeness is that capacity to encompass and overcome vested interests in conflicts.

Structuring themselves at European level, the social partner organisations at the same time define their operating rules and rules for cooperation between their members. The main question here concerns how decisions are made, and how decisions made at European level are made binding on national members.

The representativeness of European and national players is examined in this chapter in relation to the specific economic characteristics of the various sectors, without which neither the employment problems nor the constraints on the players in the social dialogue can be understood.

The European approach to representativeness

At European level, the representativeness of organisations is primordial in so far as it establishes their right to be consulted by the Commission under the terms of Article 138 of the Treaty, and thus to participate in any negotiations.

The Commission, in its Communication of 1993 (COM(93)600 final), taken up by that of 1998 (COM(98)322 final), defined three criteria for the representativeness of organisations: "(they should) be cross-industry or relate to specific sectors or categories and be organised at European level; consist of organisations which are themselves an integral and recognised part of Member States' social partner structures and with the capacity to negotiate agreements, and which are representative of all Member States, as far as possible; have adequate structures to ensure their effective participation in the consultation process".

The Commission has chosen to support the representativeness of the European players within national recognition mechanisms, thus taking account of the wide diversity of practices in place. The European social partners "recognised" by the Commission for participation in the consultation laid down in Article 138 of the Treaty comprise national organisations themselves recognised by national provisions. It should be noted that this recognition relates only to that provision of the Treaty as the Commission consults regularly on an informal basis with a large number of players in civil society.

A list of organisations meeting the criteria for representativeness has been drawn up by the Commission and is given in Annex 1 to the Communication of 1998. This list is updated regularly on the basis of results from an ongoing study. Currently, the study of the representativeness of cross-industry organisations and management (Eurocadres and CEC) has been completed. It is continuing at sectoral level.

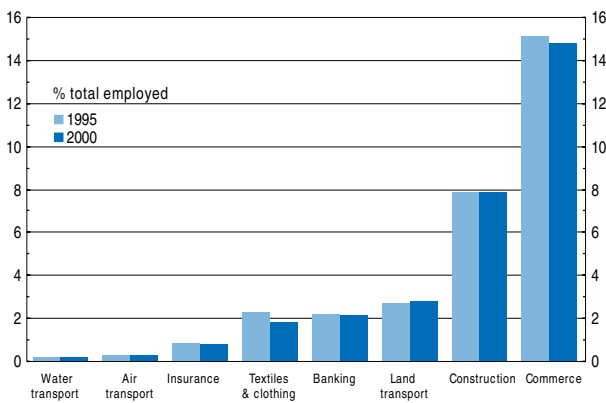
The following chapter summarises data⁵ gathered for banking, insurance, road transport, sea transport, air transport, trade, construction, and textile and clothing. Further information may be found at the following address: <http://www.trav.ucl.ac.be/>

⁵ Data on representativeness are extracted from a study by the IST of the Université Catholique de Louvain combined with data from experts. The European Commission cannot guarantee the reliability of these data.

This analysis cannot be separated from an examination of the economic situation in the sectors in question. While recent times have been fairly favourable to employment following the return to growth, it is still true that the various sectors with which we are concerned here have developed in different ways.

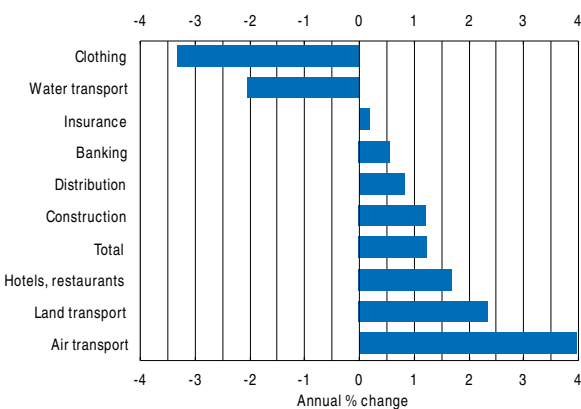
Two sectors of widely differing significance in terms of total employment (textiles and clothing and sea transport) have seen significant losses; overall, the others have gained jobs. But the relative weight and structure of these jobs differ depending on the sectors and on countries.

Employment by sector in the EU, 1995-2000 27



Source: Eurostat, Labour Force Survey

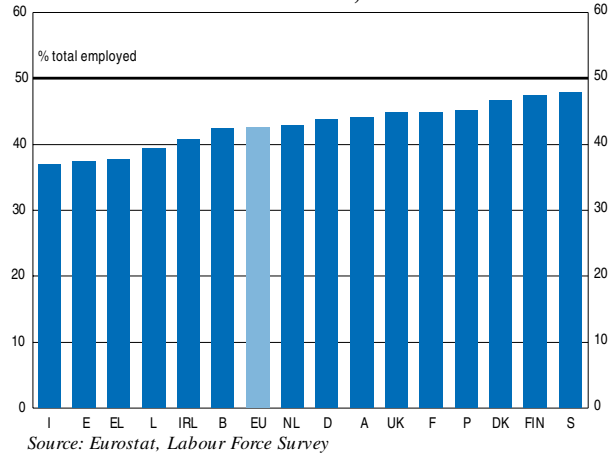
Change in employment by sector, 1995-2000 28



Source: Eurostat, Labour Force Survey

The feminisation of employment, which is increasing in all service sectors, can show significant national differences (for instance banking and insurance, but also the transport sector, where Germany is seeing an exceptional feminisation of jobs). In general, the south of the European Union is seeing a relatively lower feminisation of the workforce (with the exception of Portugal, where it exceeds the European average), and the north is approaching parity, although no Member State has reached 50%.

Share of women in employment in the Union, 2000 29



Source: Eurostat, Labour Force Survey

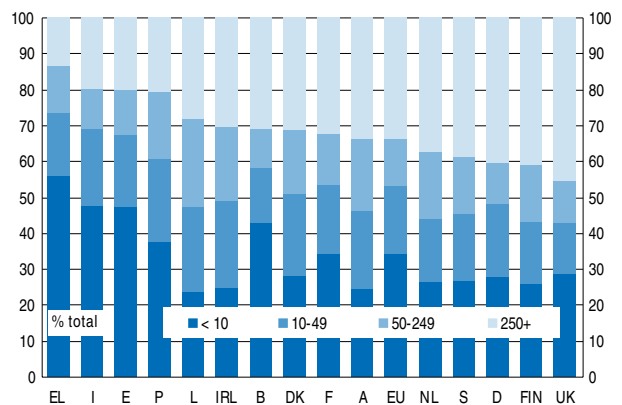
This relative heterogeneity is repeated with regard to other criteria. For instance, the distribution of employment in terms of the size of enterprises shows a diversity which is more than the typical North-South divide.

Temporary work (which is on the increase everywhere) is developing at different rates in different countries and sectors.

These diverse situations can be explained by a combination of several factors. The Member States have different historical and societal employment histories (industrial relations statutes and methods). And the sectors are structured differently and exposed to constraints from competition and the perils of the economy.

We have tried to trace the recent main economic trends in the various sectors, with a return to growth and more jobs, but also with an economy more subject to the constraints of international competition and the changes affecting employment and work status.

Distribution of employment by size of enterprise, 1996 30



Source: Eurostat, SME database

Banking industry

Industry characteristics

The European banking market is made up of commercial banks, co-operative banks, savings banks, and other credit institutions (such as mortgage banks or building societies, municipal banks, postbanks and specialised credit institutions).

We refer to financial services (NACE 65,) encompassing all financial intermediation, except insurance and pension funding.

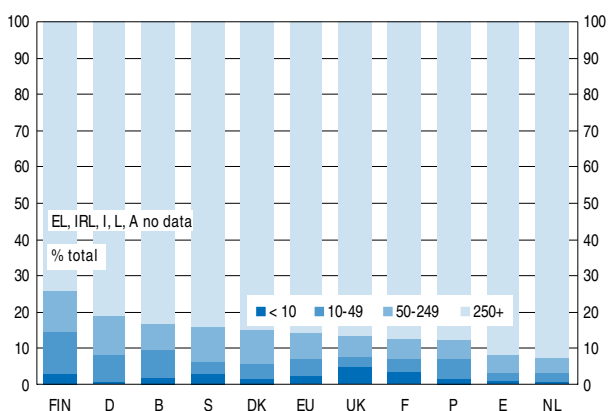
Whilst banks in Europe have a minor share in total employment, their contribution to total added value is much larger and they control a major share of assets in the economy.

Comparison of assets (balance sheet totals) held by European credit institutions with the US and Japanese commercial banks show a prominence of credit institutions in the European financial system. The 'disintermediation' process – the shift of financial services away from credit institutions towards other financial or non-financial intermediaries or markets – has progressed faster in the USA; in contrast, Europe banks are increasingly active in businesses with faster growth rates like life insurance, mutual funds etc. Next to traditional banking there are a number of promising segments for banks to play a role of importance: financial intermediation and advisory services, investment management, insurance, fee-based operational services, trading, and merchant banking and equity investment.

Banking and insurance are characterized by large enterprises, as in auxiliary activities, in contrast, more than 8 persons out of 10 work in an SME, 28% of which are self employed.

**Employment in banking
by size of enterprise**

31



Financial services are increasingly globalised. Indeed the substantial expansion of international activities is due to deregulation and the revolution in the communication technology. Probably the most significant source of change in the EU has been the creation of the Single Market in financial services that culminated in January 1999 with the introduction of the Euro.

The banking-insurance sector has been declining (data for the period 1994-1996), affecting both the number of SMEs and large companies and the size of the workforce (-10 % in SMEs, -0,5 % in large enterprises). Between 1995 and 1996, the turnover also decreased for SMEs (- 9.8 %), but that of large enterprises rose in the Euro-zone.

The total number of credit institutions has been declining steadily during the period 1994-1997, falling from 9125 in 1994 to 8225 in 1997 (a decline of 9.9 %) mainly due to mergers of smaller entities. The highest relative drop was recorded in France (-22.2 %). Against this general trend, Ireland registered a significant increase in the number of credit institutions. The wave of mergers and acquisitions can be explained by the increased demands of competitiveness, the Asian crisis and the anticipation of the single currency.

Inside Europe, the degree of concentration of the market is very different depending on the Member State. Germany counts 3578 credit institutions in 1997 (87.9 % are savings banks and small co-operative enterprises). This is over three times higher than France, Austria and Italy.

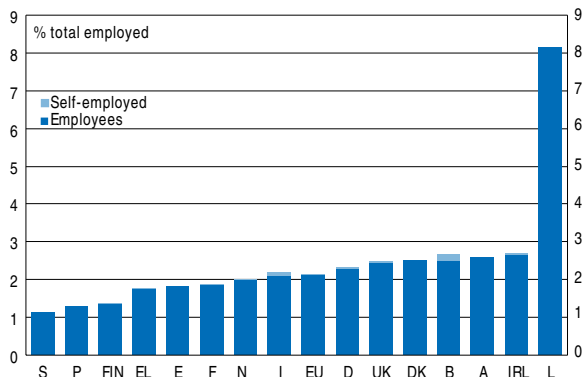
The financial services branch in general and the banking sector in particular contribute to the total value added in the economies more than their weight as employers would suggest. In the majority of EU Member States, the financial services branch represents more than 4 % of total value added (data for 1997). However, in Luxembourg the share is 18 %. Next come Austria, with a share of 8 %.

The EU-banks produce 16.4 % of the turnover realized by EU-enterprises (data for 1996). Together with the turnover realised by insurance enterprises (4.3 %) and auxiliary services (2.4 %), the financial intermediation sector is good for a share of 23.1 % in the total turnover realized by EU-enterprises. Germany is the main European player in the banking sector, followed by France and the United Kingdom.

Employment characteristics

Around 5.3 million people worked in the financial services sector in 2000. This represents 3.5% of the total employment in the EU. Of these, around 65% worked in banking and some 22% in insurance.

Employment in banking in Member States, 2000 32

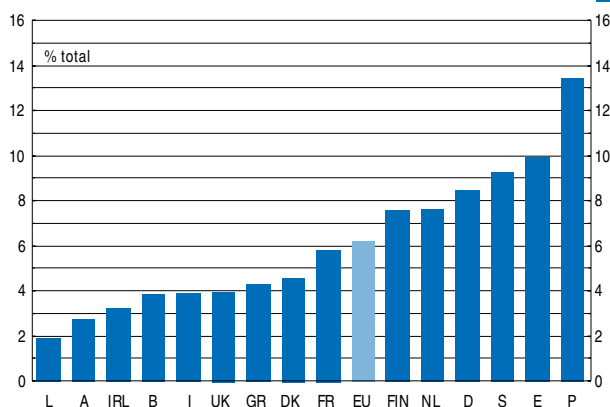


Source: Eurostat, Labour Force Survey

The share in total employment and even more clearly the occupational structure are significantly different between the EU countries, even if one excludes Luxembourg from the comparison.

Employment in both banking and insurance increased by less than the total for the economy as a whole between 1995 and 200 (by 0.5% and a year and 0.2% a year, respectively).

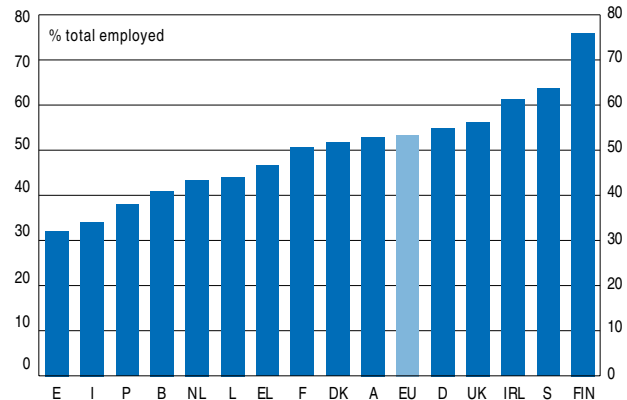
Temporary employees in banking, 2000 33



Source: Eurostat, Labour Force Survey

Women are well represented in this activity, accounting for just under half of the total employed in both banking and insurance in 2000, though women are proportionately more important in the north of the Union than in the south.

Women employed in banking in Member States, 2000 34



Source: Eurostat, Labour Force Survey

The social partners of the European banking industry

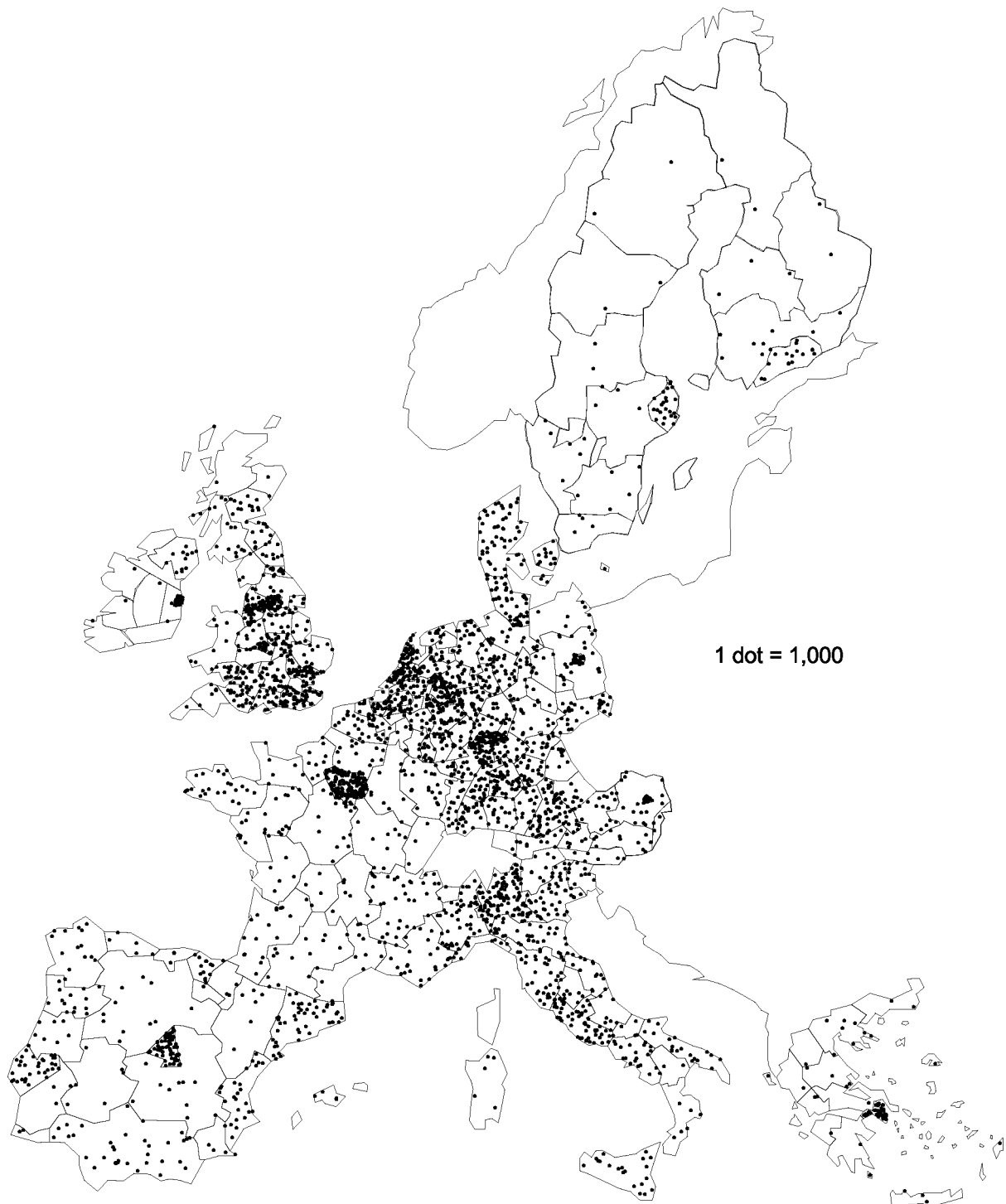
Workers interests in the banking sector are represented by the finance trade section of UNI-Europa.

20 trade unions of 9 countries, which are not affiliated to UNI-Europa, engage in CB for the sector, but – where the data are available - their membership in a particular country is considerably lower than that of the UNI-Europa affiliates for the sector in the same country. In any case, there is no other European organisation which could threaten the position of UNI-Europa in the sector. The European categorial trade union CEC has only 2 indirect members in the banking sector, one in France (SNB-CGC) and one in Italy (Federdirigenticredito). The CESI has two direct members in the sector, one in Belgium (CGSLB) and one in Germany (DBB Tarifunion).

Half of the trade unions in the sector not affiliated to UNI-Europa, are affiliated indirectly to the ETUC; the LCGB from Luxembourg is a direct member.

A last remark in relation to the membership of UNI-Europa in the banking sector is the strong presence of horizontal white collar trade unions and the presence of some public sector trade unions (such as in Denmark and Germany).

Map 1 Employment in banking, 2000



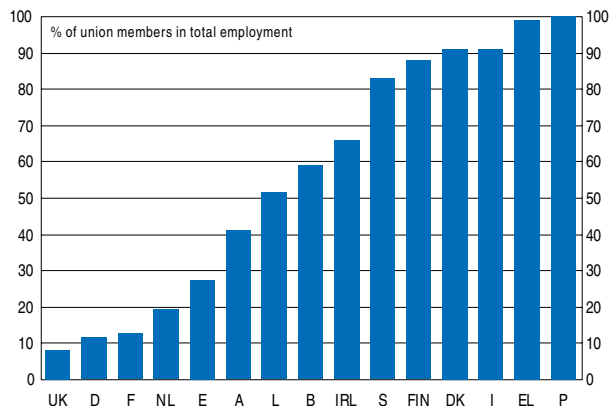
Source: Eurostat, LabourForce Survey

The employers' interests in the banking sector are represented by three different organisations, reflecting the different philosophy behind three different banking structures and interests, and therefore they cannot be seen as concurrent organisations:

November 1999 the banking industry social partners discussed a study on non-bank competition, a phenomenon which could have a very significant impact on employment and working conditions in the sector.

Banking: Trade union density (%)

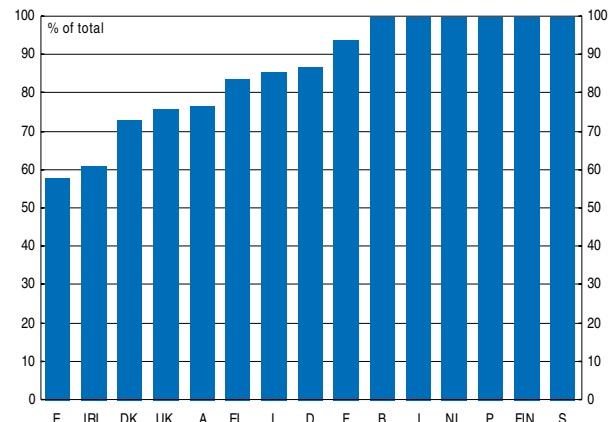
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Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001

Banking: Employers' organisations - Represented employment

36



Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001

- for the commercial banks, the Banking Federation of the European Union (FBE).
- for the savings banks, the European Savings Banks Group (ESBG)
- for the co-operative banks, the European Association of Co-operative banks (EACB).

To overcome the lack of social competence of certain of its members, the FBE has set up the Banking Committee for European social affairs, composed not only of the FBE-members with competence in (European) social issues, but also of employers' organisations with CB-competence on the national level, although not member of the FBE.

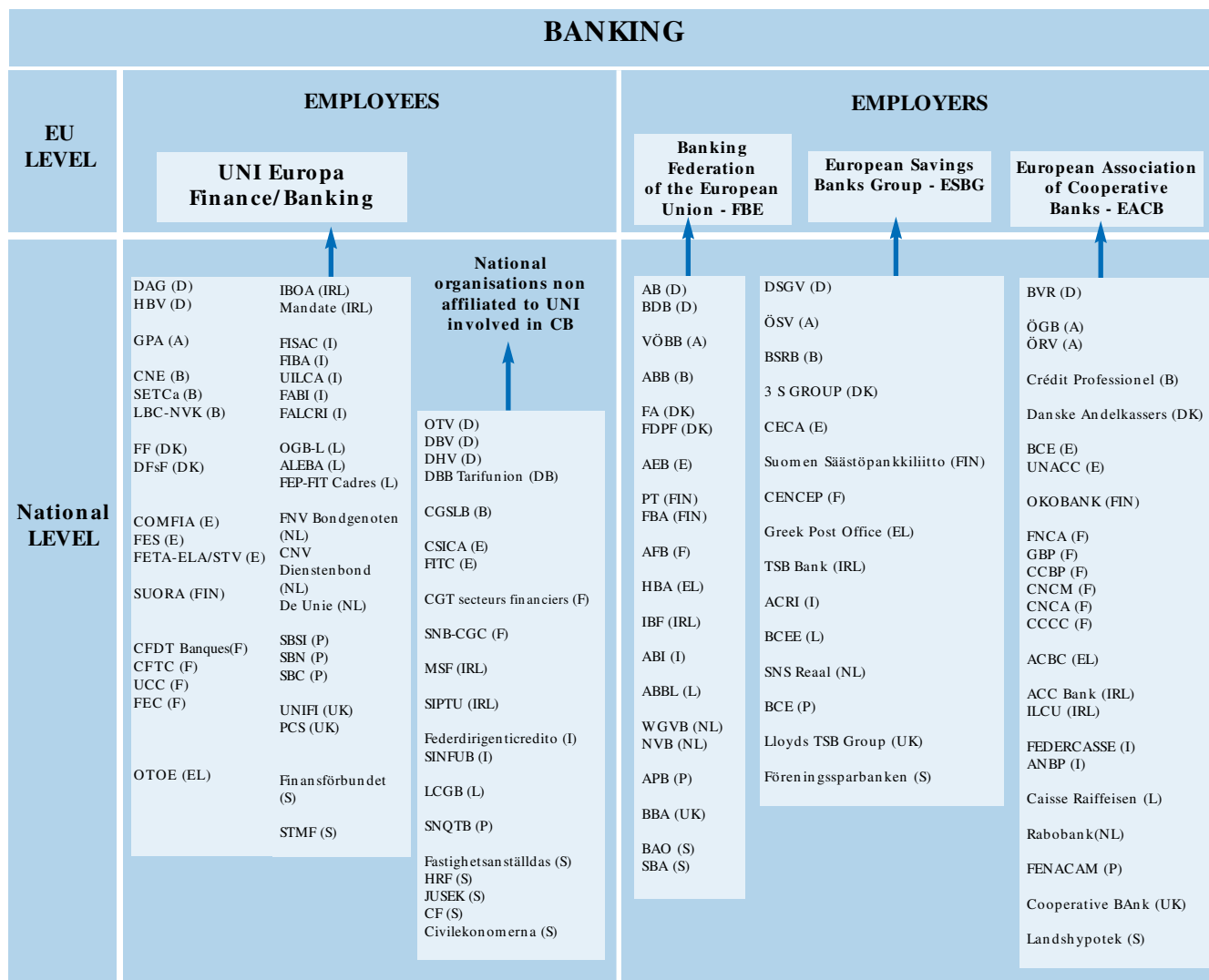
The social partners for the banking industry are engaged in a social dialogue since 1990. Initially structured as an informal working party, the dialogue takes now place in a sectoral dialogue committee.

Although there is a real will for a dialogue between the parties in the committee, on the employers' side the organisations did not get a CB-mandate of their national members. This has to be related to the importance among their membership of trade associations – representing a purely economic interest.

The social dialogue in the sector has focused on important issues for the sector, such as the mergers and acquisitions in the sector, the privatisation, the call-centers, the EU-enlargement, etc. Certain of these issues have resulted in a joint opinion. In

The social partners of the European banking industry

37



Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001

Insurance industry

Industry characteristics

Much alike the banking sector, the insurance sector has a limited contribution to global employment – except for Luxembourg-, and a notable contribution to most economies added value: in the Euro-zone average is of 6.4 %, while the share ranks from 3.1 % in Finland to 18.5 % in Luxembourg; apart from Austria (8 %) and Ireland (6.4 %), the contribution to the national value added is relatively homogeneous (4 à 5 %).

Turnover for insurance companies (understood as gross premiums written) range from 3.9 % of the GDP in Finland to 47.3 % in Luxembourg (EU-average of 8.5 %). The business written by these enterprises has been increasing steadily over the period 1995-1997; premiums on life insurance showed more progress than those of non-life insurance. The sector's contribution to the gross domestic product has generally been strengthened. In relation to the breakdown of the total gross premiums written by all insurance enterprises in the European Union: three countries hold over 70 % of the EU market share in 1997: Germany (25.4 %), the UK (24.9 %) and France (almost 21 %). There is a considerable gap with Italy (7.7 %), the Netherlands (5.1 %) and Spain (4.1 %). All other countries have a market share smaller than 2.5 %.

For the period 1994-1996, the number of enterprises in the sector decreased from around 16.300 in 1994 to 12.700 in 1996 (-22 %). This trend shows a high degree of diversity between countries. There were 624 large enterprises in the sector in 1996 and 12.065 SMEs. The UK registers around 20 % of active insurance enterprises in the EU; followed by Germany and France.

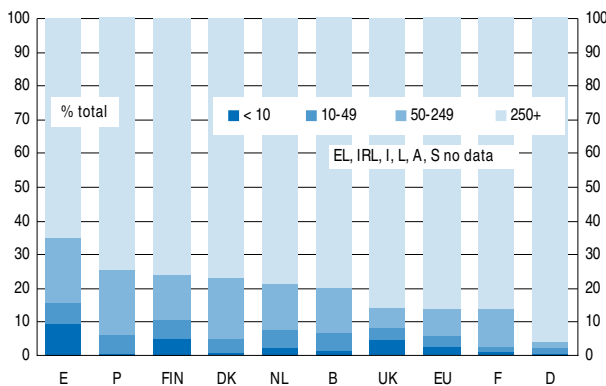
In 1998 and early 1999 a further wave of mergers and acquisitions has been flooding Europe. Although most merger activities remain within national boundaries, in some cases they are pan-European. In the insurance sector, famous mergers at national level are Commercial Union and General Accident (UK), Generali and AMB (I). Considering cross-border mergers, AXA, second non-life insurer in the French market took over the British company Guardian Royal Exchange, number six of the UK market, in early 1999, and, before that, in 1998, Allianz (D) acquired AGF (F). There are also transatlantic transactions, such as the Dutch group Aegon acquiring Transamerica Corp in 1999. Another trend is the increasing involvement of private insurance companies in activities formerly exclusively managed by public authorities, such as pension funding and social security services.

Employment characteristics

Both banking and insurance have seen such activities develop inside each industry, but also combined with one another to create a new sector: "bancassurance" (e.g. Toro Assicurazioni and Banca di Roma in Italy).

Employment in insurance by size of enterprise, 1996

38



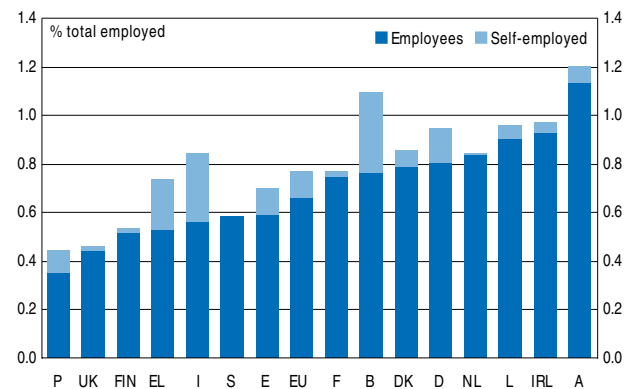
Source: Eurostat, SME database

However, as in 1993, average gross direct premiums written per capita in the EEA remain in 1997 well below the American and Japanese levels, leaving in theory large scope for growth in the Member States.

The benefits of the economic growth in the late 90's have partly been offset by the race to competition brought up by the single insurance market. In an increasingly competitive market enterprises have tried to save on administrative costs. Mergers and acquisitions are used to foster good results.

Employment in insurance in Member States, 2000

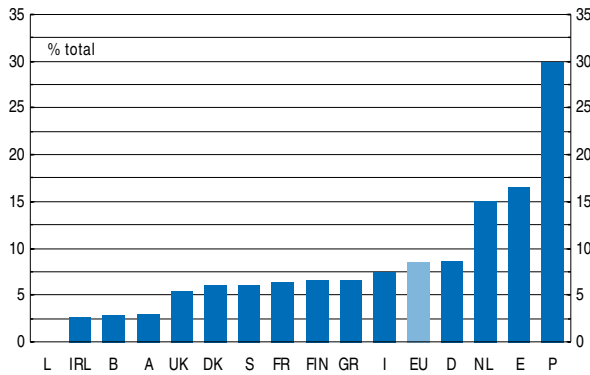
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Source: Eurostat, Labour Force Survey

Temporary employees in insurance, 2000

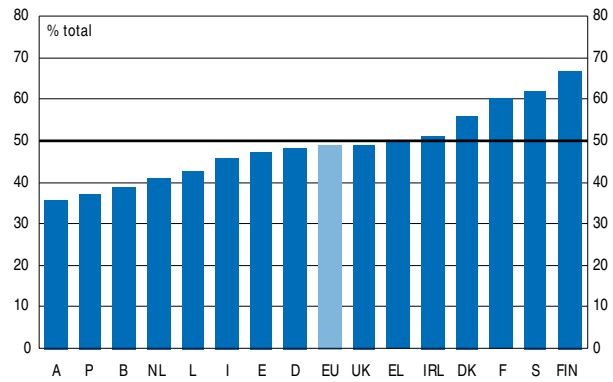
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Source: Eurostat, Labour Force Survey

Women employed in insurance, 2000

41

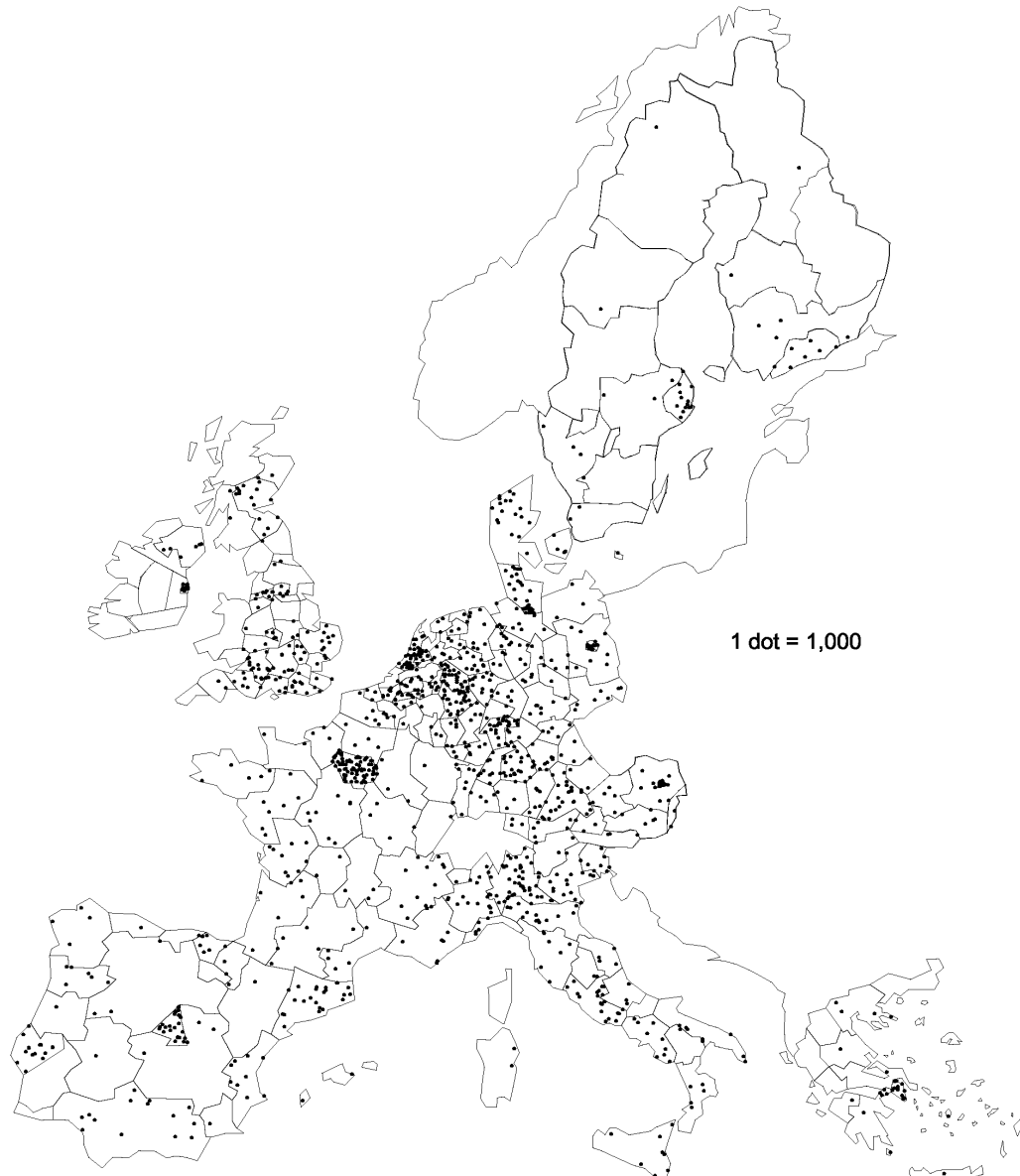


Source: Eurostat, Labour Force Survey

In 2000, there were just over 1.2 million people employed in the insurance sector (NACE 66).

Between 1995 and 2000, there was comparatively little growth in employment in the Union in the sector (only 0.2% a year).

Map 2 Employment in insurance, 2000



Source: Eurostat, Labour Force Survey

The social partners of the European insurance industry

Workers interests in the insurance sector are represented by the finance trade section of UNI-Europa.

UNI-Europa Finance/Insurance has 35 members in the EU, of which 4 do not engage in CB for the insurance sector. The members of UNI-Europa engaged in CB represent around 181.000 workers (figure for the UK not known). Even without taking these trade unions into consideration, UNI-Europa Finance/Insurance has at least one member in every Member State.

The members of UNI-Europa in the sector which engage in CB represent around 20 % of employment in the sector (without taking the employment in the UK into consideration). However, the average density of the members of UNI-Europa in the sector is around 46 % (again the UK is not taken into consideration). Nevertheless, huge differences between the density of UNI-Europe affiliates in the sector exist between the countries, going from around 4 % in France to almost 100 % in Luxembourg.

10 trade unions of 8 different countries which are not affiliated to UNI-Europa engage in CB in the insurance sector, but – where the data are available – their membership in a particular country is considerably lower than that of the UNI-Europa affiliates for the sector in the same country, except in Italy.

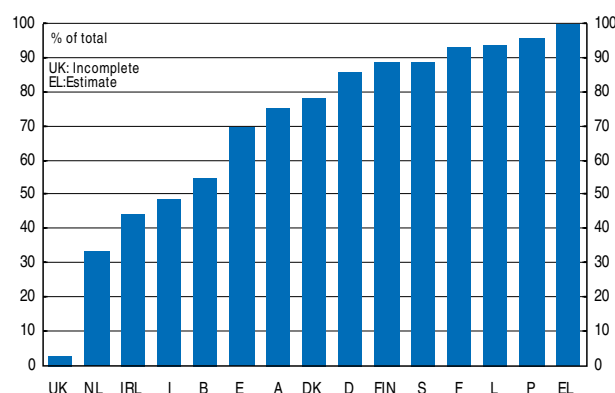
In any case, there is no other European organisation which could threaten the position of UNI-Europa in the sector. Just as in the banking sector, the European categorial trade union CEC has only 2 indirect members in the insurance sector, one in France (the CGC affiliate FNCATA) and one in Italy (FIDIA). The CESI has one direct members in the sector, the Belgian CGSLB.

The employers' interests in the insurance sector are represented by three different organisations, reflecting the different interests in the sector:

- For the insurance enterprises sensu lato, the European Insurance Committee (CEA);
- for the insurance agents or intermediaries, the International Association of Insurance and Reinsurance Intermediaries (BIPAR);
- for the mutual and co-operative insurance enterprises, the Association of European Co-operative and Mutual Insurance Companies (ACME).

The 3 organisations, with affiliated organisations in all Member States (except for ACME, which has no affiliate in Luxembourg), have a common characteristic: the important presence of members which do not engage in CB for the sector.

Insurance: Employers' organisations - Represented employment 43



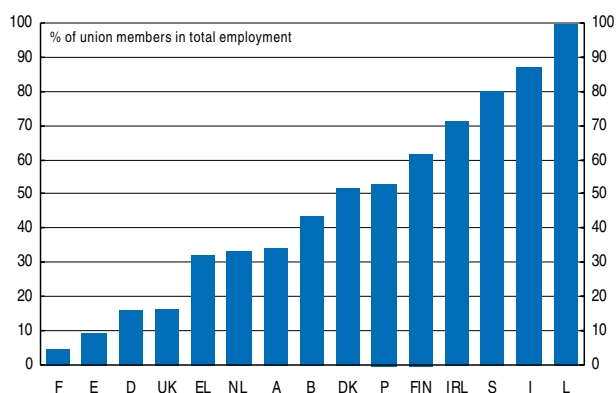
Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001

The CEA is, unlike the ACME, only composed of organisations, not of insurance companies. Of its 15 member organisations, one in every Member State, 9 are engaged in CB for the sector. It is estimated that the CEA represents more than 900.000 workers of the insurance sector. The negotiating members represent around 300.000 workers or around 24 % of the total employment in the sector.

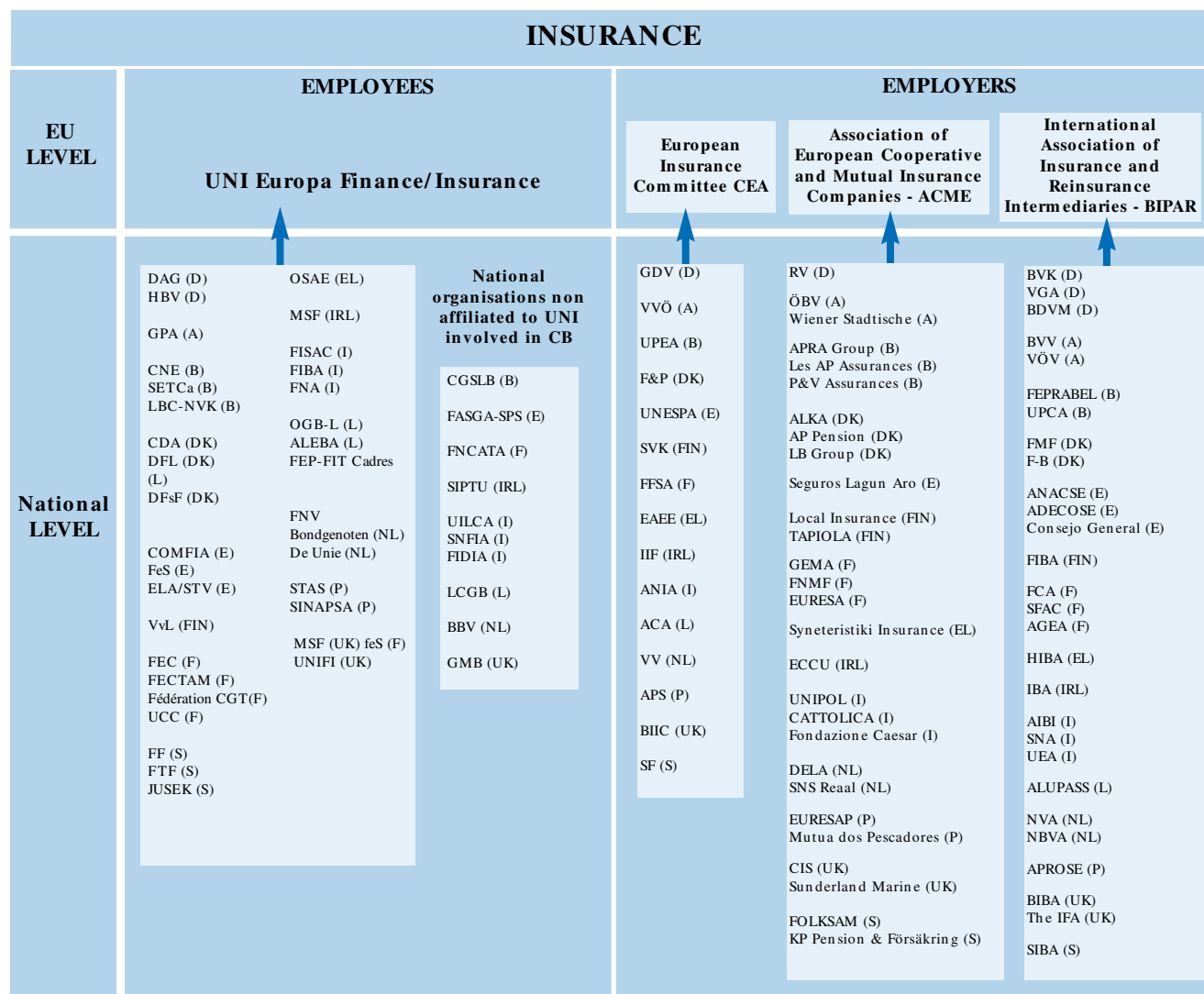
It is estimated that the ACME represents more than 80.000 workers of the insurance sector (the figures for the affiliated enterprises in Germany and Spain are not known; the figure for Austria is incomplete). It is represented in all Member States, except in Luxembourg.

The BIPAR represents the interests of the insurance agents and intermediaries in the sectoral dialogue committee. It is represented in all Member States through 28 affiliated organisations. It is estimated that the BIPAR represents at least 155.000 workers (the data for 11 of its member-organisations are not available). This is a considerable amount when

Insurance: Trade unions density (%) 42



Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001



seen in relation to the estimates that there are between 75.000 and 100.000 independent insurance agents and intermediaries in the European Union, which represent an employment of around 300.000 workers.

The social partners for the insurance industry are engaged in a social dialogue since 1987. Initially structured as an informal working party, the social dialogue takes now place in a sectoral dialogue committee.

The social dialogue in the sector has focused on important issues for the sector, such as the integration and the collaboration with the countries which are to accede to the EU, vocational training, qualifications and the access to the profession for insurance intermediaries, and the changes in the work organisation (working time, especially in relation to 'call centers').

The ECA's attempt to set up an Insurance Committee for European social affairs, after the example of the ETF in the banking sector, failed; although the BIPAR has such a committee, it has no CB-mandate, seen the nature of the organisation's membership (cf. infra). The BIPAR merely wants to represent the specific interests of the sub-sector of the insurance intermediaries, in which major changes have taken place.

Land Transport

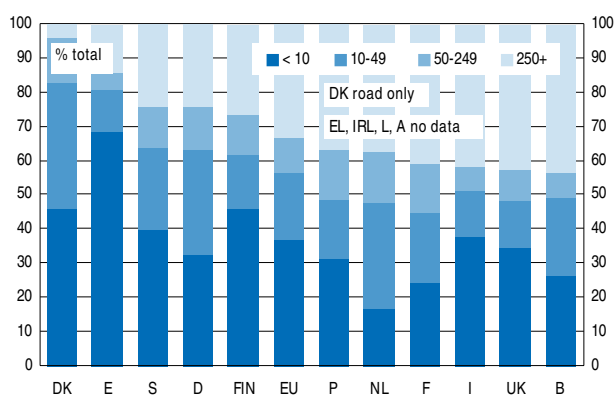
Industry characteristics

There were approximately 4.410.000 people working in rail and road transport together in 2000. Women employment in land transport is around 20 % in the EU with the exception of Germany where it reaches more than 40 % of the sectoral labour force ok. Temporary employment is under 10% for most countries. An employment feature of the sector is the very high rate of self-employment and long working hours in road transport.

There are around 624.000 enterprises operating in rail and road transport in 1995; in 1996 around 780.000 enterprises are operating in the land transport sector (however, these figures also take the – small amount of – enterprises operating pipelines into consideration).

Land transport makes up the largest share of transport activities in most Member States, and can account for up to two-thirds of the value added generated in transport activities. However, in e.g. Germany and Belgium, it is only one-third due to the large size of the auxiliary transport services branch. On average, land transport represented in 1995 68 % of the employment in the sector, 86 % of the number of enterprises and 44 % of the turnover of the sector.

Employment in land transport by size of enterprise, 1996 45



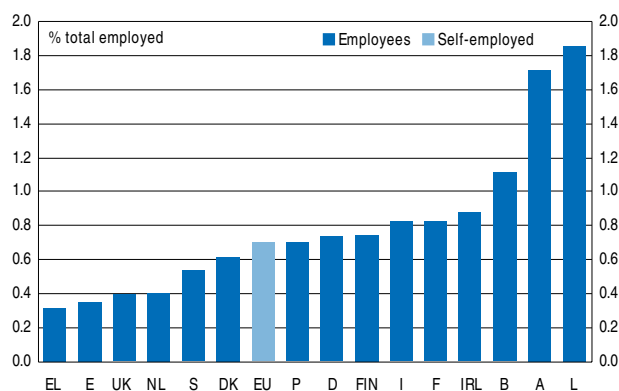
Source: Eurostat, SME database

The sector is of considerable importance in the European Union, accounting for 2.8% of total employment in 2000.

Land transport enterprises are among the smallest in Europe (together with enterprises in the construction sector): they employ only 5 persons on average; 63,6 % of the enterprises have no employees, and account for 16,2 % of the total employment in the sector – NACE 60/61/62/63

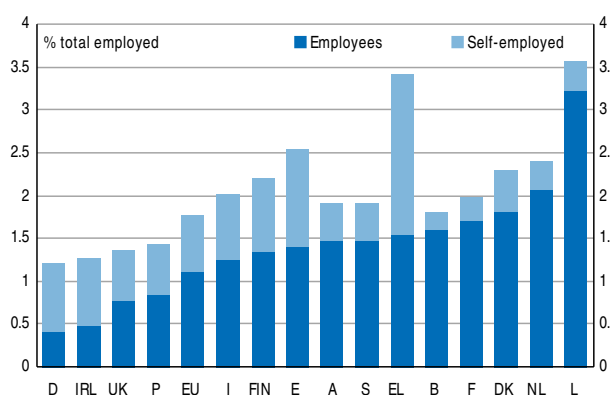
taken as a whole - in 1996 16.9% in 1996 NACE 60 only. However, it is clear that this situation has to be put on the account of road transport; rail transport is (still) dominated by a few large enterprises. Nevertheless, also inside the road transport sector very different agents are operating, ranging from independent lorry or taxi drivers to very large metropolitan transport companies.

Employment in rail transport in Member States, 1995 46



Source: Eurostat, Labour Force Survey

Employment in road transport in Member States, 1995 47



Source: Eurostat, Labour Force Survey

Road Transport is by far the most common means of transport. It represented in 1996 more than 87% of passenger transport and close to three-quarters of total freight transport inside the EU, excluding sea transport (44,5 % including it). In all countries it is the main carrier of goods; in the Netherlands, the largest carriers are the inland waterways, in Luxembourg, the trains.

The growth rate of road transport has outperformed any other transport means to exceed 1.3 thousand billion tonne-kilometres in 1999, a progression of 41 % compared to 1990. Apart from an increased mobility and flexibility, the explanation is that the competitiveness of road compared to other freight transport modes has largely benefited from liberalisation in Europe; of

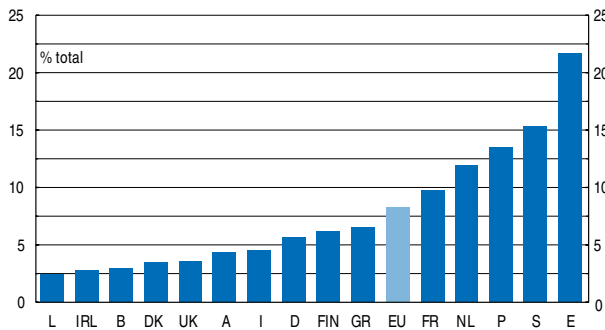
course, road transport has a competitive edge compared to other transport modes because of the possibility of door-to-door deliveries.

Road transport represents the major share of enterprises in the transport sector (86 %) and the major share of employment (around 50%). It accounted for over 620.000 enterprises and around 2.600.000 workers in the EU in 1995.

This represents some 3,5 % of all EU-enterprises and some 2% of total EU employment.

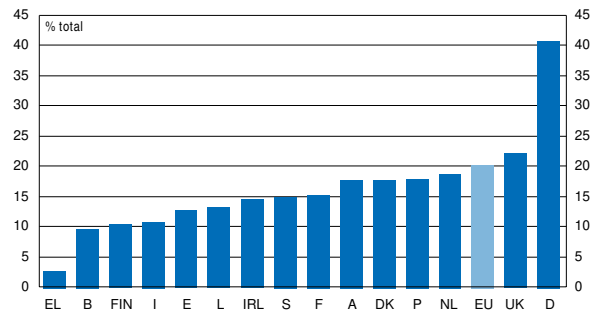
As said, the sector covers passenger transport as well as road haulage and own-account transport. The latter is the largest in terms of employment, with passenger transport being the smallest.

Temporary employees in land transport, 2000 48



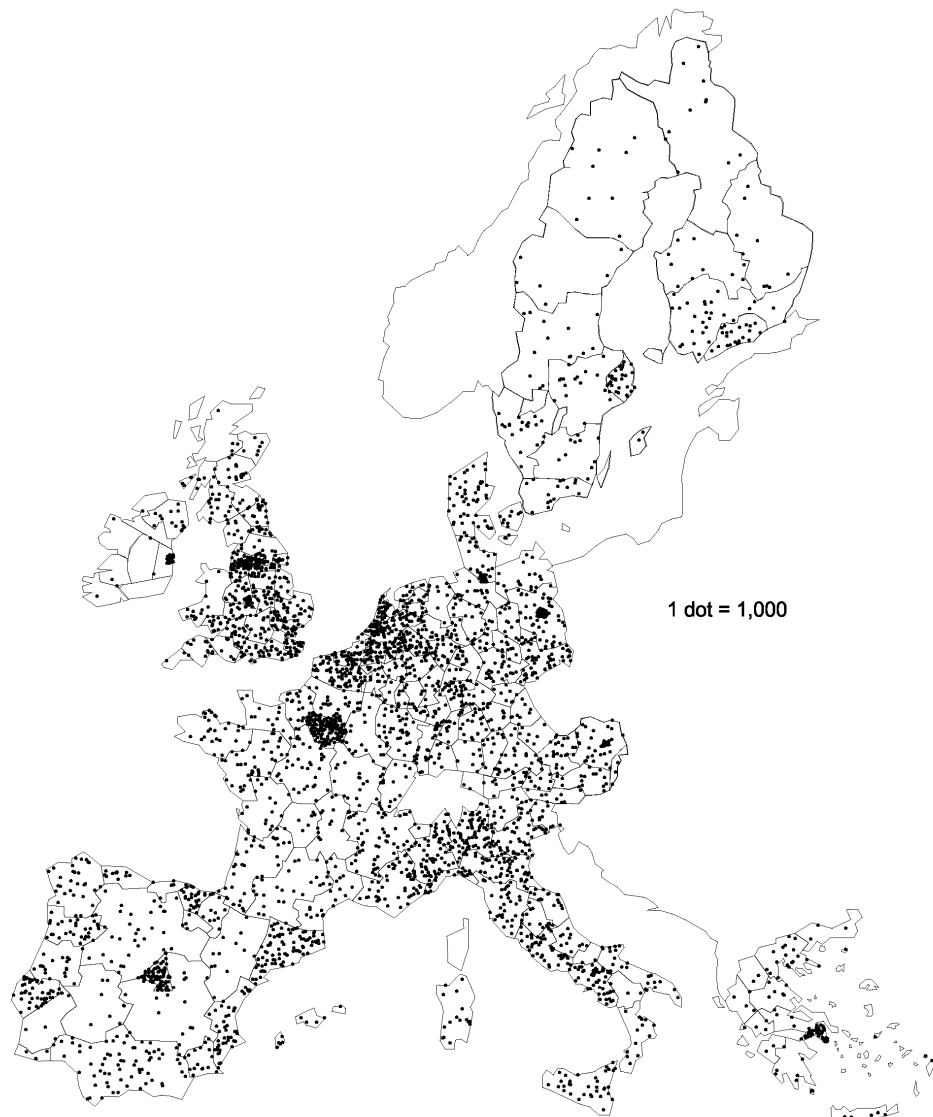
Source: Eurostat, Labour Force Survey

Women employed in land transport in Member States, 2000 49



Source: Eurostat, Labour Force Survey

Employment in land transport, 2000



Eurostat, Labour Force Survey

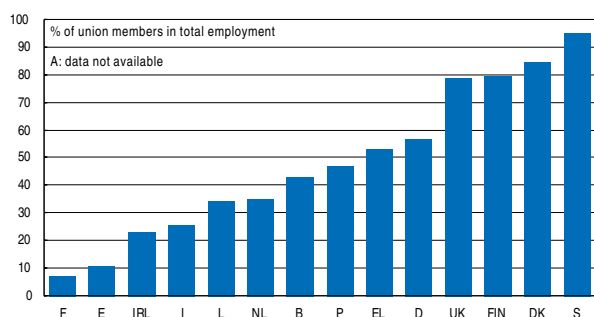
The social partners of the European road transport sector

The European Transport Workers Federation (ETF) has 40 members in the road transport sector. The organisation is represented in all Member States, except Portugal (although the affiliation of the FESTRU is ongoing).

Although it is very difficult to determine the employment represented by the ETF in the sector, it can be said that it lies between around 320.000 and 420.000, around 9 and 12 % of the employment in the sector.

There are important differences in unionisation between public passenger transport and privatised passenger transport performed by former state-owned companies (e.g. Ireland). There can also be a transition period in which the members of public trade unions in privatised companies continue to be represented (partly) by public trade unions, although the take over by private trade unions is to be expected (e.g. the Netherlands).

Road Transport: Trade unions density (%) 50



Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001a

In general, the density in 'public' transport is high, due to the larger size of the companies and the status of (former) public company.

In the taxi and private bus sub-sector one finds a completely different situation, because of the high level of self-employed workers.

Also the trade union density in the road haulage industry is in general quite low, due in part to the high number of small businesses in this sector.

20 trade unions in 9 countries which are not affiliated to ETF engage in CB for the sector, but there is no other European organisation which could threaten the position of ETF in the sector. In Italy the very high density of FENDAC, the managers trade union for the transport sector, affiliated indirectly – through the intermediary of CIDA - to CEC, has to be pointed out.

Almost all trade unions active in CB for the sector are indirectly affiliated to the ETUC (exceptions in Belgium and Italy). Most trade unions are directly affiliated to the International transport workers' Federation (ITF) on the international level.

The employers are represented in the sectoral dialogue committee by the International Road Transport Union (IRU) EU liaison Committee.

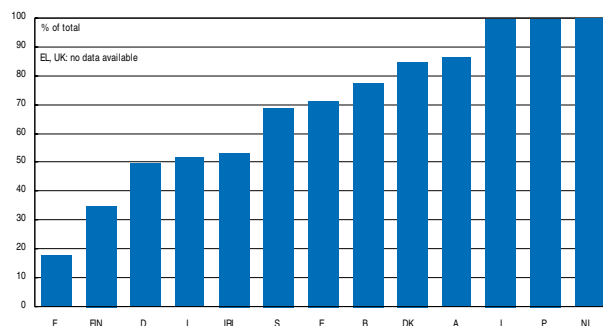
The 'Union International des transports publics' (UITP) European Union Committee has concluded a cooperation agreement with the IRU to guarantee the representation of the urban and intercity public transport.

The IRU (EU liaison Committee) has 51 members in the EU, at least one in every Member State. However, 31 of them do not engage in CB for the sector in 5 Member States (Denmark, Spain, Finland, Ireland, and the UK). In three of these (Denmark, Spain and Finland) indirect members of IRU are engaged in CB for the sector.

The members of IRU in the sector which engage in CB represent 1.500.000 workers or around 44% of the employment in the sector. No estimate can be given of the employment represented by the member organisations which are not engaged in CB, but it is clear that in some Member States these organisations represent a considerable number of workers.

28 employers' organisations (and some of their members) from 10 countries which are not member of IRU - not even indirectly – engage in CB for the sector.

Road Transport: Employers' organisations - Represented employment 51



Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001a

Part of them are affiliated to another vertical European organisation, the 'Union International des transports publics' (UITP), and more specifically to its European Union Committee.

UITP is estimated to represent 1200 operators of public transport of persons (representing an employment of around 0.6 million workers); around

340 of them are employers' organisations. There is a double affiliation situation in this sub-sector, and the membership of UITP must be seen in relation with that of IRU and CEEP.

As refers the double affiliations between IRU and UITP, of the 213.000 workers represented by UITP, more than 59.300 are also represented by IRU. It seems, however, that UITP is sufficiently strongly rooted in this subsector to be representative.

As for the double affiliations between CEEP and UITP, 2 organisations are affiliated at the same time to CEEP and UITP. The French UTP is indirectly affiliated to CEEP (through MEDEF) and the Swedish KFF is directly affiliated to CEEP.

In Germany, some public transport organisations within the members of UITP are active in other transport sub-sectors, such as rail transport, and consider the CEEP as more representative of their interests than the IRU. The consequence of this situation is that the representativeness of UITP is primarily contested by CEEP.

The social partners of the European road transport sector

ROAD TRANSPORT							
EU LEVEL	EMPLOYEES			EMPLOYERS			
	European Transport Workers Federation - ETF			Community of European Railways - CER		Union International des Transports Publics - UITP EU Committee	
National LEVEL	GdED (D)	OYPAE (EL)	Organisations non affiliated to ETF involved in CB	BGL (D)	BDO (D)	Organisations non affiliated involved in CB	N° of of UITP members per country
	GDG (A)	FETCOMAR (E)		AISTV (D)	BZP (D)		
	GHTV (A)	FETCM-UGT (E)			AVN (D)	VDV (D)	Germany - 62
	GdEÖ (A)	ELA/STV (E)					Austria - 14
	Transport-CVD (B)	AKT (FIN)	DAG (D)	FBAA (B)	LA (FIN)	FS (A)	Belgium - 13
	CGSP (B)	ERTO (FIN)	ÓTV (D)	GTL (B)	STL (FIN)	Fachverband der Spediteure (A)	Denmark - 16
	CCSP (B)	RL (FIN)		FEBETRA (B)	SKAL (FIN)		Spain - 21
	UBOT-BTB (B)		GPA (A)	DB (DK)	KNV (NL)	UBTCUR (B)	Finland - 10
	HK (DK)	UNCP (F)		DTF (DK)	TLN (NL)	Déménagement (B) UPTR (B)	France - 75
	SID (DK)	FGTE-CFDT (F)		DTL (DK)	NIWO (NL)	ATL (DK)	Greece - 4
	DM (DK)	CGT Transport (F)		ITD (DK)	EVO (NL)	RA (DK)	Ireland - 1
	RBF (DK)			ASTIC (E)	IRHA (IRL)	DTA (DK)	Italy - 38
				CTC (E)	LET (IRL)		Luxembourg - 3
	OGB-FNCITFEL (L)	FILT (I)	TF (DK)	FNTV (F)	SNET (F)	FENEBUS(E)	Netherlands - 14
	LCGB (L)	UIL TRANSPORTI (I)		FNAT (F)	FNET (F)	ASINTRA(E)	Portugal - 15
				CSNERT (F)	UNIRT (F)	CETM (E)	United Kingdom - 30
	FNV Bondgenoten (NL)			AFTRI (F)	FNTR (F)	FEDEM (E)	Sweden - 20
	CNV Bedrijvenbond(NL)			AUTF (F)			Total-336
	SIPTU (IRL)	NBRU (IRL)		FTA (UK)	RHA (UK)	UFT (F)	
	TSSA (IRL)			CPT (UK)	LTDA (UK)	GNTC (F)	
						CSD (F)	
	TGWU (UK)	URTU (UK)		BA (S)	BR (S)	(F)	
	ASLEF (UK)	USDAW (UK)		STF (S)	SA (S)	ATL (FIN)	
	NUMAST (UK)					(NL)	
				ANTRAM (P)	ANTROP (P)	Metro Lisboa (P)	
				ANTRAL (P)		LTB (UK)	
	SEKO (S)	TF (S)		ANAC (I)		FENIT (I)	
	SK (S)	HTF (S)		Assotransporti (I)		(I)	
	LEDARNA (S)			CONFETRA (I)	FAI (I)	AUSITRA	
				UICCIAA (I)		(I)	
				FLEAA (L)	Groupement Transport (L)	Ancotat AGCI (I)	
						CASA (I)	
						ANCST (I)	
						Federtransporti (I)	
						FITA (I)	
						Confartigianato-Transporti (I)	
						Federlavoro e Servizi (I)	
						IBEC (IRL)	
						ISME (IRL)	
						Fédération des Patrons louers de Taxis (L)	
						Bua (S)	
						KFF (S)	

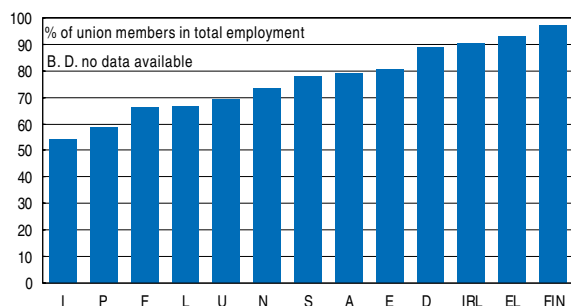
Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001

The social partners of the European rail transport sector

The rail section of the European Transport Workers Federation (ETF) has 37 members in the rail transport sector of which 8 do not engage in CB.

It is present in all Member States and it represents at least 300.000 workers or around one third of the employment in the sector.

The social partners of the European road transport sector 53



Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001a

The average density of the rail section of the ETF for the 9 Member States for which the data are complete lies around 73 %. This result can give only an indication of the fact that the trade union density in the rail transport sector is extremely high, even in countries like France and Spain where it is traditionally low. This can be partly attributed to the traditional predominance of State ownership, which still lingers on.

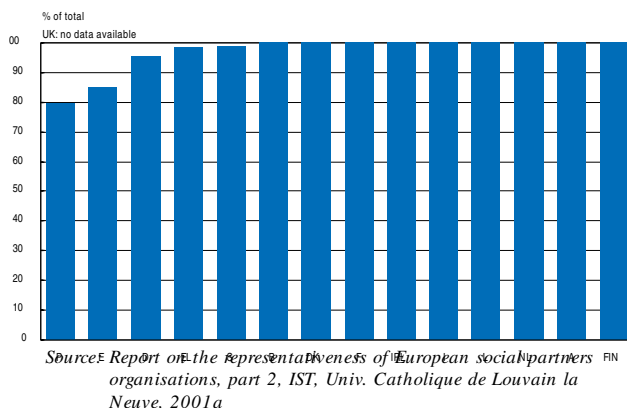
The representativeness of the rail section of the ETF is not contested by any organisation on the European level despite the fact that 24 trade unions in 10 Member States (the information for the UK is not available) are involved in CB in the sector, without being affiliated to the rail section of the ETF. They represent an employment of at least 66.000 workers.

A closer look to these trade unions shows that in the majority of cases it concerns categorial and often also autonomous trade unions. On the contrary, the member unions of the rail section of the ETF are mostly also affiliated to the ITF – the International Transport Workers’ Federation.

The situation in the United Kingdom - the only country with a full privatisation process in the sector, shows that trade union membership remains high for certain categories of workers, such as engine drivers; however, it is declining amongst other occupations. This can be explained by the fact that certain occupational groups, such as engine drivers, have a considerable bargaining

power, and thus have more incentive to organise. It has to be reminded that the trade union membership in the sector is divided over a large number of trade unions. The presence of occupational and independent unions is almost general.

Rail Transport: Employers' organisations - Represented employment 54



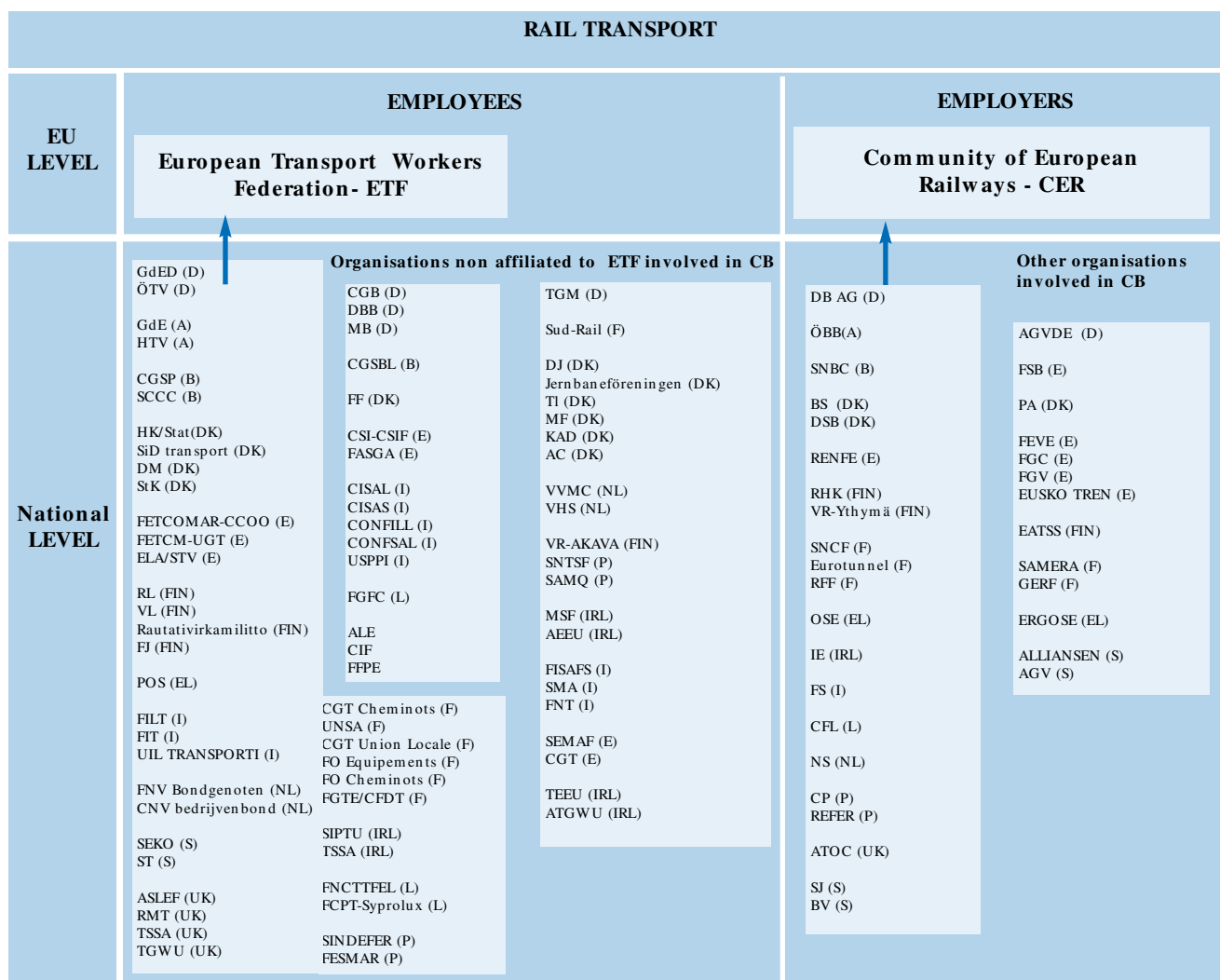
Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001a

On the employers' side, the Community of European Railways (CER) has 20 members in 14 Member States. In the UK only 2 trade associations are present in the rail transport sector – the Railway Forum and the ATOC – which have no industrial relations role. The members of the CER are railway companies and infrastructure managers. This means that these companies are either involved in CB themselves or are member of a governmental agency which engages in CB. Due to the monopolistic situation of the sector, the ratio of the employment represented by these enterprises in relation to the employment in the sector comes close to 100 % in most Member States. This is a first explanation for the uncontested representativeness of the CER in this sub-sector.

The second explanation is that no vertical employers’ organisation on the European level organises the enterprises or employers’ organisations engaged in CB which are no members of the CER.

This situation is to be monitored to verify that the CER continues to represent on the one hand the traditional operators, and on the other hand, new operators and infrastructure managers, whose interest may not always coincide with those of the traditional railways operators.

The social partners of the European rail transport sector



Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001

Water Transport

Industry characteristics

The water transport sector (maritime transport and inland navigation) accounts for only a very small share of the European economy (0,08 % of the number of enterprises, 0,1 % of employment and 0,2 % of turnover (in the non-agricultural market sector) in 1996).

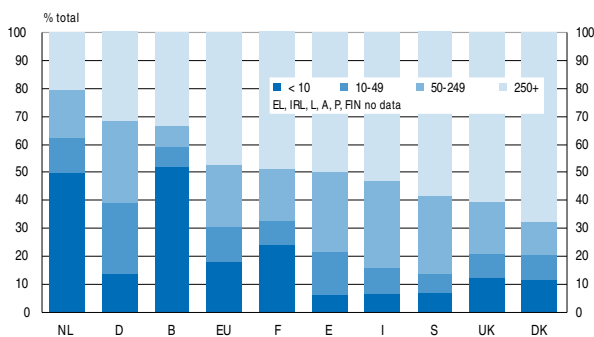
Maritime transport

The maritime transport sector (NACE 61.1) accounted for around 4959 enterprises and 146.000 workers in 1995. This represented 0,03 % of all EU-enterprises, 0,1 % of the EU-employment and 0,2 % of the EU-turnover (in the non-agricultural market sector). It is the second smallest transport sector in terms of employment (only 2,7 % of the transport workers work on board of a sea-ship), but it represents around 7 % of the turnover in the sector.

However, the share of the European Union maritime transport sector in the total world fleet is constantly declining, and it currently accounts for no more than 10 % - 15 % of the world market.

Together with increasing concentration and deregulation in the sector in an attempt to stay competitive, there has also been a substantial decline in the number of employees. Smaller providers try to survive through specialisation.

Employment in water transport by size of enterprise, 1996 56



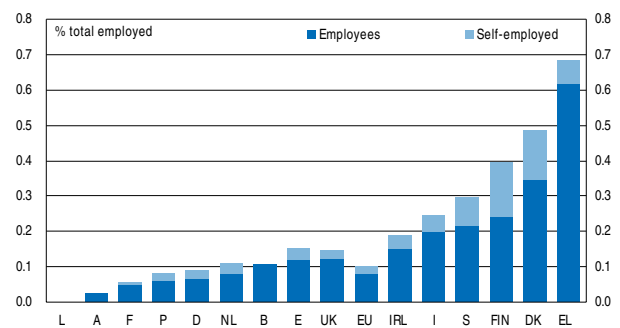
Source: Eurostat, SME database

According to Lloyd's figures, no less than 60 % of the total fleet controlled by owners from EEA countries fly a third country flag; thus, the real tonnage of EEA-controlled ships would instead of 16 % be well over a third of the world fleet. If it is estimated that since 1980 the number of EU nationals working in the sector has declined by nearly 130000, this is mainly a result of the move by ship owners and operators to non-EU "flags of convenience", and of less rigorous conditions and

cheaper rates under second registers. Employers are to apply the labour conditions and taxation legislation of the country in which the ship is registered (shown by the flag). By registering a ship in countries without a maritime tradition or simply with lower standards (e.g. Luxembourg), one can avoid a more stringent taxation and labour legislation.

In several Member States (e.g. the Netherlands and Germany) one has tried to convert this trend by – above all, deregulatory – measures, such as the lowering of standards with regard to the required qualifications, the recognition of foreign qualifications and tax reforms. Germany introduced the possibility to employ foreign seamen under the same conditions as in their countries of origin.

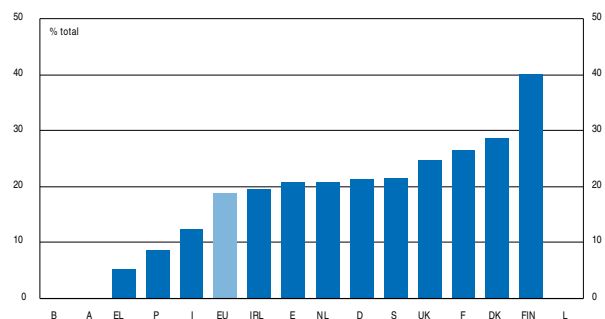
Employment in water transport in Member States, 2000 57



Source: Eurostat, Labour Force Survey

The resulting employment increase has mainly benefited non-EU workers, due to a shortfall in the level of recruitment and training. Studies have shown that there is a recruitment crisis at the same time as there is set to be an increase in sea-borne trade.

Women employed in water transport in member States, 2000 58



Source: Eurostat, Labour Force Survey

This is confirmed when one looks at the growth rates in sea borne transport. One usually makes a distinction between deep-sea transport that refers to shipping on long sea routes and short-sea shipping, that covers transport of passengers and

goods between national and European ports. However, there is a considerable growth for both of them. Short-sea shipping was in 1997 the second most important freight transport mode in the EU (only slightly below road transport).

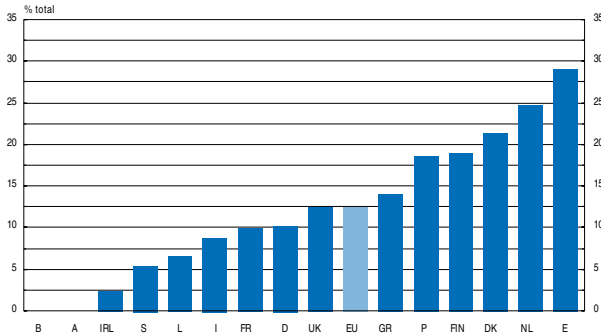
Inland Navigation

The inland navigation transport sector accounted for around 10.700 enterprises and 37500 workers in 1995 (There were some 239.000 people employed in water transport as a whole in 2000.) This represented 0,06 % of all EU-enterprises, 0,03 % of the EU-employment and 0,02 % of the EU-turnover (in the non-agricultural market sector). It is obviously the smallest transport sector in terms of employment (only 0,7 % of the transport workers work on board of an inland navigation vessel).

Inland navigation accounts for around 6.8 % of the total volume of goods transported in the EU in 1999 (i.e. half the level of rail transport and a tenth of road transport), however its importance is very different among Member States. In the Netherlands it accounts for a remarkably high share of almost 42 %; also in Belgium, Luxembourg and Germany inland shipping accounts for a considerable part of total freight transport, i.e. between 10 and 13 %. Employment in the sector is tending to decline over time.

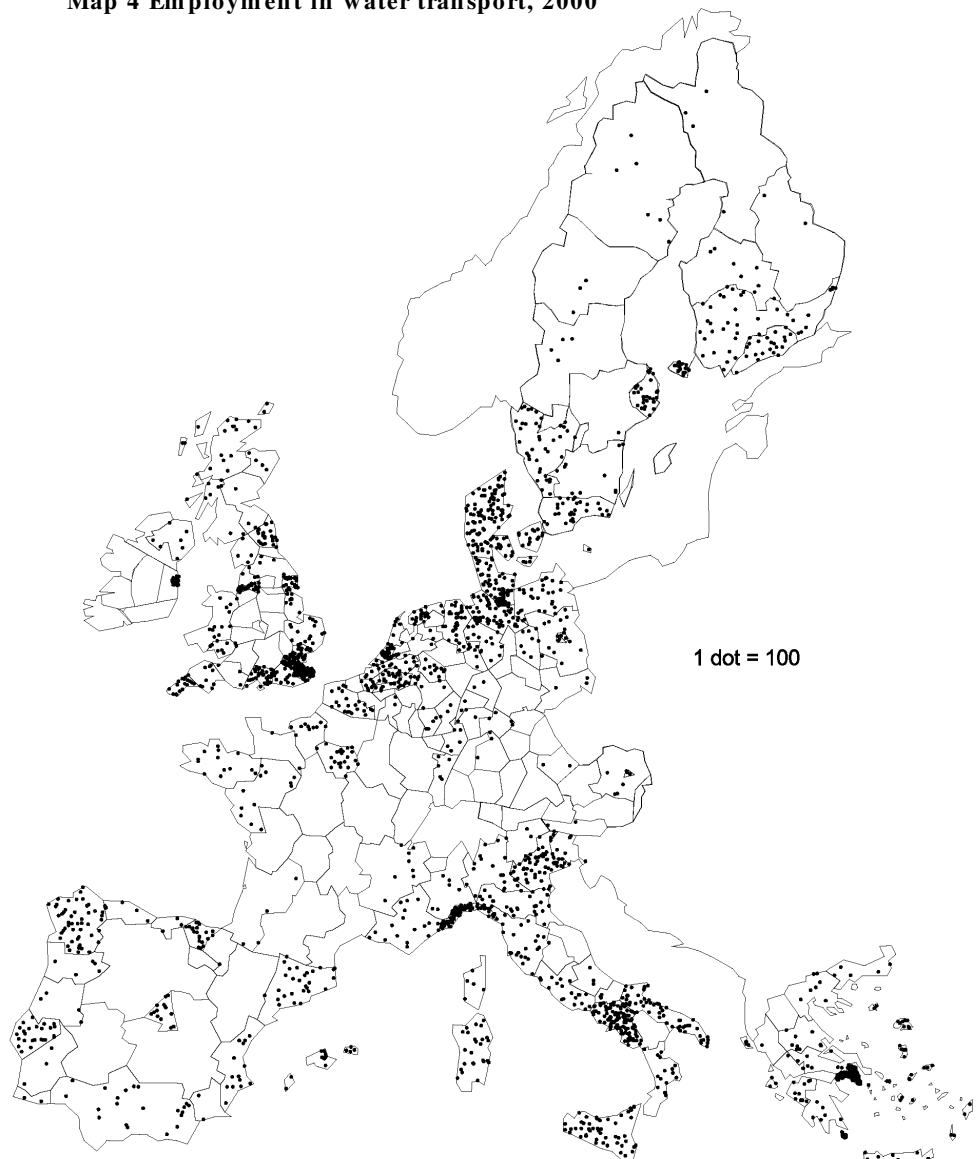
Temporary employees in water transport, 2000

59



Source: Eurostat, Labour Force Survey

Map 4 Employment in water transport, 2000



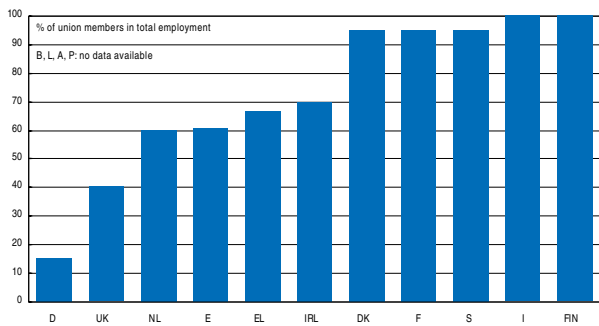
Source: Eurostat, Labour Force Survey

The social partners of the European maritime transport

The maritime transport section of the European Transport Workers Federation (ETF) has 40 member trade unions, representing at least 140.000 workers, i.e. around 65 % of the employment in the sector.

The representativeness of the maritime transport section of the ETF is not contested. It can be

Water Transport: Trade unions density (%) 60



Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001

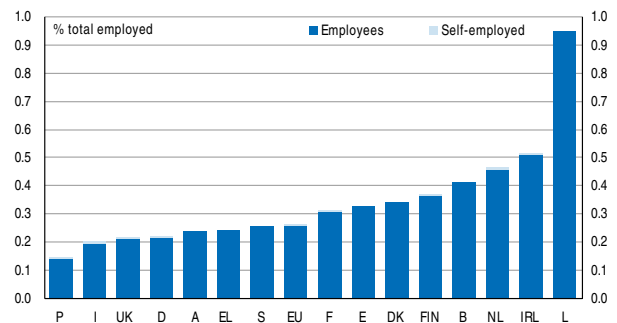
remarked that there are trade unions which engage in CB in the sea transport sector and which are not affiliated to the maritime transport section of the ETF. However, these trade unions represent a limited number of workers in the sector in relation to the ETF and no other European vertical organisation is present in the sector.

On the international level, the majority of the members of the maritime transport section of the ETF (and some of the trade unions which are not) are affiliated to the International Transport Workers' Federation (ITF). NUMAST (UK) and

SFBF (S) are also affiliated to the International Maritime Organisation (IMO). SFBF is also affiliated to the International Federation of Shipmasters Association (IFSMA).

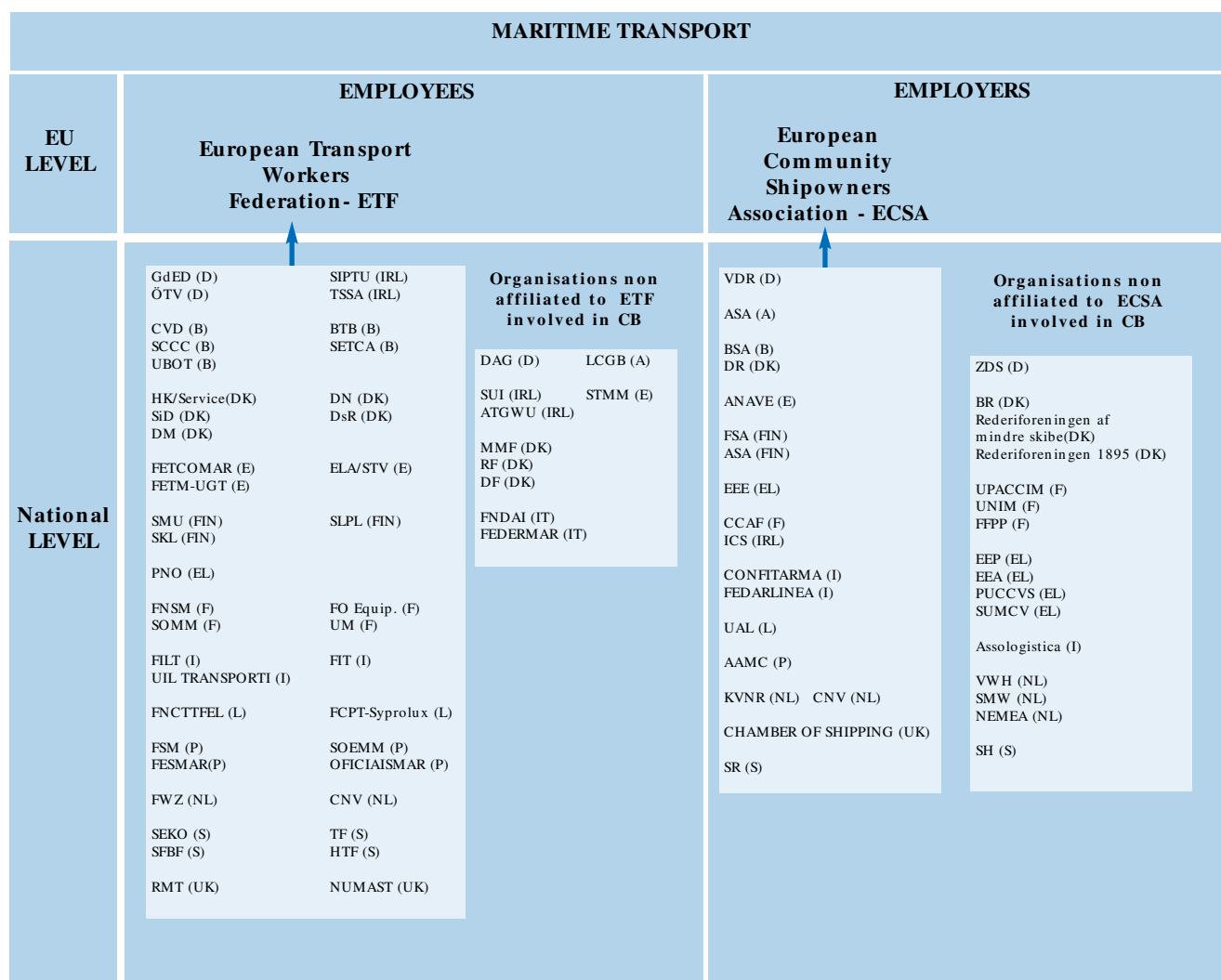
On the employers' side, the European Community Shipowners Association (ECSA) represents the interests of the ship owners on the European level. It has 17 members, employers' organisations; one in every Member State, two in Finland and Italy. It represents an employment of at least 155.000 workers.

Water Transport: Employers' organisations - Represented employment 61



Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001

The majority of its members engage in CB for the sector. In Ireland and the United Kingdom a Chamber of Shipping is member of the ECSA. These are trade associations for ship owners and ship managers, no employers' organisations. Their key role is to provide the enterprises with information on developments that could affect their ability to run their businesses and to promote their interests to government and other relevant bodies.



Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001

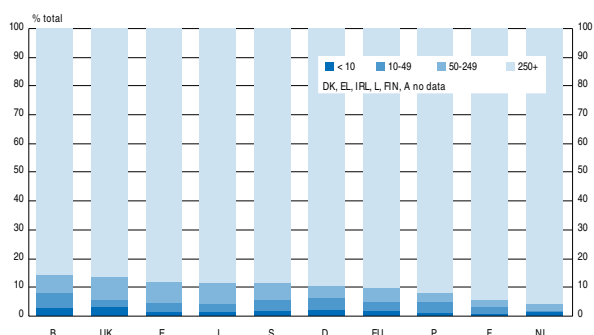
Air Transport

Industry characteristics

Up until the latter part of 2001, air transport had witnessed strong growth in traffic over a number of years. Between 1993 and 1999, for example, the number of passengers travelling between EU airports increased by an average of 8% a year, while the volume of freight carried within the EU increased by around 3% a year (though the volume of freight entering EU airports in total, including from countries outside the EU, grew by 6% a year).

Despite the small number of enterprises (around 3000), the civil aviation sector – excluding military air traffic - accounted for just under 6 % of employment in the transport sector (or around 420 thousand workers) in 2000 and 12% of turnover in 1995. The former represented around 0.3% of total EU-employment.

Employment in air transport by size of enterprise, 1996 63

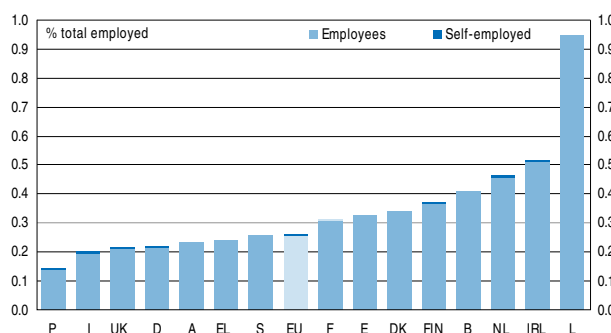


Source: Eurostat, SME database

The average size of enterprise is, therefore, relatively large. However, in comparison with the US and Asia the industry is still very fragmented. The dominant trend observed in recent years has been the formation of very large alliances of airlines combining their networks, in response to increased competition caused in part by progressive liberalisation of the market and privatisation of state-owned companies.

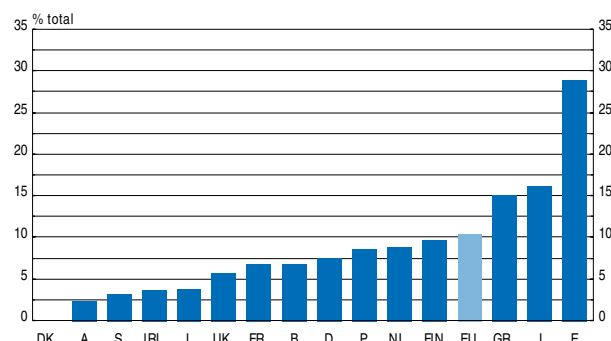
Nevertheless, despite rationalisation, employment increased by an average of 4% a year between 1995 and 2000.

Employment in air transport in member States, 2000 64



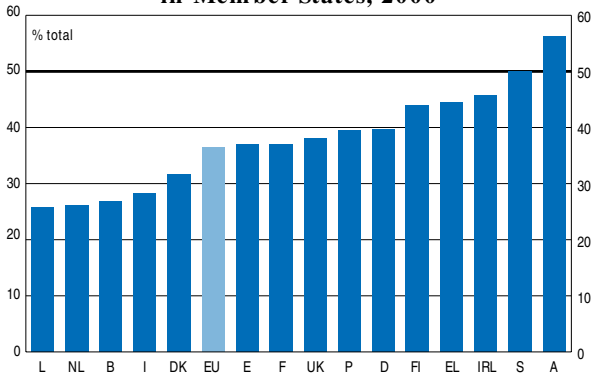
Source: Eurostat, Labour Force Survey

Temporary employees in air transport, 2000 65



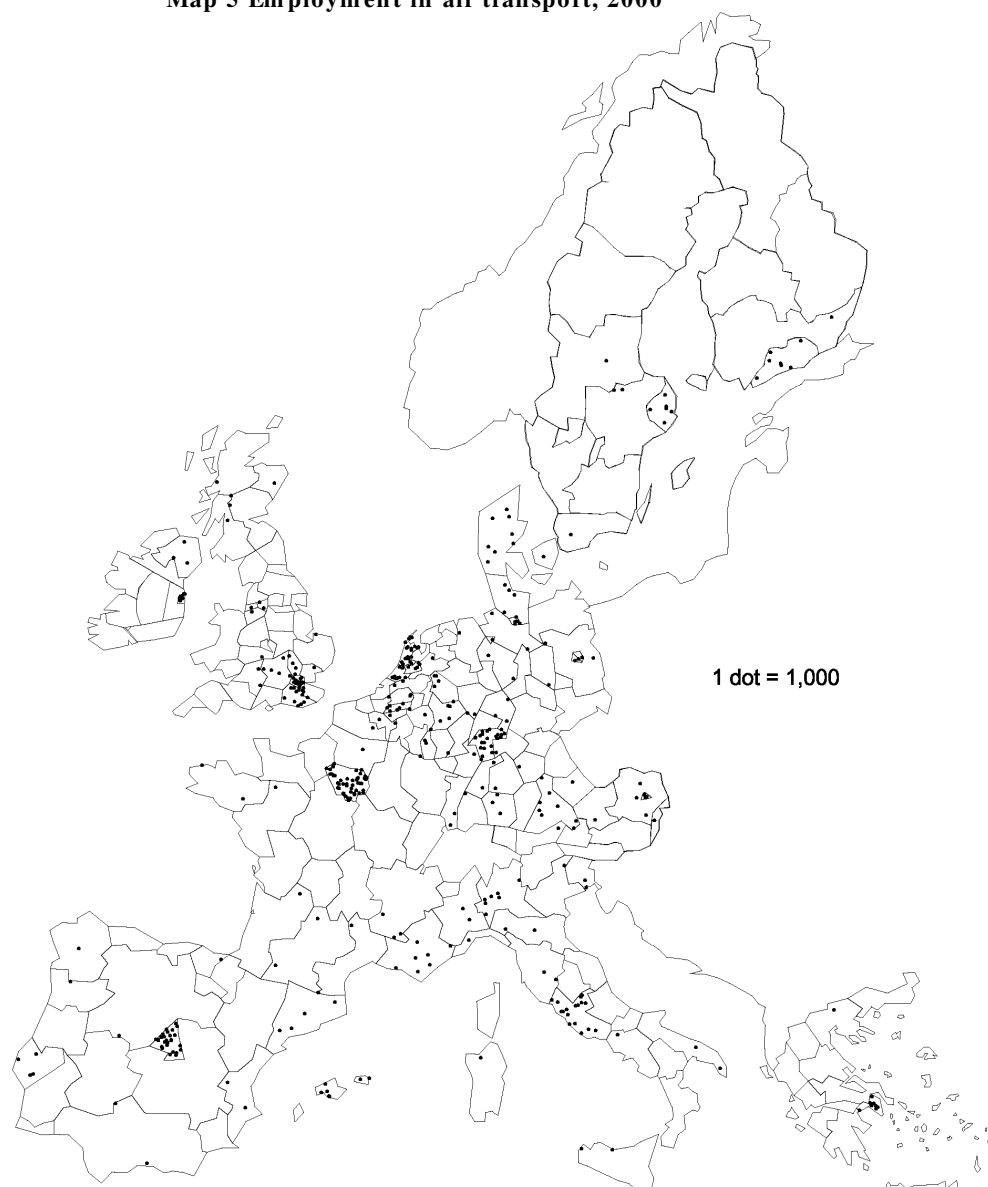
Source: Eurostat, Labour Force Survey

Women employed in air transport in Member States, 2000 66



Source: Eurostat, Labour Force Survey

Map 5 Employment in air transport, 2000



Source: Eurostat, Labour Force Survey

The social partners of the European civil aviation

The civil aviation sector is the only transport sector in which different trade unions represent the interests of different categories of workers at European level. The two main categories are the flying staff and the ground staff. Amongst the flying staff one has to distinguish between the cockpit personnel and the cabin crew; the cockpit personnel can be further divided into pilots and flight engineers. Amongst the ground staff, the air traffic controllers have to be singled out.

This diversity is reflected at European level in the existence of two trade unions and five employers' organisations.

In the sectoral dialogue committee, the civil aviation section of the European Transport Workers

Federation (ETF) and the European Cockpit Association (ECA) represent workers' interests.

The civil aviation section of the ETF gathers trade unions which represent the cabin crew, the ground staff and the air traffic management workers. It had established relations with the Air Traffic Unions Coordination (ATCEUC), which gathers categorial trade unions of air traffic controllers at EU level.

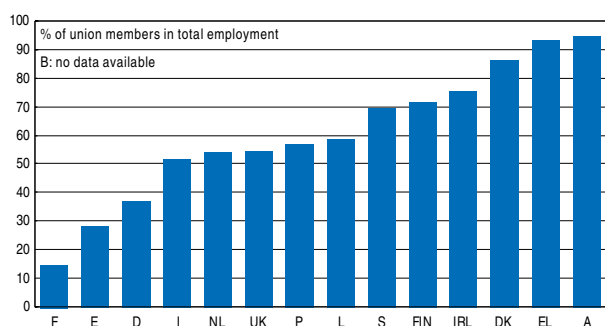
The ETF has 46 direct members and 3 indirect members in Denmark, which engage in CB for the sector. It is represented by several organisations in every Member State. Although data are very approximate and incomplete, the civil aviation section of the ETF seems to represent at least 154.000 workers, i.e. at least 35 % of the employment in the civil aviation sector taken as a whole.

While its representativeness is not contested by the ECA, which has another field of organisation, the civil aviation section of the ETF finds itself with a considerable number of national trade unions operating in its field of organisation which are not affiliated to it. However, even in the countries where such a situation occurs, the civil aviation section of the ETF represents by far the most workers. Moreover, no other European vertical organisation organises a considerable part of these organisations.

As said above, the relation between the civil aviation section of the ETF and the ATCEUC is not so clear-cut. Inside the civil aviation section of ETF the Joint Air Traffic Management working group represents the interests of the air traffic controllers and those of workers in air traffic management. The ATCEUC participated through an agreement signed in 1997 to the ATM group of the civil aviation section of the ETF. However, it has demanded, by the intermediary of the ATM group, its own representation in the sectoral dialogue committee.

Air Transport: Trade unions density

67



Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001

The ECA gathers categorial trade unions of pilots and flight engineers. It has 16 members, categorial trade unions fo

r pilots and flight engineers, in all Member States. The ECA represents around 31.000 pilots and flight engineers, which is around 7 % of the employment in the civil aviation sector taken as a whole.

Only 4 trade unions, members of the ECA, are indirectly affiliated to the ETUC; the others are not affiliated to a horizontal trade union on the national level. Most of the affiliates of the ECA are affiliated on the international level to the International Federation of Airlines Pilots Association (IFALPA).

Three employers' organisations represent the interests of the air carriers.

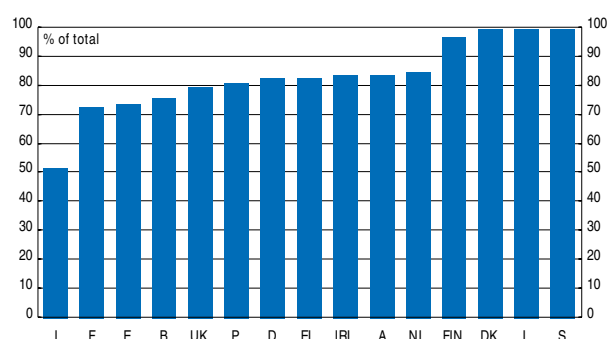
The Association of European Airlines (AEA)

represents the interests of the airline companies engaged in considerable passenger or cargo operations. This is evaluated on the basis of the transport capacity of the airline companies - at least 3000 places, or, for smaller airline companies, on the basis of the place of the company in the national civil aviation sector.

AEA has 17 members, at least one in each Member States (two in Luxembourg and the United Kingdom). It represents an employment of 309.000 workers or around 70 % of the total employment in the civil aviation sector.

Air Transport: Employers' organisations - Represented employment

68



Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001

The second employers' organisation, the European Region Airlines Association (ERA), represents the interests of the airline companies engaged in internal European regional traffic on scheduled basis. It has 63 affiliates in the 15 Member States.

The companies member of ERA represent an employment of 36.000 workers or around 8 % of the total employment in the sector.

Just as is the case for AEA, its members are airline companies and they all engage in enterprise-CB.

The third employers' organisation, the International Air Carrier Association (IACA) represents the interests of the airline companies engaged in leisure flights, including charter flights.

IACA has 32 members, in 12 Member States (none in Greece, Luxembourg and Portugal). It represents an employment of roughly 104.000 workers or around 24 % of the total employment in the civil aviation sector. Just as is the case for ERA and AEA, its members are airline companies, and most of them seem to engage in enterprise-CB (not e.g. the Spanish members).

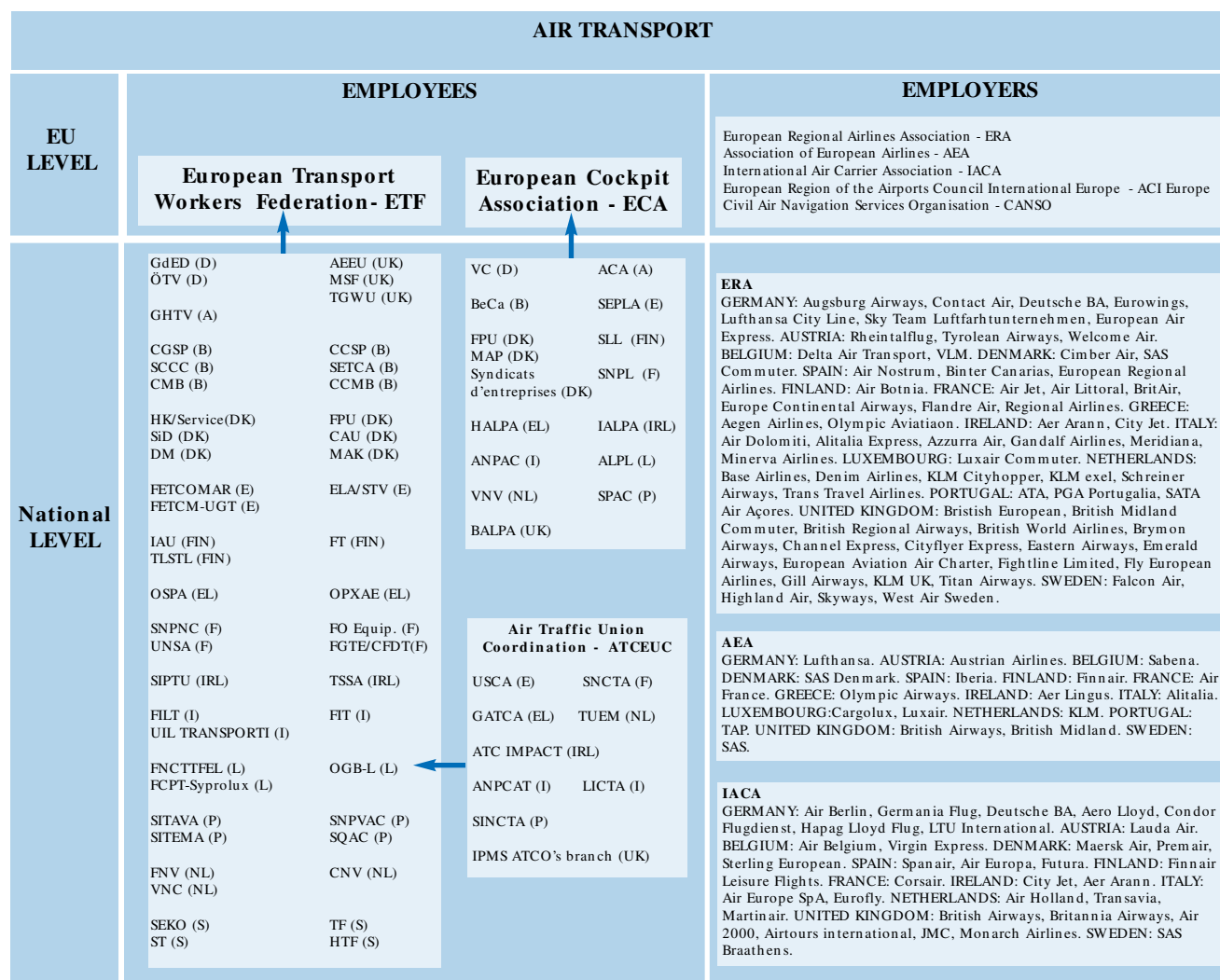
As regards the European airports, these are represented by the European Region of the Airports Council International-Europe (ACI-Europe). This

organisation has 108 members spread over the 15 Member States. ACI-Europe's representativeness is not contested as it is the only organisation which represents these interests on the European level.

represented by the Civil Air Navigation Services Organisation (CANSO). This organisation plays a specific role in the working group of Air Traffic Management

Finally, the interests of air traffic control are

The social partners of the European civil aviation



Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001

Commerce

Industry characteristics

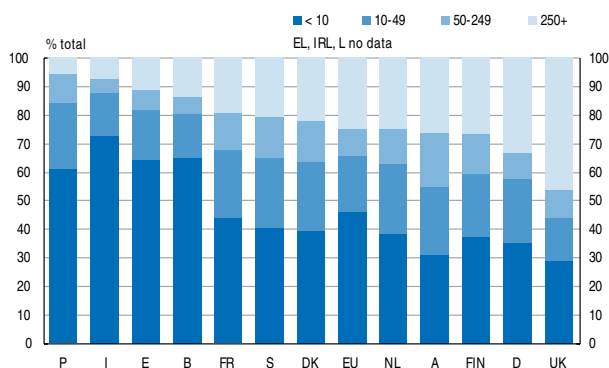
The commerce industry includes the following activities: motor trade, wholesale, retail and commission trade.

It comprises around 5 million enterprises, which is around one third of all European enterprises.

As far as the size of the enterprises is concerned, the absolute predominance of small enterprises in this branch of industry is striking: on the basis of the most recent figures for the breakdown of employment according to the size of the enterprise around 95% of all enterprises in the sector employ between 0 and 9 employees. According to the most recent figures almost all enterprises in the sector are SMEs. When comparing the different sub-sectors in the commerce industry it becomes clear that the highest proportion of small enterprises one finds in the retail trade sector, followed by the motor trade sector and the wholesale trade sector. With regard to the proportion of large enterprises, also the retail trade sector comes first, followed by the wholesale trade sector and the motor trade sector.

Employment in commerce by size of enterprise, 1996

70



Source: Eurostat, SME database

A more significant measure for industrial relations purposes is the concentration of employees on the different classes of firm sizes. In 1996, the share of small enterprises in employment was 46% in distribution in 1996 for enterprises with under 10 employees, significantly higher than the 34% for the economy as a whole. A difference between the sub-sectors can be observed: in the retail trade sector the large enterprises represent a larger share of the employment than in the wholesale trade sector (27,5% as to 16%); the opposite goes for medium- sized enterprises (5% for the retail trade sector as to 17% for the wholesale trade sector). If

we had more recent data, we would probably see a decrease of the share of employment represented by the SMEs and an increase in the share of employment represented by the large enterprises.

The underlying explanation is that the increased internationalisation of the market and the consequential economic pressure has caused the reduction of profit margins and a deep technological innovation. As a result, the sector has seen a considerable concentration movement (and pressures for deregulation), and, on the employment side, a significant reduction of employment. At the same time, it explains the increase of self-employed workers and part-time work. It is clear that new technology, such as self-scanning and electronic commerce, just starting of, will have a profound influence on employment in the long term; new skilled jobs will be created in database management and marketing, and traditional jobs will be redefined. Also the geographical location of work, working time and the professional and pay structure of employment in the sector are likely to undergo a transformation.

However, there is scope for employment creation in the sector, as the comparison with the US shows. Employment in the commerce sector is 9 % of the working-age population in Europe, while it is 12 % in the US. This means that there is potential work for 3 % of the working-age group in distribution. There is scope for development especially in the Mediterranean countries.

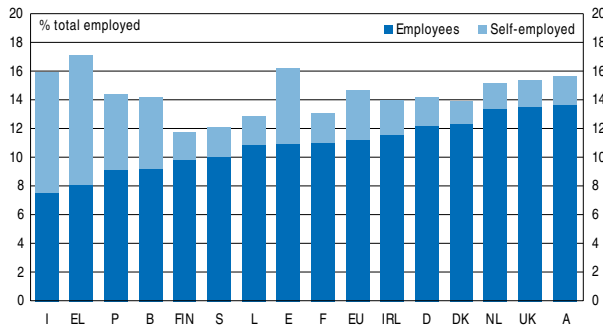
The considerable differences within the branch of industry, according to the sub-sectors, explains the high degree of ‘dispersion’ with regard to the number of employer organisations and with regard to the conclusion of CLA’s (the extent of the bargaining unit). At the same time, the importance of the employment in small enterprises explains the rather low trade union density rates (and the calculation in some Member States of density in relation to the ‘approachable’ potential members, e.g. Germany). Density figures are also influenced by the fact that in several Member States workers organisations not affiliated to UNI-Europa (sometimes affiliated to other European sector organisations of the ETUC) are organised in subsectors such as the technical workers in the car repair. In some Member States commerce trade unions are integrated in bigger unions.

Employment characteristics

Around 23.5 million were employed in commerce in the EU 2000, almost 15% of total employment. The number employed in the sector increased by just 1% a year between 1995 and 2000, slightly less than the overall employment growth in the EU.

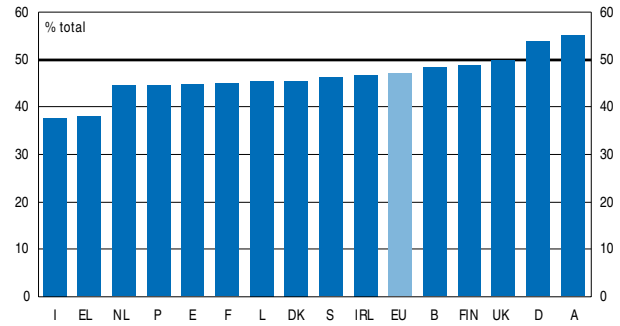
The share of self-employment in the sector is considerably higher than in the European economy taken as a whole (23,5%, compared to 14.5 % in 2000). In the Southern economies (Italy, Greece, Spain and Portugal), a large proportion of the total work force in the sector is self-employed.

71 Employment in commerce in member States, 2000



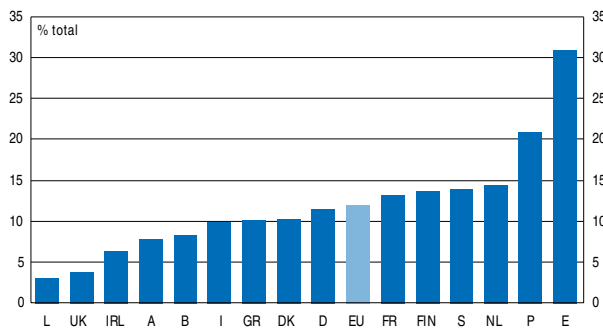
Source: Eurostat, Labour Force Survey

73 Women employed in commerce in Member States, 2000



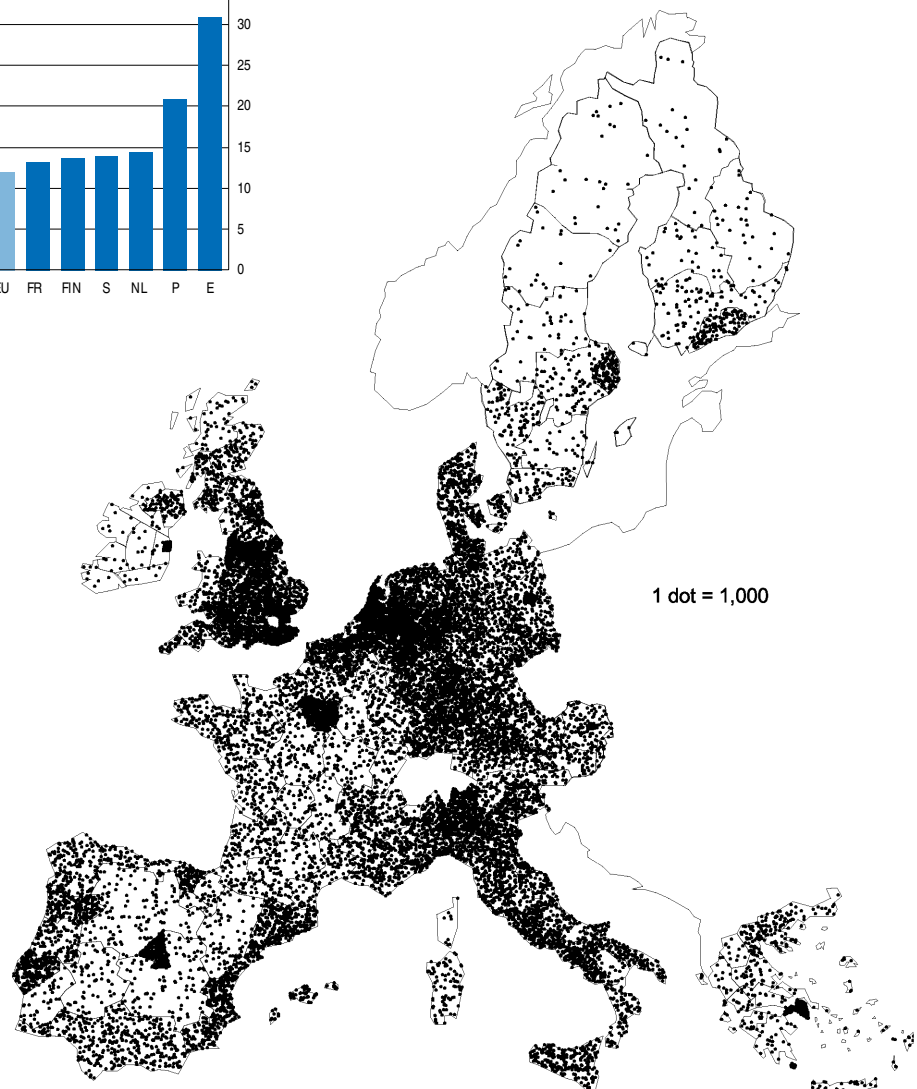
Source: Eurostat, Labour Force Survey

72 Temporary employees in commerce, 2000



Source: Eurostat, Labour Force Survey

Map 6 Employment in commerce, 2000



Source: Eurostat, Labour Force Survey

The social partners of the European commerce sector

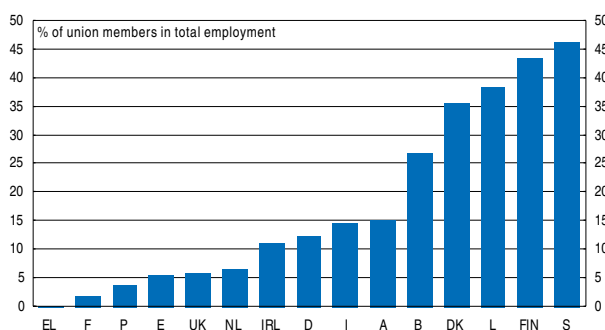
On the workers' side, the main vertical organisation for the commerce industry at European level is UNI-Europa. UNI-Europa is the European regional organisation of Union Network International (UNI), an International Trade Secretariat (ITS). Until the end of 1999 the role of UNI-Europa had been taken up by Euro-FIET, the European branch of the International Federation of Commercial, Clerical Professional and Technical Employees (ITS-FIET).

At the end of 1999, a merger involving FIET took place between a number of International Trade Secretariats in related sectors (mirroring the developments at national level in many countries). Together with Communications International (CI), the International Graphical Federation (IGF), and the Media and Entertainment International (MEI), UNI was formed. As a consequence, the workers of the European commerce industry now affiliated to UNI-Europa through their national organisations form one section of an organisation with a much larger membership.

As it was the case with Euro-FIET, UNI-Europa is a member of the ETUC and it is the regional organisation of UNI. UNI-Europa commerce is a section within UNI-Europa with a conference and a steering group responsible for European social dialogue in commerce.

There are 37 trade unions in the EU-Member States affiliated to UNI-Europa involved in CB for the commerce industry, at least one in each Member State.

Commerce: Trade unions density (%) 74



Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001

However, in most Member States there are also trade unions involved in CB for the commerce industry, which are not affiliated to UNI-Europa.

Nevertheless, the members of UNI-Europa have the

highest density in the sector in almost all the Member States. An exception is Portugal, where the vertical organisations for the sector of CGTP-IN, member of ETUC, are not affiliated to UNI-Europa.

In any case, there is no other European vertical organisation for the sector which could threaten the position of UNI-Europa. Apart from Eurocadres, whose members are also affiliated to ETUC, only CESI and CEC have some member organisations which are involved in CB in the commerce industry.

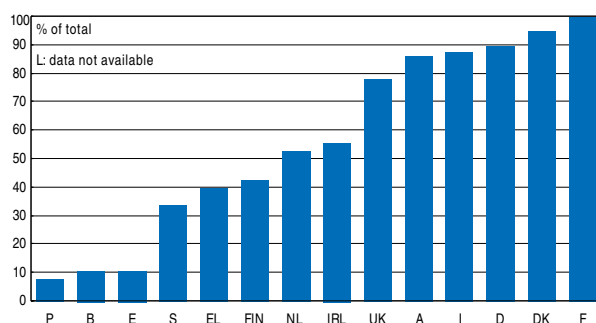
According to different estimates, UNI-Europa represents between 1,6 million and 1,8 million workers in the EU or 7% of the total employment in the sector. The density of CESI is marginal.

A general remark which can be made about the density figures for the trade unions in the commerce sector is that they are generally low. This can be explained by the employment structure of the sector, and more specifically by the relatively high share of small enterprises in employment.

On the employers' side, the main vertical organisation on the European level for the commerce industry is Eurocommerce.

28 employers' organisations involved in CB for the commerce industry in the EU-Member States are affiliated to Eurocommerce. With the exception of

Commerce: Employers' organisations - Represented employment 75



Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001

Ireland, there is at least one in each Member State.

Eurocommerce roughly represents more than 16,2 million workers, around 93 % of the total dependent employment in the sector, i.e. 12% of the total dependent employment in the EU (1999 data) and 58% of the enterprises in the sector. Some larger European retailers have an associated membership of Eurocommerce.

In some Member States there are also employers'

organisations not affiliated to Eurocommerce involved in CB for the commerce industry, but there is not any other vertical European organisation which could threaten the position of Eurocommerce.

Uni-Europa (previously Euro-FIET) and Eurocommerce participate in the sectoral dialogue committee for the commerce industry since 1998 (since 1985 they had been working together inside the structure of an informal working party for the commerce industry). The commerce industry is the largest branch of industry in which a sectoral social dialogue exists.

The social dialogue in the commerce sector is active and is focusing on the key themes of the 4 'pillars' outlined in the EU Employment Guidelines, the modernisation of the organisation of work, fundamental rights at work, CSR, electronic commerce, training and enlargement. The social partners have signed on 26/04/2001 an agreement on guidelines for telework and on 6/08/1999 an agreement on fundamental rights and principles at work. They concluded at the end of 2001 the negotiations on an agreement on voluntary guidelines supporting the employment of mature workers. The signature of the agreement is scheduled early 2002. Social partners are also considering to invest more in the implementation of the agreements at national and company level.

The social partners of the European commerce sector

76

COMMERCE		
EU LEVEL	EMPLOYEES	EMPLOYERS
	<p>UNI Europa (Euro-Fiet until 1999)</p>	<p>Eurocommerce</p>
National LEVEL	<p>National organisations non affiliated to UNI involved in CB</p> <p>DHV (D) GHTV (A) CM-FGTB (B) CCM-CSC (B) CGSLB/ACLVB (B) FASGA (E) FETICO (E) Section Fédérale FO Commerce (F) FNECS-CFE-OGC (F) Auto...(FIN) Fa...(FIN) SEA (EL) SIPTU (IRL) UGL Commercio (I) FENASALC (I) FESICA (I) FENDAC (I) LGOB (L) VHP (NL) CESP (NL) TGWU (UK)</p>	<p>National organisations non affiliated to Eurocommerce involved in CB</p> <p>BAG (D) ACCI (EL) BFS (D) ATA (EL) BGA (D) ESEE (EL) HDE (D) CONFCO MMERCIO (I) BAWÖ (A) FAID (I) BHWÖ (A) FEDIS (B) CCL (L) NCMV (B) DSH (DK) MKB (NL) AHTS (DK) NVG (NL) Raad NDH (NL) ANGED (E) VGL (NL) ASENDIS (E) CEC (E) APED (P) CCP (NL) FFC (FIN) BRC (UK) NFRN (NL) CGI (F) CNC (F) FCD (F) Syensk Handel (S) UCV (F) Chambre syndicale du commerce automobile de Belgique (B) Fédération royale des garagistes de Belgique (B) Fédération nationale des Unions des classes moyennes-UCM (B) Chambre syndicale de l'industrie du deux roues (B) Groupement des vendeurs-réparateurs de tracteurs et machines agricoles de Belgique (B) Groupement des marchands de fer de Belgique (B) Fédération Belge de la distribution et de l'équipement ménager et électronique (B) Confédération belge de la boulangerie-pâtisserie-chocolaterie-glaceries (B) Office des pharmacies coopératives de Belgique (B) Association nationale des grossistes réparateurs en spécialités pharmaceutiques (B) COPIME (E) Apteeckien Työntajaliitto (FIN) GSEVEE (EL) CVAH (NL) IBEC (IRL) IRNA (IRL) SFA (IRL) NFRN (IRL) RGDATA (IRL) SIMI (IRL) CONFESERCENTI (I) CONFCOOPERATIVE (I) LEGACOOP (I)</p>

Source: Report on the representativeness of European social partners organisations, part 2, IST; Univ. Catholique de Louvain la Neuve, 2001

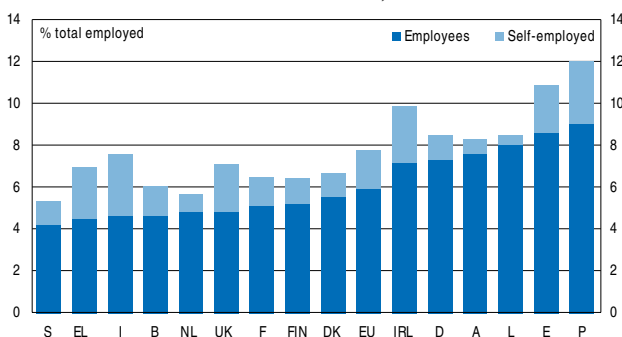
Construction industry

Industry characteristics

The construction industry (NACE 45) includes the following activities: site preparation (demolition, embanking, digging and boring), the building of complete constructions or parts thereof and civil engineering (timbering, scaffolding, carriageway fluvial and maritime works), building installation (electricity, insulation, plumbing), finishing works (plastering, woodwork, walls and grounds, painting, glazery, others) and the renting of construction or demolition equipment with operator.

With well over 2 million enterprises and over 12 million persons employed (in 1999), is the construction industry a significant part of the European economy. In terms of employment, it is the second biggest sector in the industry (in contrast to services), after the manufacturing sector. One has also to point out that the European construction sector is a key sector in terms of employment creation: the so-called direct jobs in the construction sector have a multiplier effect in generating indirect jobs in the building materials and product sector and in other supplier sectors. It is estimated that the sector - understood as direct and indirect jobs - represents around 20 % of the total workforce in the European Union.

Employment in construction in Member States, 2000 77



Source: Eurostat, SME database

The sector is highly dependent upon economic growth rates and the level of public expenditure. After the industry was hit by a recession during the first half of the 90's, the European construction industry ended the 1990's with an employment growth. In relative terms, however, its share in the total employment of the Union decreased from 9,1 % in 1994 to 7.7 % in 1999. The volume of construction output in the Union, a measure of economic performance, has been in decline since 1994; this is reflected in the

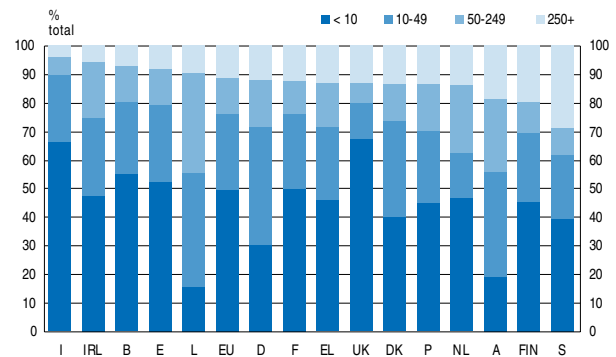
continuing decline in employment in the construction industry in a limited number of countries (especially D, F, I). It is highly uncertain how the sector will develop in the future. The competition in the sector is increasing, making the European social dialogue particularly important.

Construction is mainly a local activity, with only a few large firms: 92 % of all the enterprises in the sector employ between 0 and 9 people (1999).

Employment characteristics

Even more telling is the enterprise structure of the sector: small enterprises (0-9 employees) accounted for just over 49% of employment in the industry in 1996 (compared with a figure of 34% for all sectors combined). In Italy, this figure was 66% and in the UK 68 %! Medium-sized and large enterprises are of minor importance in terms of employment, enterprises employing 50-249 accounting for around 12.5% of total employment and those of 250 and over for just over 11%.

Employment in construction by size of enterprise, 1996 78



Source: Eurostat, Labour Force Survey

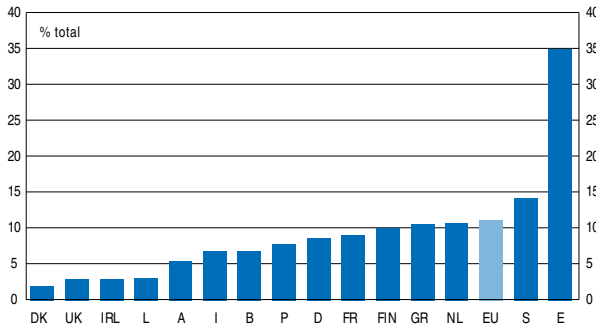
However, by virtue of subcontracting small firms are often dependent on large firms. Many workers are employed on temporary contracts or contracts with limited duration (14 % in 1997, the average for the whole of the European economy is 10%) or as self-employed workers (around 23 % in 2000, the average for the whole of the European economy is 14%).

Female employment is particularly low in the construction sector (around 8.5% of the European average). Temporary employment, although important, is variable according to the various countries.

The influx of non-EU nationals working in the shadows of the market is increasingly posing a problem.

Temporary employees in construction, 2000

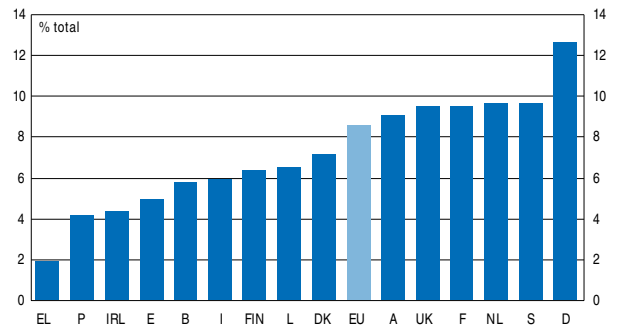
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Source: Eurostat, Labour Force Survey

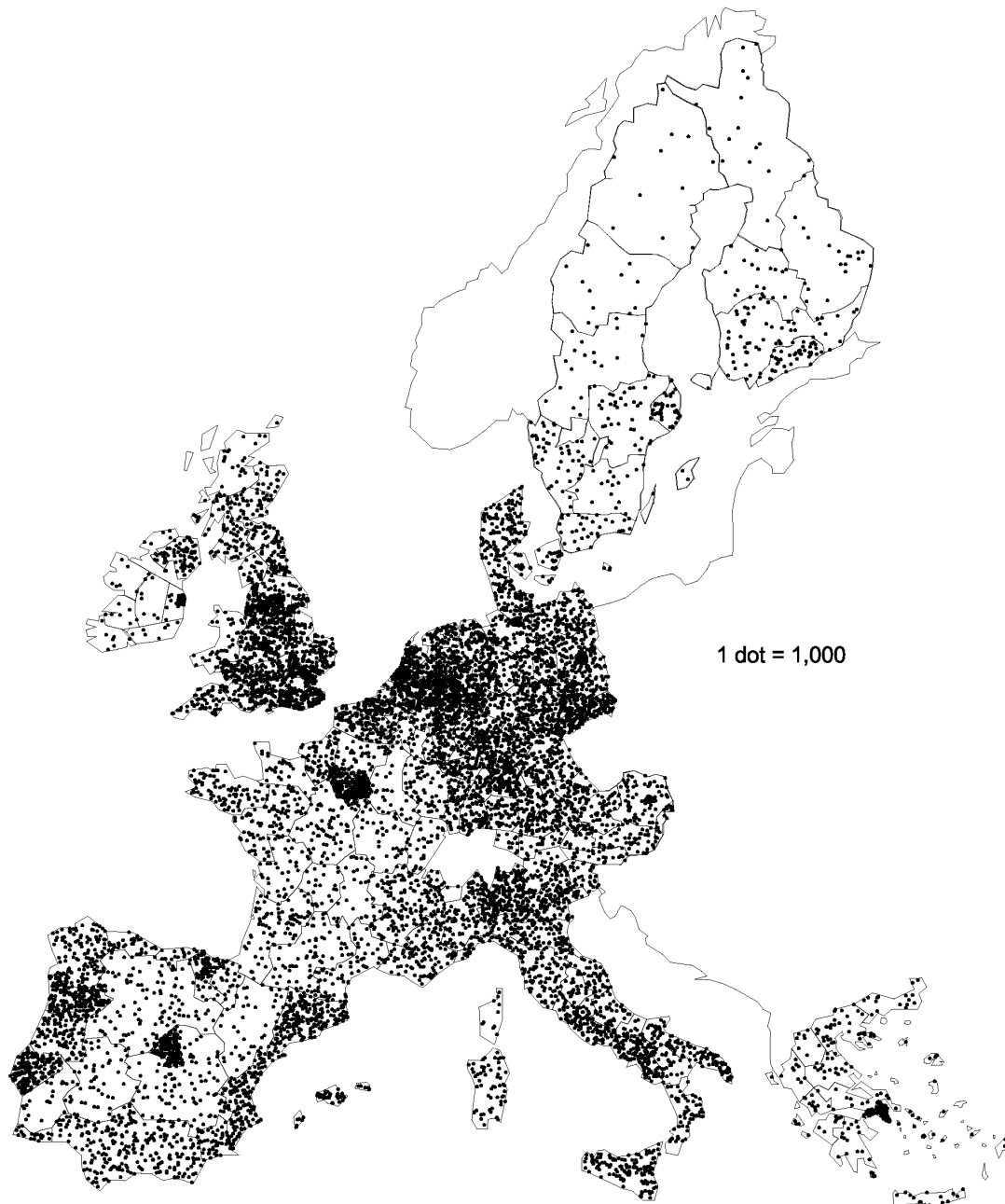
Women employed in construction in Member States, 2000

80



Source: Eurostat, Labour Force Survey

Map 7 Employment in construction, 2000



Source: Eurostat, Labour Force Survey

The social partners of the European construction industry

On the workers' side, the main vertical organisation on the European level for the construction industry is EFBWW (European Federation of Building and Wood Workers), a European Industry Federation affiliated to the ETUC.

EFBWW started as an informal contact group within the International Federation of Building and Wood Workers, and it acquired its autonomy in 1974. ETUC officially recognised it in 1984.

With some exceptions, the organisation directly or indirectly gathers the totality of building trade unions in EU Member States with CB power. It is not present in Greece only.

On the employers' side, the main vertical organisation on the European level for the construction industry is FIEC (the European Construction Industry Federation), which is indirectly related to UNICE (i.e. through the national horizontal organisations to which a lot of its members are affiliated). Its major contestant for representativeness is EBC (the European Builders Confederation), which collaborates with UEAPME.

FIEC is the most representative sectoral employers' organisation for the construction sector in terms of its presence in the Member

It is present in 14 Member States (except in the UK; although in this country the Construction Confederation is about to become affiliated again; in E a situation of double affiliation to ECB exists). However, it is the most representative organisation in terms of represented enterprises in only 7 of them.

In the 6 Member States where another European sectoral employers' organisation for the construction sector, EBC, has members, EBC is the most representative organisation in terms of represented enterprises, except in B (E, F, I, L, UK).

FIEC and EFBWW work together inside the sectoral dialogue committee for the construction industry since 1999 (since 1992 they had been working together inside the structure of an informal working party for the construction industry).

Vocational training has been a priority in the dialogue, because of its importance for employment creation (skills shortages) and its importance in relation to health and safety issues. Construction is a sector with characteristics that do not encourage investment in vocational training – such as the fact that the majority of the undertakings are SMEs and the existence of subcontracting relationships, coupled

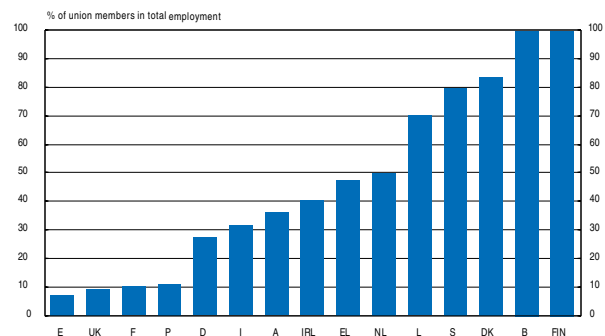
with the temporary and mobile nature of worksites and the high level of mobility in the sector. The European social dialogue makes an important contribution in that it organises an exchange of information about the innovative measures in respect of vocational training undertaken by the sector's social partners. On the other hand, the social partners at European level can promote new methods of validating skills acquired and increase the transparency of vocational qualifications between the Member States.

Another problem raised by the increasing level of geographical mobility in the sector is the issue of the social protection of the workers posted across national frontiers. While the Directive on the posting of workers in the framework of the provision of services (96/71/EC) of 1997 requires the application to the posted workers of the terms of the collective agreements and regulations on minimum wages of the host country, the European social partners have adopted a joint opinion which recommends, in addition, the establishment of some co-ordinating principles at the European level in order to guarantee social protection for posted workers.

The construction sector is the second biggest sector of the European economy in which a social dialogue exists (after the commerce sector).

Construction: Trade union density (%)

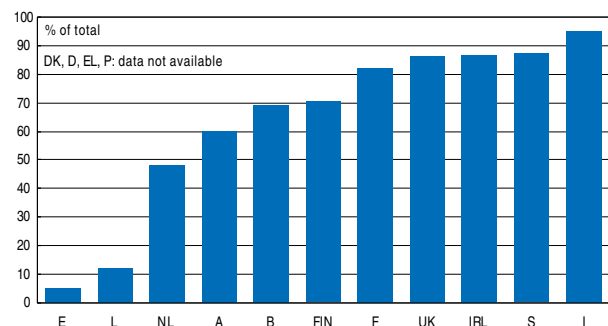
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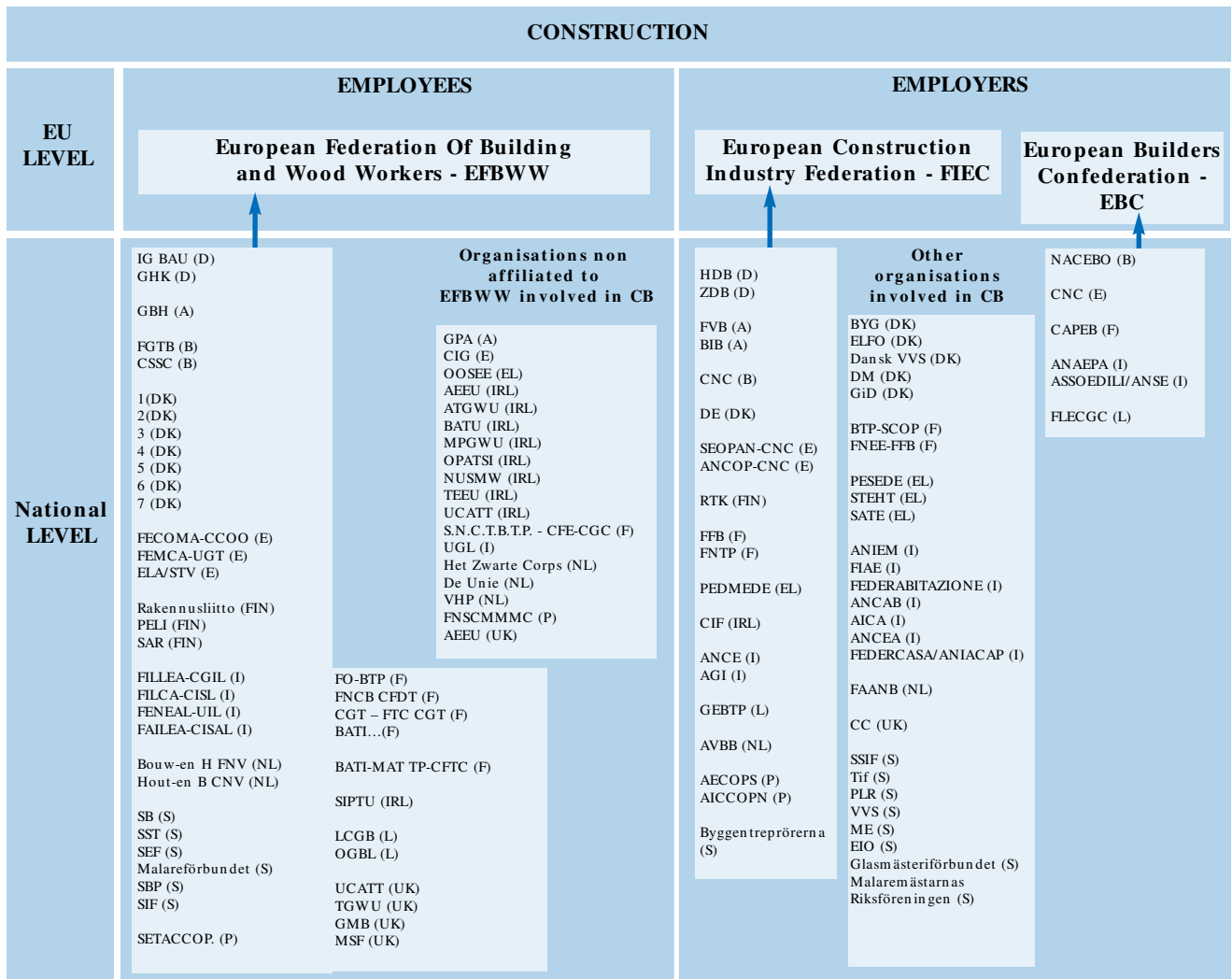
Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001

Construction: Employers' organisations - Represented employment

82



Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001



Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001

Textiles/ Clothing industry

Industry characteristics

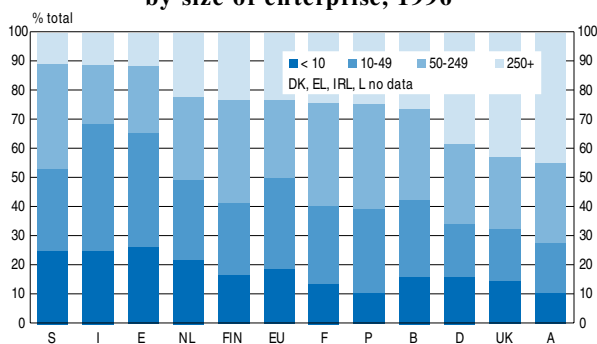
Textiles and clothing, together with footwear, employed some 2.8 million in the EU in 2000, just under 2% of total employment.

The industry is strongly exposed to international competition, which means growing trade penetration (a large share of the produce is destined for export), but also a tendency towards the relocation of production plants to low-wage economies. The latter goes especially for the clothing sub-sector which is labour intensive.

Competition from outside the EU and technological advances have caused a decline in the number of firms (economic concentration and closures; except e.g. in Sweden), and the – in some countries, sharp – decrease in the number of workers. Nevertheless, the value of output has increased, indicating increased productivity.

Employment in textiles and clothing by size of enterprise, 1996

84



Source: Eurostat, SME database

Textile and clothing are very different industries though their subcontracting relations are functional: the clothing industry uses materials produced in the textile industry. Sub-sectors are internally characterised by a high degree of specialisation (a single firm provides only one or few functions requested by the production process). In the clothing sub-sector the specialisation of functions (and sub-contracting) is the main organisational model.

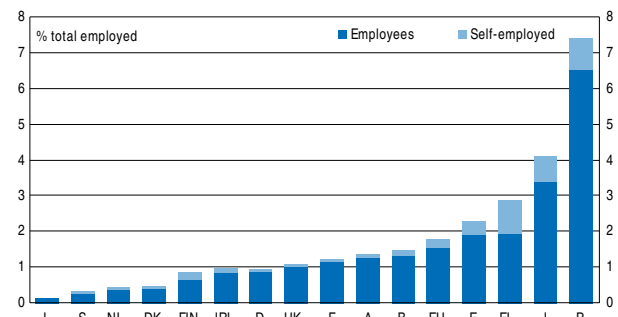
The textiles and clothing sub-sectors have, however, a very different production process: while the first is very capital intensive, the second demands more investment in manpower.

Employment characteristics

There were more than 500,000 job losses in the sector over the period 1995 to 2000, a decline of almost 3.5% a year. Italy accounts for 30% of employment in the textiles-clothing sector in the EU.

Employment in textiles and clothing in Member States, 2000

85

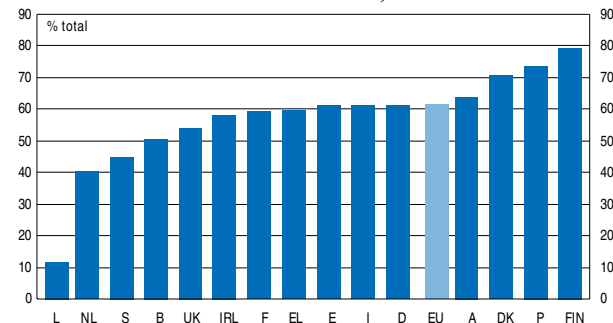


Source: Eurostat, Labour Force Survey

Share of employment by women is larger (above 60% in average in the EU), with the exception of three countries, Luxembourg, the Netherlands and Sweden.

Women employed in textiles and clothing in Member States, 2000

86



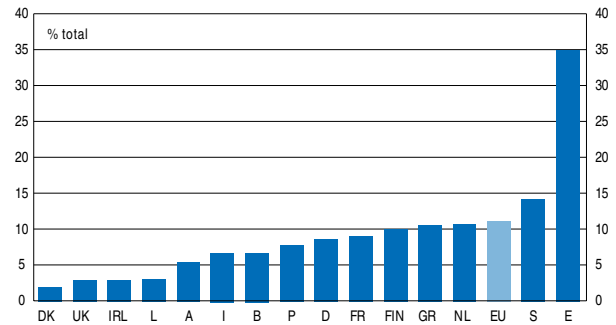
Source: Eurostat, Labour Force Survey

The situation of productive specialisation is characterised by the predominance of SMEs, and even of small firms. There are very few large companies (to be found in the first stages of production, i.e. more in the textiles sub-sector than in the clothing sub-sector). The large enterprises represent 29 % of the total employment in the sector in the textiles sub-sector and 20 % in the clothing sub-sector; in comparison, they represent 34 % of the total employment in the non-agricultural market sector taken as a whole (data for 1996).

The vast majority of workers engaged in these industries are dependent workers. Moreover, one has to draw the attention to the particularity of a considerable number of home workers, possibly paid on a piece-work basis, especially to be found in the production of wearing apparel and accessories (NACE 18.2). The high fragmentation of the firms' structure, especially in the clothing sub-sector, is one of the reasons for the important presence of hidden activities.

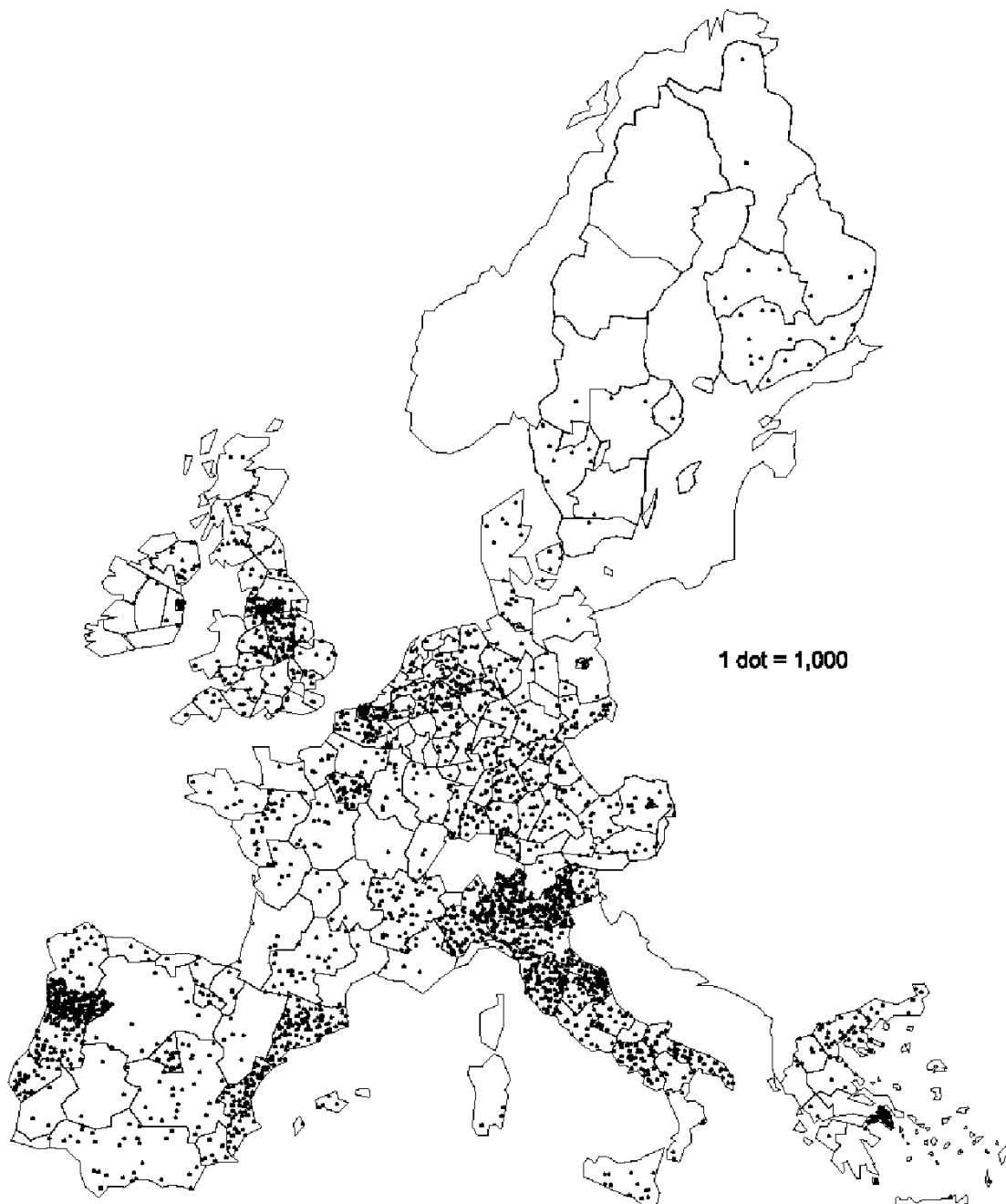
Temporary employees in textiles and clothing, 2000

87



Source: Eurostat, Labour Force Survey

Map 8 Employment in textiles and clothing, 2000



Source: Eurostat, Labour Force Survey

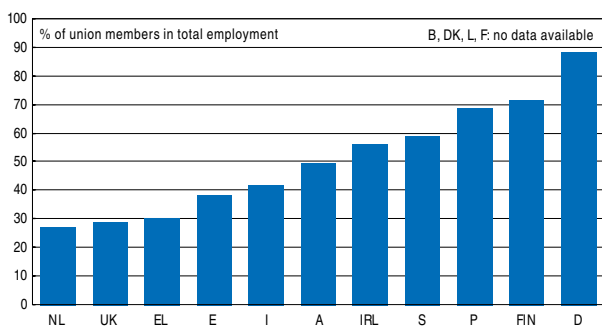
The social partners of the European textile industry

The European Trade Union Federation: Textiles, Clothing and Leather (ETUF:TCL) represents the workers' side in the sectoral dialogue committee.

It is a European Industry Federation affiliated to the European Trade Union Confederation (ETUC). It works closely together with the sector's International Trade Secretariat, the International Textile, Garment and Leather Workers' Federation (ITGLWF), associated with the International Confederation of Free Trade Unions (ICFTU), and with the International Federation Textile and Clothing, affiliated to the Christian-oriented World Confederation of Labour (WCL).

Textiles and clothing: Trade union density (%)

88



Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001

It has 28 member trade unions, in all Member States except Luxembourg (where the activities under consideration are quasi non-existent). All of them engage in CB, except the Bask IGEKO (affiliated to ELA-STV). In practice, some of its members act as a cartel when engaging in CB.

According to this organisation, it represents more than 1.5 million workers across the European Union, but this estimate might be misleading. A considerable amount of trade unions members of the ETUF:TCL have members working in other sectors. White-collar trade unions or union representing managerial staff are mostly horizontally organised. Furthermore, a merger trend can be discerned of trade unions rooted in this sector with trade unions with a more broad membership basis.

However, from a very rough estimation it follows that the ETUF:TCL represents around 885.000 workers in the sector, or around 44 % of the employment in the sector (estimated at 2 million workers).

EURATEX is the organisation federating the European employers of the textiles and clothing

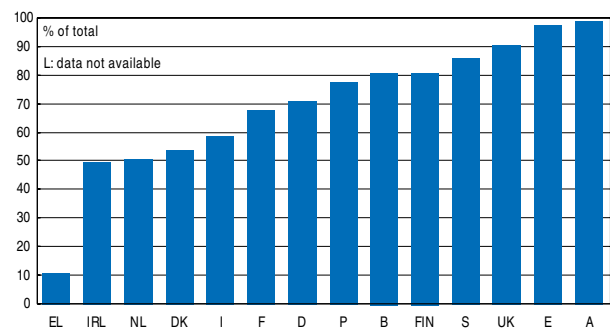
sector. It has stressed its willingness as organisation to participate in the Social Dialogue process through the sectoral committee.

19 national organisation are members of EURATEX, either sectoral organisations or 'negotiation cartels' grouping sectoral or sub-sectoral organisations into one single association. It is present in all Member States except Luxembourg.

Although the number of employers' organisations engaged in CB for the textile sub-sector is increasing in some Member States, there is a general recognition of the legitimacy of EURATEX to represent employers' interests in the sector.

Textiles and clothing: Employers' organisations -Represented employment

89



Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001

ETUF:TCL and Euratex made in 1999 a joint request for the establishment of a sectoral dialogue committee; it replaced the informal working group in which they previously participated. At this moment, no other organisation has requested to be involved in the working of the sectoral dialogue committee. As achievements of the sectoral social dialogue in the Textiles/Clothing industry deserve to be highlighted:

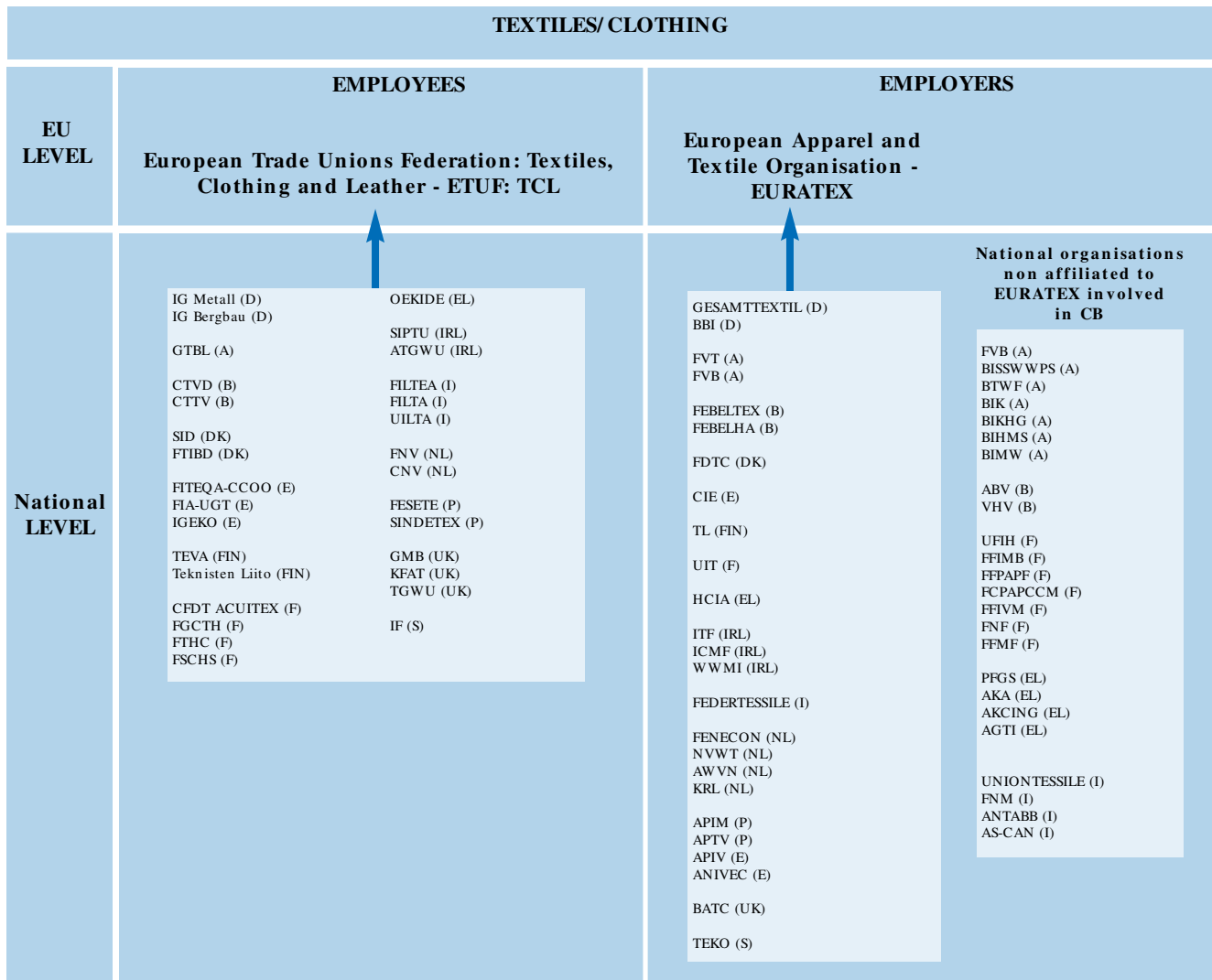
- the signing of a European Code of Conduct on 22 September 1997 concerning the application of six international labour agreements; the Code lays down an annual follow-up process to monitor adherence to it, within the framework of the sectoral social dialogue. The signatories had called upon their members to include the code of conduct in sectoral and company-level agreements and the social partners of several Member States have incorporated the Code in their national CLA's.
- the joint declaration of 20 December 1999 supporting the setting up of a European Observatory on Industrial Change.

Guidelines on the co-ordination of CB have been agreed by ETUF:TCL in September 1999.

Social partners are also actively contributing in the follow-up of the implementation of the Commission action plan on the strengthening of

competitiveness and employment in European textile and clothing.

The social partners of the European textile industry



Source: Report on the representativeness of European social partners organisations, part 2, IST, Univ. Catholique de Louvain la Neuve, 2001

Industrial relations in the candidate countries

Industrial Relations in the candidate countries

The aim of this chapter is to give a general overview of social dialogue in candidate countries. Looking forward to the enlargement of the EU, it is important to have a first assessment of social partners in the candidate countries, of the current state of the consultation process in which they are involved, as well as of autonomous social dialogue and collective bargaining at more decentralised levels.

The development of industrial relations in candidate countries is related to the profound changes first brought about by the transition process itself, and then in the last years partly by the accession process itself. The opening of these countries to the outside world, the intensification of trade and capital flows have already had an important impact on these economies, and undoubtedly also influenced internal growth and economic and social reforms, in particular in the industrial relations area. While the objective is to address here industrial relations in the 13 candidate countries, we shall direct the focus according to information available, and also the relevance of the issues discussed, some for instance being more specific to Central and Eastern European countries.

A context of economic recovery

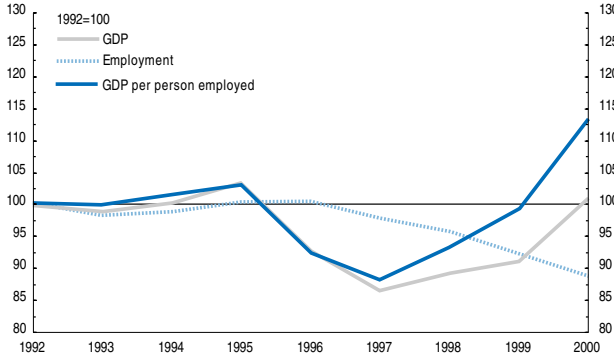
After a collapse of industrial output and GDP in the first years of reforms early 90s, the ten candidate countries of Central and Eastern Europe have generally seen better results. In the most recent period, after a slowdown in the late 1990s, there are welcome signs of economic recovery. GDP growth accelerated from 2.2 per cent in 1999 to approximately 4 per cent in 2000, a similar growth having taken place in the first half of 2001 and being expected for the second half of 2001 and for 2002. Such growth over the most recent years has been the most sustained in Hungary, Slovenia,

Estonia and Poland. To be noted also the better GDP performance in 2000 in Bulgaria –it confirms the economic recovery since the crisis of 1995-97- and in Latvia –it over takes for the first time its level of 1992- that slightly compensates somehow their bad performance over the previous years. The Czech Republic also seems to have overcome its restructuring crisis of 1996-99. Romania continues to register poor economic results, although it succeeded to halt in 2000 the decline in GDP registered every year since 1996. In the South, Malta and Cyprus have seen continuous economic growth, although at lower rates than the most advanced Central and Eastern European economies (see the series of Figures 91 to 103). Turkey has a less dynamic economy although it has also had good economic results in the last period. The figures below thus show the progressive improvement of GDP figures in almost all candidate countries.

Because of improved GDP figures, and the continuous decline in employment, productivity rates, measured by the GDP per person employed, have improved in most candidate countries. Such movements in productivity generally reflect the pace of rationalisation and elimination of the over-manning which was prevalent across the region. Differences between candidate countries are observed, between for instance Hungary and Poland, where productivity has risen almost continuously, the Czech Republic, where it remained unchanged from 1996 to 1999 and has just begun to rise, and Romania, where it has tended to fall since 1996. Differentials in productivity growth may have implications for relative competitiveness and therefore employment in the longer term. In Malta and Cyprus, and to a lesser extent Slovenia, employment has slightly increased and not decreased along the growth in GDP, thus leading to productivity growth during the whole period.

GDP and employment growth in Bulgaria, 1999-2000

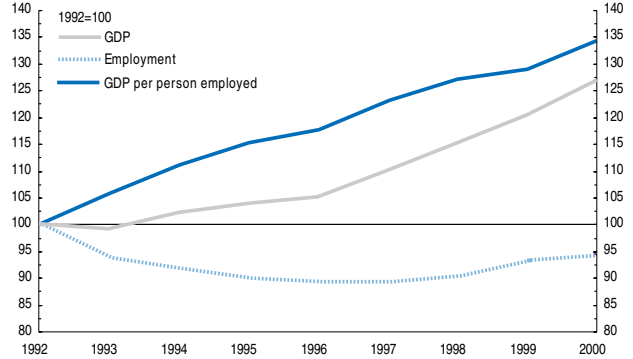
91



Source: Eurostat, National Accounts

GDP and employment growth in Malta, 1999-2000

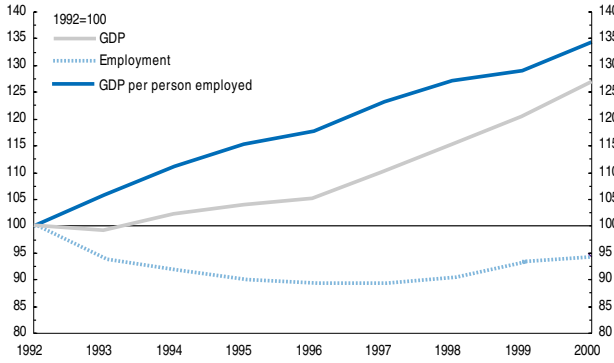
95



Source: Eurostat, National Accounts

GDP and employment growth in Hungary, 1999-2000

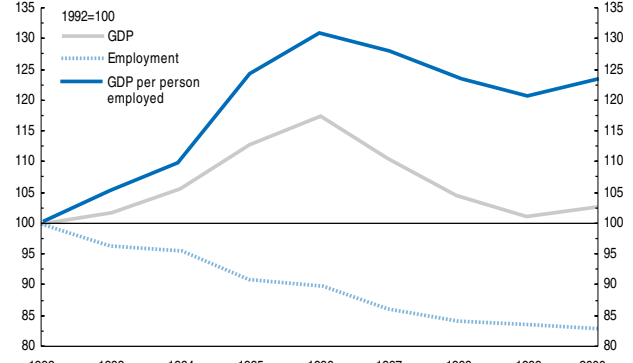
92



Source: Eurostat, National Accounts

GDP and employment growth in Malta, 1999-2000

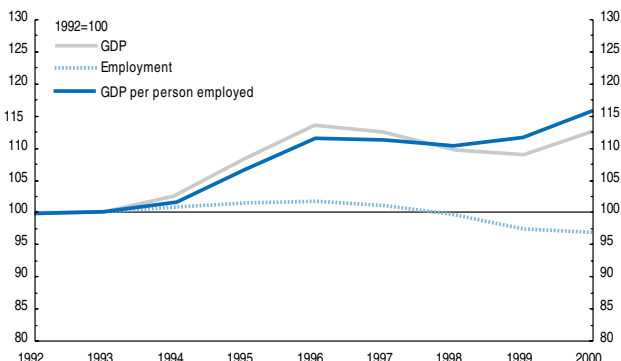
96



Source: Eurostat, National Accounts

GDP and employment growth in Czech Republic, 1999-2000

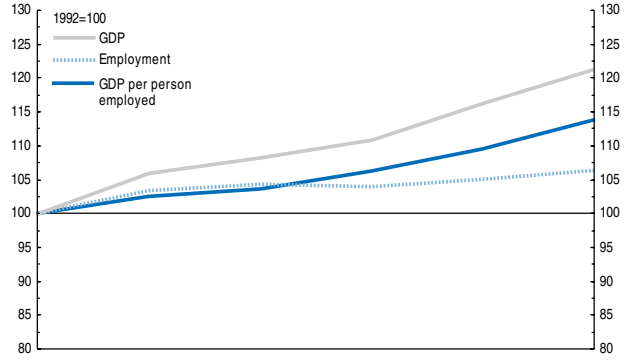
93



Source: Eurostat, National Accounts

GDP and employment growth in Cyprus, 1999-2000

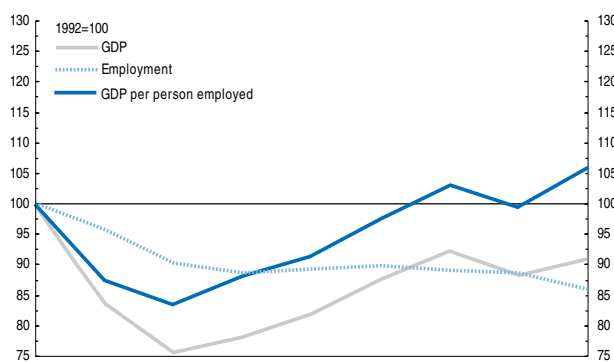
97



Source: Eurostat, National Accounts

GDP and employment growth in Lithuania, 1999-2000

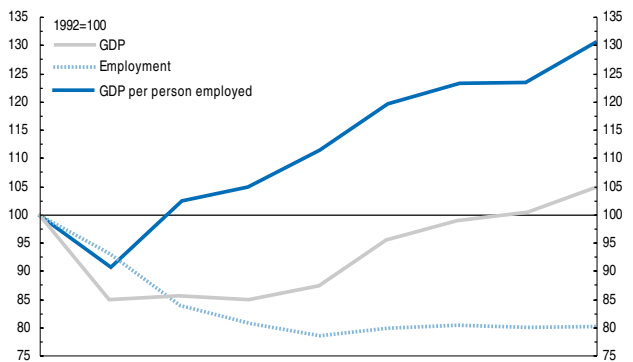
94



Source: Eurostat, National Accounts

GDP and employment growth in Latvia, 1999-2000

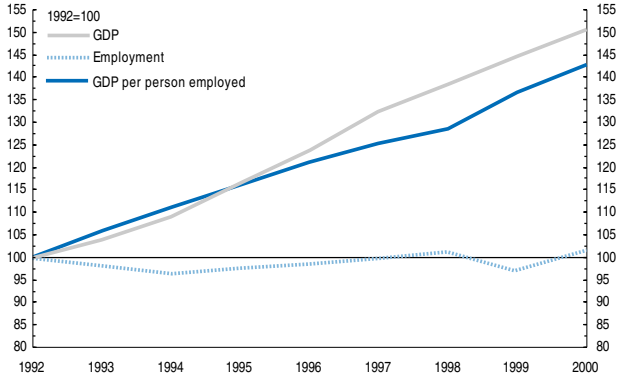
98



Source: Eurostat, National Accounts

GDP and employment growth in Poland, 1999-2000

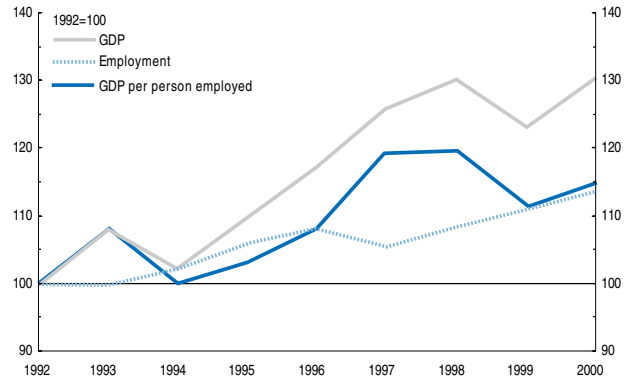
99



Source: Eurostat, National Accounts

GDP and employment growth in Turkey, 1999-2000

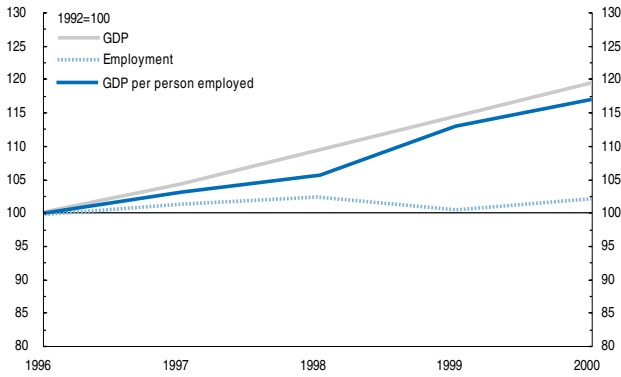
102



Source: Eurostat, National Accounts

GDP and employment growth in Slovenia, 1999-2000

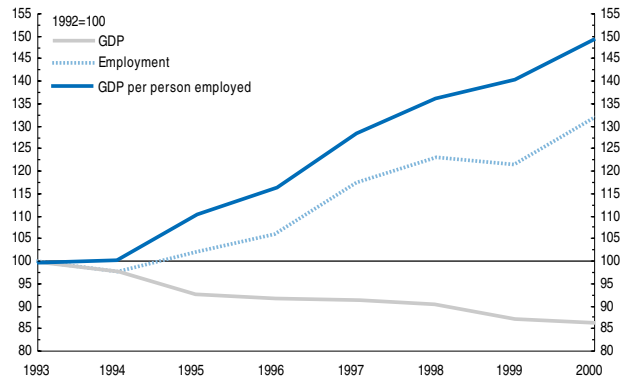
100



Source: Eurostat, National Accounts

GDP and employment growth in Estonia, 1999-2000

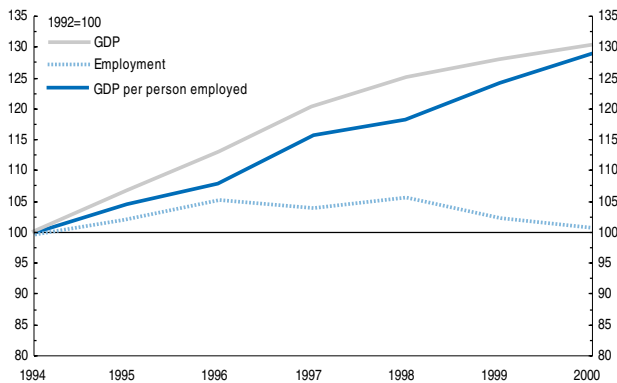
103



Source: Eurostat, National Accounts

GDP and employment growth in Slovakia, 1999-2000

101



Source: Eurostat, National Accounts

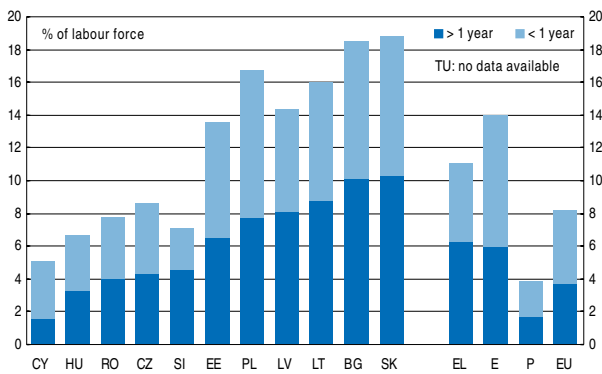
Increased unemployment

In most candidate countries of Central and Eastern Europe however, improved performance in terms of economic growth still has to materialise into employment figures. Employment has continued to deteriorate in most of these countries, even if the rate of decline has slowed down.

As for unemployment, increasing rates are already above 15 per cent in Poland and Lithuania and are approaching the 20 per cent in Bulgaria and Slovakia. Unemployment rates have also continued to increase in Estonia and Latvia, whilst the situation seems to be better controlled in Hungary, the Czech Republic and Slovenia. The unemployment situation however cannot be analysed in isolation from participation and employment rates, which have declined in most candidate countries. The low rate of unemployment in Hungary is also partly due to a large fall in the participation rate that has occurred during the transition.

The situation is stable in Cyprus and Malta because of their strong economic growth and the absence of a restructuring process of the scale observed in Central and Eastern Europe. Long-term unemployment however remains one characteristic of the Central and Eastern European countries.

Unemployment rates in the candidate countries by duration of unemployment, 2000 104



Source: Eurostat, Labour Force Survey

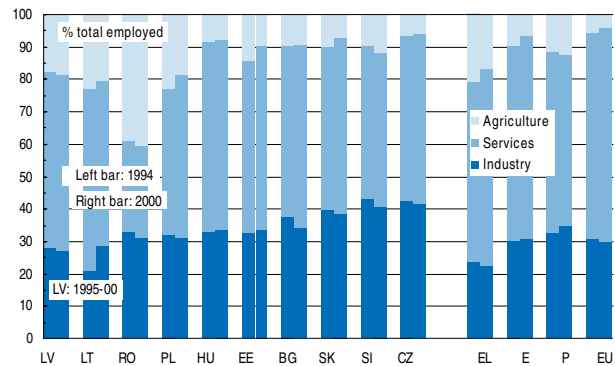
Moreover, we must emphasize that the above national average figures do not take into account the importance of the informal sector in these countries, which often represent more than one fourth of national GDP, as in Hungary. Moreover national average data conceal important regional disparities, which are much higher than within the EU. This evolving context, in terms of economic growth, fall in employment and increase in unemployment has profoundly challenged industrial relations systems, as we shall see below.

Economic activity reshuffling

The structure of economic activity may also play a role, since it has been deeply modified in the first ten years of transition, with old activities closing down whilst new activities emerged. At the same time, the privatization and restructuring process also have had a direct effect on industrial relations.

There has been first a shift from industrial activities and agriculture to services, particularly in the first years of transition. Since the mid-90s, the share of services continues to increase but at a lower speed; it remains well below the EU average. The share of agriculture is also larger than the EU average, especially in Poland, Estonia, Lithuania and Latvia.

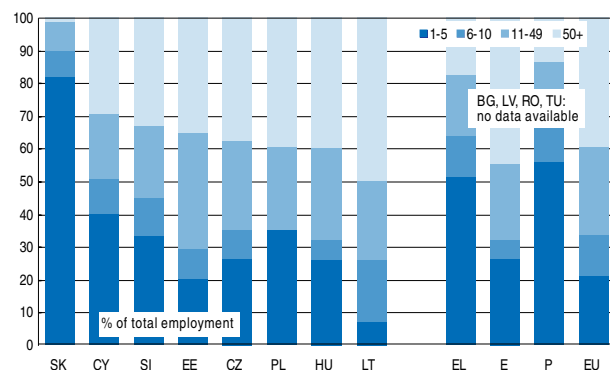
Distribution of employment by sector of economic activity in the CEECs, 1994 and 2000 105



Source: Eurostat, Labour Force Survey

Secondly, there has also been a growing share of the private sector vis-à-vis the public sector. The size of enterprises has also been modified, with the splitting of former large state enterprises into smaller units and the widespread creation of new small and very-small (micro) enterprises in the emerging private sector. Small scale enterprises employ more than 90 per cent of the workforce in Slovakia.

Employment in the candidate countries by size of unit, 2000 106



Source: Eurostat, Labour Force Survey

These structural shifts have had direct implications for collective bargaining and the importance given to the social partners. The shift away from industry and large companies has tended inevitably to reduce the importance of trade unions and made it difficult for employers to form associations.

Industrial relations in the reform process

At the same time, industrial relations can also influence the economic and social reform process of candidate countries. We thus present here some of the basic features and trends of their industrial relations systems.

We shall first present the current situation of employer and trade union organisations, to then systematically describe the process of consultations and of social dialogue at national, sectoral, regional and enterprise levels. In doing so, we shall also try to analyse how industrial relations may influence and be influenced by the transition process itself, as well as by other developments taking place within the context of EU enlargement, and especially within the dynamics expected of trade, capital and labour.

Two specific distinctions must be kept in mind: first, Central and Eastern European countries due to their Communist heritage and their first ten years of transition differ in many respects from the three Southern countries that are today candidates for EU accession, that is Cyprus, Malta and Turkey –which have their specific history and features. While we also present trends in the three Southern countries, this chapter mainly focuses on the ten candidate countries of Central and Eastern Europe. Second, important differences also prevail among the ten Central and Eastern European countries here under study, which are at different stages of institutional and organisational development.

Finally we must also keep in mind that social dialogue systems as well as social partners' organisations described in the next sections are not always consolidated, a process that will certainly require many more years. A certain number of trends however can already be observed, and be scrutinised within the prospect of EU enlargement and of industrial relations developments in current EU Member States.

The Actors

Social dialogue is defined as a process of cooperation and negotiations between employer and trade union representatives, while social concertation is a process in which the state involves social partners in the policy debate and eventually decision-making.

The State

In Central and Eastern European countries, the state has also played a crucial role in setting the framework for social dialogue and industrial relations: firstly as a legislator, setting the legal or/and institutional framework on social issues, including the functioning of industrial relations systems and the activities of social partners; secondly, as the main party responsible for the whole EU accession as well as transition process; third, as an "employer" since it remains the owner of the multitude of state enterprises still existing in these countries.

The state has thus influenced social dialogue in many ways, especially in the former socialist countries characterised by a heavy legislative activity in the field of industrial relations.

In most Central and Eastern European countries, governments in the transition period introduced the principles of formal institutional representation for workers in independent trade unions, the right for the representation of employers, new legislation amending the old Labour codes in conformity with International Labour Standards on freedom of association, the right to strike, the right to free collective bargaining. Negotiations for EU accession also led governments of candidate countries to progressively improve the different pieces of legislation related to industrial relations and social dialogue.

The right to establish trade union or employers' organisations has been enshrined in different articles of national Constitutions, complemented eventually by laws on Associations and specific laws on trade unions –as they exist for instance in Romania, Estonia, Lithuania and Latvia– and employers –as in Latvia.

In almost all Central and Eastern European countries however there rarely exists any law fixing representativity criteria for trade union and employer organisations, with the possible exception of Slovenia and Poland. In the absence of representativity criteria the participation of social partners in tripartite bodies took on a particular importance for social partners, and thus influenced the shaping of industrial relations also at more decentralised levels.

The social partners

In order to understand industrial relations developments in Central and Eastern Europe, a brief description of the main features and trends of trade union and employers' organisations is

Industrial Relations in the Candidates Countries

necessary. Although in less detail, some information is also provided on social partners in the three Mediterranean countries.

On the *trade unions' side* the first years of transition were characterised by significant rivalry

between competing organisations and a resulting fragmentation of the trade union movement. While former trade unions involved themselves in a process of democratisation and converted to a free-market economy, new trade unions proliferated. Former-Communist trade unions

Main social partners organisations, 2001

<i>Country</i>	<i>Trade unions</i>	<i>Employer organisation.</i>
Bulgaria	Confederation of Independent Trade Unions in Bulgaria (KNSB) Confederation of Labour PODKREPA NPS Promyana 'Vazrazhdane'	Bulgarian Industrial Association (BIA) Bulgarian Chamber of Trade and Industry Union for Private Enterprising (UPE) Bulgarian Union of Private Employers
Cyprus	Cyprus Workers Confederation (SEK) Pancyprian Federation of Labour (PEO) Democratic Labour Federation (DEOK). Pancyprian Confederation of Public Servants (PASYDY)	Cyprus Federation of Employers' and Industrialists (OEB) Cyprus Chamber of Commerce and Industry (KEBE)
Czech Republic	Czech Moravian Trade Union Confederation (CMKOS) Confed. of Arts and Culture (KUK) Association of Independent Trade Unions (ASO) Coalition of Christian Trade Unions (KOK) Trade Union of Bohemia, Moravia and Silesia (OSCSM)	Union of Industry and Transport Confederation of Employers and Entrepreneurs Associations
Estonia	Association of Estonian Trade unions (EAKL) Estonian Professional Employees' Union Association (TALO)	Estonian Confederation of Employers and Industry (ETTK) The Estonian Association of Small and Medium Enterprises (EVEA) (joined ETTK in 1995)
Hungary	Autonomous Trade Union Confederation (ASZSZ) Confederation of Professional Trade Unions (ESZT) Democratic Ligue of Free Trade Unions (FSZDL) National Federation of Workers' Councils (MOSZ) National Confederation of Hungarian Trade Unions (MSZOSZ) (biggest org.) Forum for the Cooperation of Trade Unions (SZEF)	National Federation of Consumer Cooperatives (AFEOSZ) Union of Agrarian Employers (AMSZ) National Association of Industrial Corporations – Chamber of Artisans (IPOSZ) National Federation of Traders and Caterers (KISOSZ) Confederation of Hungarian Employers and Industrialists (MGYOSZ) (biggest org.) National Federation of Agricultural Co-operatives and Producers (MOSZ) Hungarian Industrial Association (OKISZ) National Association of Strategic and Public Utility Companies (STRATOSZ) National Association of Entrepreneurs (VOSZ) Confederation of Hungarian Employer Organisations for International Co-operation (CEHIC) (umbrella org. for International cooperation)

Industrial Relations in the Candidates Countries

Latvia	Free Trade Union Confederation of Latvia (LBAS)	Latvian Employers' Confederation (LDDK)
Lithuania	Lithuanian Trade Unions' Centre (LPSC) Lithuanian Workers' Union (LDS) Lithuanian Labour Federation (LDF) Lithuania Trade Union Unification (LPSS)	Lithuanian Industrialists Confederation (LPK) Lithuanian Business Employers Confederation (LVDK)
Malta	General Workers Union (GWU) Confederation of Malta Trade Unions (CMTU) including the United Workers' Union (UHM) General Retailers and Traders' Association (GRTU)	Federation of Industries (FOI) Malta Employers' Association (MEA) Malta Hotels and Restaurants' Association (MHRA) Chamber of Commerce (CoC)
Poland	Solidarity (NSZZ 'Solidarnosc') OPZZ	Confederation of Polish Employers (KPP) Polish Confederation of Private Employers (PKPP)
Romania	National Confederation of Free Trade Unions in Romania 'Fratia' (CNSLR-Fratia) National Trade Union Block (BNS) Confederation of Democratic Trade Unions in Romania (CSDR) Cartel Alfa Meridian	The General Union of the Romanian Industrialists (UGIR 1903) Employer Confederation of the Romanian Industry (CONPIROM) National Confederation of the Romanian Employer (CONPR) National Council of Private Small and Medium Enterprises (CNIPMMR) General Union of Romanian Industrialists (UGIR) National Union of the Romanian Employer (UNPR) National Council of the Romanian Employers (CNPR) Romanian National Employer (PNR)
Slovakia	Confederation of Trade Unions of the Slovak Rep. (KOZ SR) Confederation of Art and Culture Independent Christian Trade Union	Association of Employers' Unions of the Slovak Rep. (AZZZ SR)
Slovenia	Association of Free Trade Unions (ZSSS) Neodvisnost-Confederation of New Trade Unions of Slovenia (KNSS) Confederation of trade Unions PERGAM Confederation 90 (K-90)	Chamber of Commerce and Industry (GZS) Chamber of crafts (OZS) Slovenian Employer Association (ZDS) Small Companies and crafts Association (ZDODS)
Turkey*	Confederation of Turkish Trade Unions (TURK-IS) Confederation of Progressive Trade Union (DISK) Trade Union Confederation of Turkey (HAK-IS) Confederation of Public workers Unions (KESK) Confederation of Civil Servants of Turkey (KAMUSEN) Civil Servants Union (MEMUR-SEN)	Turkish Confederation of Employers Union (TISK) (the only employer org.; the only one with collective bargaining rights) Association of Turkish Businessmen and Industrialists (TUSIAD) Association of Independent Businessmen and Industrialists (MUSIAD) Young Businessmen Association of Turkey (TUGIAD) Union of Chambers of Commerce, Industry, Maritime Trade and Commodity Exchange of Turkey (TOBB) Confederation of Artisans and Craftsmen of Turkey (TESK) Union of Chambers of Agriculture in Turkey (TZOB)

* Data in this table have been provided by a group of experts from the Candidate Countries set up by the European Commission.

could benefit from previous structures –assets and members– to reform themselves, and thus rapidly appeared as the dominating organisation for workers' representation, while many new trade unions started from scratch but rapidly developed because of their image of new, alternative trade union without any links with the former regime. Recognition in tripartite bodies also represented one major challenge for former and new trade union organisations, since it represented the way to gain legitimacy from the government side, but also to potentially increase their representativity vis-à-vis individual members. Such confrontations have been acute since many trade unions remained very «politicised» and needed time before gaining –and before even searching for– full autonomy from political parties and government policy.

Internal tensions have characterised the trade union movement in the years of reform for instance in Bulgaria, where former trade union CITUB and the new trade union PODKREPA had to co-exist, in Hungary where a myriad of different trade unions appeared, such as former communist trade union MSZOSZ and other new trade unions such as the League of Independent Trade Unions (LIGA) and the Federation of Workers' Councils (MOSZ), in Poland where political history marked the trade union movement, with the presence of Solidarnosc whose activities had been forbidden during the Communist regime, and the trade union OPZZ originally created as a counter-movement from the original communist Council of Trade Unions.

At the same time, links with official government policies has threatened to jeopardise the trade unions' mandate as voluntary and strategic representatives of employees' interests. In Poland, Solidarnosc experienced tensions between its role as a social and political movement and its role in defending workers' interests in the workplace.

The trade union movement is also fragmented between a number of different organisations, as in Romania and Hungary where respectively five and six national trade union organisations co-exist. In countries like the Czech and Slovak republics, and Slovenia, there are also a number of organisations but one major confederation succeeded in dominating the scene. Bulgaria and Poland continue to be characterised by dual trade union representation (bipolarism).

Today, in the early 2000s, after more than ten years of transition, we can observe that the situation is improving for the trade union movement, since former hostility and fights have progressively been replaced in most cases by an acceptance of each

other, and sometimes also by first attempts of cooperation. The question of trade union assets has been generally solved in all countries, thus limiting the sources of division. New trade unions have generally accepted and recognised that former trade unions have been truly reformed, whilst former trade unions have also accepted new trade unions as being part of the social dialogue and collective bargaining scene.

This had led to a new period, in which mergers can be attempted between trade union organisations. They often represent the only possibility of surviving in a context of scarce financial and human resources and declining membership.

From the *employers' side*, there was clearly no tradition of employers' organisations in the former regimes. There were only employers appointed in state-owned enterprises whilst the only employers' representatives were the chambers of Commerce. After the collapse of the Communist regimes, the employers' side had thus to be built from scratch. Due to the complete re-organisation of the economy in most countries of the region, it has been easier in practice to identify the workers' side than the employers' side.

This missing side from the employers had caused problems both at the national level –precisely when the governments were trying to build a tripartite partnership– and sectoral level where employers' representatives were totally absent. This led in some cases the state to provide considerable assistance to the creation of employers' organisations, as it happened for instance in Poland, Czech and Slovak republics.

Undoubtedly, the most significant weakness of industrial relations since the beginning of the transition lies in this lack of organised and representative employers' organisations at the national and intermediary levels.

While employers' organisations were able to participate in the tripartite process, in many cases they could not guarantee the implementation of tripartite agreements, especially by non-members.

In a first transitional period, employers' organisations mostly represented the interests of state-owned enterprises. As the privatization process intensified, the emergence of the private sector created a great diversity of employers at the local level which also led –as for the trade unions– to a rapid multiplication of employers' organisations. New organisations emerged representing private entrepreneurs' interests, and later on of small and medium size enterprises. Hungary and Romania for

instance have respectively nine and eight national employers' organisations.

Since this diversity is also weakening employers' positions, there have been in the recent past some attempts of mergers, as in Romania. Attempts of coordination also emerged, as in Hungary where eight out of the nine employers' organisations (IPOSZ not included) agreed to create an umbrella organisation for International cooperation (CEHIC), especially from the pressure of the European employers' organisation UNICE. Other countries such as Bulgaria, and to a lesser extent Lithuania, the Czech republic and Poland are also characterised by pluralism in employer interests' representation.

Other candidate countries are characterised by one major employer organisation, as in Slovenia, Slovakia, Latvia. Similarly in Turkey, the only employer organisation TISK represents not only private but also state-owned enterprises. In Latvia, legislative provisions on employer organisations' representativeness have been built in such a manner to ensure the emergence of a sole organisation to represent employers' interests.

It is worth mentioning that in most candidate countries, there rarely exists an organisation specifically representing the interests of enterprises operating in public services, with the possible exception of Hungary (with Stratosz) and very recently Romania. Their interests are represented

by general employer organisations with wider scope, a situation that contrasts with the operation of such an actor in the European social dialogue (CEEP) as well as with the important place devoted to public services and services of general interests in the Community acquis.

At the same time, small and medium size private enterprises are often represented by a myriad of new employers' organisations, which means that the representation of their interests remains rather dispersed. In Poland as in Slovenia, small and medium enterprises are represented by the chamber of crafts.

In most candidate countries, employers' organisations can be formed on the basis of the very general provisions that are enshrined in the laws on associations. It is therefore difficult to make the distinction between employer organisations and associations of entrepreneurs, except in those countries where a specific law has been introduced for employer organisations, as in Poland in 1991, Latvia in 1999 and Romania in 2000. In Turkey and Malta, employers' organisations can enjoy a specific legislative basis.

Difficulties in organising themselves brought many employers' organisations in Central and Eastern Europe to build their new organisation on the basis of the former chambers of commerce and industry. This allowed them to benefit from the start from political recognition as well as already existing

Legal regulations for trade union and employer organisations		
	For the establishment of social partners' organisations	For representativity criteria
Bulgaria	Constitution (1991), art 49 Labour code (2001), art. 4, 5	Yes (Labour code, art. 34, 35)
Cyprus	Constitution (1960) Law on Trade unions	None
Czech Republic	Charter of Fundamental Rights and Freedoms (in Constitution), art. 27(1) ; art 27(2) Act No. 83/1990 Labour Code for Trade unions' and employers' rights	No
Estonia	Constitution, par. 48 and art. 29 for employees and employers Law of Trade unions (14 June 2000) No specific further law for employers	None
Hungary	Constitution (1949, modified fundamentally in 1989), art. 4, 63, 70c Law II of 1989 on the Right to Association Labour Code (Law XXII of 1992), art. 15	No general law on representativity, but: <u>at firm level</u> for 1) trade unions, representativity determined according to works' councils elections (at least 10 % of votes or 2/3 of workers of the same occupational group within the enterprise; Labour Code, art. 29-2; see also art. 33-4); 2) no specific legislation for employers; at " <u>higher than enterprise</u> " level, art. 34-2 and 3; at <u>national level</u> ; trade unions and employer org. are registered according to the Act on Association; are active in at least three sectors and ten sub-sectors; and have regional structures in at least 5 out of 20 counties; and 1) employer org. have at least 1,000 companies as members, or their affiliated companies employ at least 1,000 workers; 2) trade unions have local sections in at least 100 companies
Latvia	Constitution, art. 102 New Labour Code (2001) Law on Trade unions (Dec. 1990) Law on Employers' organisations (April 1999)	Law on trade unions (1990): Not less than 50 members or 1/2 of workforce Law on employers' organisations: Association uniting most employers
Lithuania	Constitution, art. 50 Law on trade unions (1991) For employers: Law on associations (1996)	No specific regulation (except art. 7 of Law on collective agreements)
Malta	Constitution (Chapters II (7,12-16), IV (32,35,42), XI (120). Conditions of Employment (Regulation) Act 1952 (under review) Industrial Relations Act 1976 (under review) The Malta Council for Economic and Social Development Act (2001)	Yes: Industrial Relations Act (1976) The Malta Council for Economic and Social Development Act (2001)
Poland	Constitution (1997) Law on trade unions (1991) Law on employers' organisations (1991) Amendments of Labour Law in 2000 concerning collective agreements	No representativity criteria Representativity criteria only for trade unions for purpose of collective agreements in supra-enterprise level collective agreements (Labour Code, art 241-17) and for enterprise level collective agreements (art.241-25a)
Romania	For trade unions: Constitution, art. 37-1 and art. 27-2, Law on Trade Unions No. 54/1991 For employers: Law No. 21/1924, Gov. ordinance 26/2000 on associations; Law 130/1996 on collective labour contracts; Employers' organisation Law No 356/2001 For the public sector, Govern. Decision No. 1086/2001 on parity committees	Yes
Slovakia	Constitution, art. 37-1	None
Slovenia	Constitution, art. 75 on the right of the workers to participate in the administration of organisations and of economic institutions; and art. 76 on trade union freedom; and art. 74 on economic initiative	Law on trade unions' representativity No Law for employers' organisations (but the idea is under discussion)
Turkey	Constitution Law No. 2821 on Trade unions and Law No.2822 on collective bargaining, strikes and lockouts, with amendments provided to both laws in 2001 Law on Public Employee's Unions of June 2001	Trade unions have the right to sign collective agreements at enterprise level under two conditions: 1) that they obtain more than 50 per cent of members Trade .in the enterprise; and 2) at least 10 per cent of workers in the sector concerned

institutional resources, in terms of offices, personnel and members.

The most obvious case is represented by Slovenia, where the chamber of commerce remained for most transition years the only representative employers' organisation; later on it helped create new employers' organisations on its previous structures, but it continues to play a dominant role. This is the reason why the distinction between employers' organisations and chambers of commerce is generally much more difficult to be made in Central and Eastern Europe than in EU countries. In Cyprus, the chamber of commerce is also present in the field of industrial relations.

Respective membership

In terms of number of members, the representativeness of employer organisations in candidate countries would represent on average 30-40 per cent of industrial enterprises or between 2 and 5 per cent of total number of enterprises .

Entrepreneurs in Central and Eastern Europe prefer to follow individual strategies, they thus favour direct contacts with the government or direct relationship and collective bargaining with the trade unions or workers' representatives at enterprise level. In particular, there is a lack of interest of new private (including foreign) employers for employers' confederations. They also complain about the priority given by national employer organisation to tripartite bodies rather than to the services delivered to their individual members.

Employers' organisations also face extreme difficulties in attracting sufficient membership fees and thus general resources for their operations.

As a result, while most employers' organisations in candidate countries benefit today from structures and activities rather similar to the EU, they remain extremely vulnerable.

On the trade union side, the fall in membership is a common feature to all candidate countries. In most Central and Eastern European countries, trade unionisation was at the end of the year 2000 generally below 30 per cent of the labour force. The fall seems to have been particularly strong in Estonia, down to 18 per cent, but also in Poland and Hungary, with 20 per cent trade union membership. At the same time, the figure succeeded to remain higher in the Slovak Republic. The highest figure is registered in Slovenia, a result which is however due to the specific system developed in this country, where the signature of

collective agreements is obligatory.

Obviously, the fall in trade union membership was unavoidable from the 100 per cent rates that were registered in the previous regimes. At the same time however, the fall could have been expected to stop after the first years of transition if a number of factors had not combined to provoke an even further and continuous decrease.

One explanation is the falling living standards in the first years of transition –which stopped only in the late 90s for most countries in the region– and the growing unemployment rates. This trend has often pushed workers to follow individual strategies, such as cumulating second and third jobs in the informal sector, rather than following or supporting collective action.

Privatization has also automatically led to the decline in trade union membership, privatization and restructuring being often accompanied by the splitting of previously large state-owned companies in a series of smaller establishments where previous trade union structures were destroyed without new ones being created. Sectoral shifts also took place for many enterprises in front of which trade unions generally remained without any sensible answer. Trade unions succeeded however to remain present in many privatised enterprises. By contrast, their presence is often not recognised and accepted by employers in the new private enterprises, especially small units. The absence of trade unions in very small and medium size enterprises remains in fact one major weakness of trade unions and of social dialogue in candidate countries of Central and Eastern Europe. Trade unions still have to find the right strategy to increase their presence in this type of enterprises, while the workers themselves, especially those of younger age, do not seem to believe much in trade unions to defend their interests.

The fall in trade union membership has direct financial implications for the trade unions, in terms of membership fees, which weakens them financially but also institutionally and politically.

Continuous decline in membership and increased absence at enterprise level could seriously undermine trade unions' capacity to survive in the long run, both at local and national levels.

Representativeness

Because social partners were needed in the first years of reforms to share the responsibility of difficult and unpopular reforms, they were given

political legitimacy irrespectively of membership. This legitimacy was given by the national governments but also indirectly by International organisations as the ILO, and also European social partners such as ETUC and to a lesser extent UNICE and CEEP.

Governments' first steps consisted in regulating collective bargaining and providing a definition of both the labour and the management side. Sectoral representativeness for instance was generally described in the provisions of the labour code with regard to the signature of collective agreements. At national level however, representativeness did not respect clear criteria; instead social partners built apparent representativeness through their participation in the fora for tripartite social dialogue. Although such participation and respective seats were decided by the government, they were generally enshrined into the labour code, and thus converted as « de facto » criteria for representativeness. In Latvia, the tripartite agreement that served as the basis for the tripartite council clearly stipulates that the trade union LBAS is the only representative trade union at national level. By contrast in Poland, there are no formal criteria for participating in the tripartite Commission. In Slovenia the chamber of commerce and the chamber of crafts are allowed to sit at the tripartite council, and are thus legitimised as being representatives and even key actors in the country's economic and social life.

After reaching a certain stage of industrial relations, the question of legitimacy could be raised in the true sense, with many countries entering into a second phase. Most of them decided to enshrine in law clear criteria –generally on the basis of respective membership- for the representativeness of both trade unions' and employers' associations which operate at national level (see Table above).

However tensions continue to prevail between the two types of representativeness (respectively rooted in political legitimacy and membership).

In fact, many new representativeness criteria remain rather broad, and in some cases they seem to have been introduced not to select organisations but rather to confirm already existing organisations, as it seems to be the case in Poland and Lithuania. On the other hand, restrictive criteria for both employer and trade union organisations prevail in Bulgaria and Romania, through checking by a competent court, and respective decision by the government.

The question of the representativeness of trade unions at enterprise level has also become a hot issue. This may be the reason why the conditions

for creating a trade union are so different from one country to the other. While it is rather easy to create a trade union in Hungary or in the Czech Republic, a number of restrictive conditions have to be met at enterprise level in countries like Lithuania and Latvia.

The conditions for allowing a trade union to sign a collective agreement are also very different. In Poland, Czech and Slovak Republics, a trade union can be allowed to conclude a collective agreement only if it has the support of at least 50 per cent of the employees. In Hungary a rather detailed regulation has been introduced allowing all trade unions to enter into bargaining while representativeness –measured by the results at works' councils elections– is taken into consideration when disagreement occurs among them.

In most candidate countries, the right of trade unions to sign collective agreements at sectoral level also depends generally on the threshold of members requested in the respective sector, which is generally 10 per cent.

It has to be emphasized that while the existence of clear representativeness criteria can help to promote collective bargaining, too strict criteria can, on the opposite, seriously reduce it. In Turkey for instance, the existence of two basic conditions for allowing trade unions to sign a collective agreement at enterprise level –that is to have more than 50 per cent of members in the enterprise and represent at least 10 per cent of the workers in the sector concerned– has seriously limited the signature of collective agreements, which takes place today in less than 10 per cent of enterprises.

Collective disputes

The number of collective disputes is generally an important sign of the situation of industrial relations, as well as more generally of the economic and social situation of a country. We must distinguish between general demonstrations organised at national level, that reflect the population's discontent, and more focused collective action, at work place, in one specific enterprise or sector of activity, and generally related to collective bargaining.

We can observe that there has been over the past decade a very limited number of collective actions in Cyprus and Malta, whilst more strikes have been organised in Turkey.

With regard to the ten candidate countries from Central and Eastern Europe, two main features seem to characterise the situation.

First, the number and depth of collective actions in their first years of transition has not reflected the gravity of the social situation and the burden of the transition for the workers as well as for the populations; in particular the sharp fall in real wages in the first years of reforms and the use of the minimum wage to control both wage increases and social benefits have not led to major action and to a multiplication of strikes. The massive restructuring process, with closures and layoffs neither. The number of days lost due to strike has remained low. The number of strikes and other collective actions has even decreased over most recent years. Very few major national demonstrations have been organised.

This can be explained by a series of factors: 1) weak trade unions' structures and low mobilisation capacity; 2) the absence -with the exception of Poland- of a culture of massive demonstration; 3) the difficulty to protest against a policy that has been widely supported and generally agreed through tripartite agreements; 4) the general belief that restrictive reforms would bring improved living standards; 5) fears that collective action may contribute to bring into power less democratic authorities; 6) the uncertain economic growth and a global need for restructuring that seriously limited the room for manoeuvre of trade unions; in particular, fears to lose their job or experience further wage cuts represented serious disincentives for workers to embark on strong trade unions' claims and action.

Second, despite a poor national average, strikes are very much concentrated in a small number of sectors or specific types of enterprise. The discontent in these sectors and activities however is very high. A majority of strikes -as in the EU (EC Industrial Relations Report 2000)- intervened in the public sector, especially among teachers, doctors, nurses, judges and public administration in general. The main reason for such strikes was the poor evolution of wage scales, continuously related to the minimum wage that remained under strict control of the authorities. In some countries, the restrictions to call a strike for certain categories of employees of public administration even limited the multiplication of such strikes. Whilst this is a situation often met in Central and Eastern European countries, the most extreme case among candidate countries is represented by Turkey where important restrictions to the right to strike and to collective bargaining continue to prevail for almost all public employees.

At the same time, most major strikes also took place in large public enterprises, such as railways or aviation. Major strikes were organised in railways in Poland, Slovenia, Czech Republic and

particularly in Hungary, where a long strike took place in the year 2000. There was also a long strike in the national airlines company MALEV in Hungary in 2000, and among traffic controllers in Slovenia. These conflicts often reflect the absence of autonomous social dialogue and collective bargaining in these public enterprises. Strikes also intervened in sectors characterised by harsh restructuring, such as in mining and energy in Estonia and Bulgaria, or textile in Slovenia.

Generally, all candidate countries have adopted a law or specific provisions on the right to strike. Strikes in a majority of CEE countries are only possible at the moment of the renewal of the collective agreements. If an agreement is signed, workers and their representatives are not allowed to go on strike with regard the contents of the collective agreement, as in Hungary, Czech Republic or Poland, although they can call it for other reasons.

In this regard, it must be underlined that a peculiar provision continues to prevail in some Central and Eastern European countries with regard the renewal of collective agreements. In practice the current agreement, even if terminated, continues to be valid until a new agreement is concluded, as in Poland, and until recently Bulgaria (before this was modified by the new labour code in 2000). This has proved to represent a strong incentive for one of the parties -in general the trade union- not to renew the agreement in order to keep the binding provisions of the previous one, something against which employers have protested, as it happened recently in Poland. The right for employers to lock out is enshrined in the legislation of a few candidate countries only, such as the Czech Republic, Slovakia and Estonia.

Right to strike and lockout – Major strikes, 1990-2001

Country	Trade union right to strike/ employer right to lockout	Strike announcement	Categories excluded (strikes forbidden)	Main sectors	Major strikes
Bulgaria	Right to strike in the Constitution (Art. 50); Limitations for certain categories in the Law for settlement of Collective labour Disputes (1990) and in the Law for civil servants No right to lockout	Trade unions Employees’ representatives	Limited actions in public services (according to the Law for civil servants of 1999); forbidden strikes in defence, interior affairs, for troops, court, prosecutors and investigation. Also forbidden in health, communications, energy, and some other public utilities	Public sector, especially in education; Public enterprises, such as in energy, mining, steel, military- industrial complex, chemicals	Teachers, mining, military-industrial complex in 1999- 2001 Major strike in 2000 and 2001 in the company Balkan Airlines, hastily privatised and later on declared bankrupted and closed early 2001
Cyprus	Right to strike Right to lockout	Trade unions	Limited action in public services		
Czech Republic	Charter of Fundamental Rights and Freedoms (in Constitution), art. 27(4) Collective Bargaining Act (No. 2/1991) for strikes concerning the conclusion of collective agreements Law allowing lockouts	Trade unions only	Judges, procurators, armed forces, police	Public administration, Public sector	Railways, February 1997 Public demonstration in 1997 against government Public sector, 1998 Mass Media: strike of employees of public Czech television in January 2001
Estonia	Art. 29 of the Constitution (28 June 1992) Collective Labour Dispute Resolution Act (5 May 1993) Right to lockout	Trade unions Employee representatives (trustee)		Teachers, nurses (warning strikes), mining workers,	Teachers’ strike in 1992 Metal workers in one enterprise in 1999 Mining and energy (power plants) in June 2000
Hungary	Constitution (Act XX of 1949 modified fundamentally in 1989), art. 70c (2) Act VII of 1989 on the right to strike No right to lockout	Group of workers or/and trade unions Solidarity strike can only be announced by trade unions (Act VII of 1989, art. 1 (4) In public admini- stration only those trade unions that have signed the agreement with the government on the right to strike for civil servants	Administrative organs of justice, armed forces, and the police (Act VII of 1989, art 3 (2) Right to strike in state administration dependent on agreement with the Council of Ministers and the trade unions concerned (Act VII of 1989, art 3 (2)) (above agreement signed only in 1994)	Railways, Health sector	Strikes in railways every year, except in 1996 and 1997; most significant strike took place in February 2000, jointly organised by the three representative trade unions: it lasted 329 hours and involved 10-12 thousand workers each day. Health sector: major action took place in December 2000, and included 3 demonstrations in 3 different cities and 27 warning strikes all over the country

Industrial Relations in the Candidates Countries

Latvia	Art. 108 of the Constitution Law on strike (1998) No right to lockout	Trade unions Elected employees' representatives	Public administration, police force, judges	Public sectors (teachers, scientists)	Teachers in 1999
Lithuania	Art. 51 of the Constitution Heavy procedures as in Art. 9-22 of the Law on Collective Disputes - No right to lockout	Trade unions	Railways, power engineering, public utilities (water, food etc.), public administration	Public sectors, especially education	Education sector in 2000 and 2001 for wage payment delays Agriculture in 2000
Malta	Both rights (to strike and lockout) guaranteed under the Industrial Relations Act (1976)* Conditions of Employment Regulation Act (1952)*	Trade Unions only	Employees providing essential services (special appendix to Industrial Relations Act)	Public sector and state owned enterprises	1998-2000: strike at a state-owned construction company Strike at Malta Freeport in 1998 in protest against higher costs of public utilities Strike at Malta's International Airport in 1999 as a result of inter-union recognition dispute
Poland	Law of 1991 on settlement of collective disputes No right to lockout	Trade unions only	Public administration, security and armed forces, police, fire brigade, penitentiary services, courts, prosecutors	Public sectors (health, education, culture), industry, transports	Railways in 1998 and 2000 Doctors in 1998 Nurses in 2000
Romania	Constitution, art. 27-1; art. 40 Law No. 168/1999 regarding the solving of labour disputes	Trade unions and workers	Services crucial to society, armed forces		
Slovakia	Constitution, art. 37-4 Act No.2/1991 on collective bargaining Right to lockout (Law on coll. bargaining)	Trade unions only	Civil servants in high positions, in defence, health and life protection (firemen, soldiers etc.)		
Slovenia	Law on basic Rights of Employment Relations (1989) Law on strikes (1991)	Trade unions only	Police, defence	Public sectors (doctors, teachers, judges), textile, construction, wood, metal and electrical equipment	Metal and electrical equipment, textile, in 1994-97 Doctors, teachers in 1996 Railways in 1997 (10 days) Traffic controllers in 2000
Turkey	Law No. 2822 on Collective bargaining, Strikes and Lockouts Law No. 3318 on Strikes and lock-outs and mediation on free trade zones	Trade unions only	Rights to collective bargaining and strike forbidden in public sector (according to new Law of 2001)	Public sectors, textile, transport, food, mining 'Petroleum, chemicals and rubber', metal	Demonstration against new Law in public sector in 2000 and 2001 Examples in 1999 (34 strikes): 9 strikes in transport, 6 in textile (88,000 work-days lost), 5 in 'Petroleum, chemicals and rubber' (71,000), 2 in food and 2 in mining + others

* these laws are currently under review.

National level: the predominant role of tripartite partnership

All candidate countries have promoted social dialogue through tripartite structures, notably by creating tripartite national councils, in which employers' and trade unions' representatives are invited in discussions on a number of economic and social issues. This situation contrasts strikingly with industrial relations in Western Europe, where formal tripartism is rarely found and consultation/concertation at national level take place in a more informal way. Although tripartite partnership has evolved in a different political and economic environment in the Central and Eastern European candidate countries and the three Southern candidate countries, its role has become equally decisive in industrial relations systems.

Different factors can explain the prevalence of such structures in Central and Eastern European countries. First, after the collapse of the Communist regimes, there was no real culture and

practice of autonomous industrial relations, and the dominance of the state in all economic and social matters was such that this form of dialogue became the natural and inherited form of democratisation of policy-making after decades of centralisation and totalitarianism.

Tripartite bodies emerged at different points in time and in different forms according to the countries. Hungary was the first country to start such tripartite dialogue already in 1988, which led to the institutionalisation of the first tripartite body, the Council for the Reconciliation of Interests. In former Czechoslovakia, a national tripartite Council –the Council for Economic and Social Agreement– was formed in October 1990, at federal and republic levels, before giving birth, after the 1993 split of Czechoslovakia, into the Czech and Slovak National Councils. Other countries in the region introduced formalised tripartite dialogue later on, such as Bulgaria and Romania in 1993, Poland and Slovenia in 1994, whilst others like Latvia and Estonia waited until the late 1990s (see table below).

Tripartite bodies in candidate countries					
Country	Main tripartite Body(ies) *	Date	Institutional/legal basis	Composition *	Sub-committees
Bulgaria	Tripartite Commission for coordinating interests	1991	Agreement	Employers: 4 Trade Union: 2	Yes
	National Council for tripartite cooperation	1993	Labour code	Employers: 4 Trade Union: 2	Yes
	National Economic and Social Council	April 2001	Law	Multipartite	
Cyprus	Labour Advisory Body	1960	Administrative arrangement	Employers: 2 Trade Unions: 4	Yes Yes
	Economic Consultative Committee	1999	Administrative arrangement		
	Advisory Committee on Commerce and Industry	1960	Law		No
	Social Insurance Fund Council Different tripartite training institutes				No
Czech Republic**	Council for Social Agreement	1990-1992	Tripartite agreement	Employers: 2 Trade Union: 2	No
	Council for Economic and Social Agreement	1992-1995			
	Council for Social Dialogue	1995-1997			
	Council for Economic and Social Agreement	Since 1997			
Estonia	National Economic and Social Council (NESC)	Since 1998	Coll. Agreement Act of April 1993, Law on the establishment of the NESC of 1998	Employers: 1 Trade Unions: 2 (on a rotation basis)	Yes
	Council for the ILO	Since 1992	Law of Health Insurance		
Hungary	Interest Reconciliation Council	1990-1998	Government decree, backed by a Tripartite agreement ***	Employ.:9 Trade unions: 6	Yes
	National Labour Council	Since April 1999	Government Decree	Employ.:9 Trade unions: 6	Yes
	Economic Council	Since April 1999	Government Decree	Multipartite	Yes (from end 2001)
	Council for ILO Affairs	since May 1999	Government Decree	Employ.:9 Trade unions: 6	No
	Council for European Integration	since June 1999	Government Decree	Multipartite	No
Latvia	National Tripartite Cooperation Council	Since 1998	Tripartite agreement (30 October 1998) (art. 1)	Employers: 1 Trade Unions: 1	Yes
Lithuania	Tripartite Council of the Republic of Lithuania	Since 1995	Tripartite agreement (5 May 1995)	Employers: 2 Trade Union: 4	Yes
	Commission of Labour Protection		Law on State Labour protection		
	State Social Insurance Council		Law on State Social Insurance		
	Committee on EU accession				
Malta	Malta Council for Economic Development	Since 1988	Tripartite agreement	Employers: 6 Trade unions: 2	Yes
	Malta Council for Economic and Social Development	since June 2001	Law (Malta Council for Economic and Social Development Act XV)	Multipartite	Yes
Poland	Tripartite Commission for Economic and Social Issues	1994-2001 since July 2001	Government decree. Law on Tripartite Commission and voivodship social dialogue commissions	Employers: 1 Trade Union: 9 Employers: 2 Trade unions: 9	Yes Yes
	Tripartite Secretariat for Social Dialogue	1993-1997	Under Phare project	Employers: 8 Trade Union: 5	Yes
Romania	Economic and Social Council	1997	Law on the ESC (No. 109/1997)		
	Social dialogue committees within each Ministry	2001	Government Decision No. 314/2001		
Slovakia**	Council for Economic and Social Agreement	Since 1990	Tripartite agreement in 1990-1997 Law on Tripartism since May 1999	Employers: 1 Trade Union: 1	Yes
Slovenia	Social and Economic Council	1994	Tripartite agreement (Law under discussion since 1998)	Employers: 3 Trade Union: 4	No
	National Council			Multipartite	
Turkey	National Labour Council	-	Tripartite agreement	Not effective	No
	Minimum Wage Board	-		Employers: 1 Trade Unions: 1	No
	Other tripartite bodies (social security; and unemployment boards; productivity Centre etc.)	April 2001	Law		No
	Economic and Social Council			Multipartite	Working boards possible

* organisations represented in the tripartite bodies; does not mean there are no other organisations; for comparison see table on social partners.

** In former Czechoslovakia (before the splitting into the two separate Czech and Slovak republics in the end of 1992), there were three tripartite bodies, one for the Federation and two for the Czech and Slovak parts.

*** Government Decree 3240/1990 in an internal, albeit not confidential governmental document. It includes obligations related only to the Government

For some analysts, there were no specific conditions for tripartism to occur in CEE, but it happened mainly because it was in the interest of first democratic governments.

In a context of economic and social crisis, with a combination of adverse phenomena such as the collapse of production, restructuring, emerging unemployment and very low and decreasing living standards, no doubt such tripartite partnership was a pre-condition for governments' survival. Policy-makers needed the consent of social partners on economic reforms and wanted to share with them the responsibility for the sacrifices that such reforms were expected to represent for the population.

This is the period during which most governments in the region looked for the signature of national agreements on economic and social policies with the social partners. As an example, it was in January 1991 that an Annual General Agreement was introduced in former Czechoslovakia, as a forum for a social compromise package for low-wage and low-unemployment policy. In other countries, the signature of a tripartite agreement even preceded the formalisation of a tripartite body, as in Poland, where the Tripartite Commission on Socio-Economic Issues was created in February 1994 as a follow-up of the tripartite pact signed one year earlier, in February 1993, on State Enterprises in Transformation. Aimed at overcoming resistance to privatization and free-market measures, this pact illustrates well the compromise pursued in the region in the early years of transition, between guaranteeing minimum security and carrying out the economic reforms. It was also in this period, in 1994-95, that some attempts were made to sign a global social pact in Hungary. Nevertheless, even if agreements were not always reached, tripartism helped social partners to legitimate their position, and the governments to share the responsibility of unpopular decisions.

Such tripartite agreements were thus generally motivated by political interests, in particular from the government, to overcome internal difficulties or to respond to strong external pressure. In Bulgaria for instance it is the signature of the Association Agreement that gave the opportunity to social partners to impose social dialogue as a precondition, with a similar trend also occurring in Romania. Later on, the tripartite process was effectively used in Bulgaria when it became clear that the introduction of the currency board in 1997 would not be possible without popular consent. This agreement was sought through social partners, who were consulted by the representatives of the International Monetary Fund. It ensured the

acceptance of the Currency Board, and its consequent very restrictive aspects, among the Bulgarian population.

In the early transition, governments from Central and Eastern Europe have also been influenced by the International Labour Organisation, which encouraged the development of tripartite structures, as new institutions of stability and democracy, particularly needed to overcome social unrest in the transition.

Another factor explaining the success of tripartism in Central and Eastern Europe comes from the social partners themselves. Both for trade unions and employers' organisations, tripartism was essential: it was the necessary step for confirming their existence and their role in the new society. Especially since no criteria for representativity had been developed, obtaining a seat in the tripartite Council represented the best possible way to look representative, and therefore to consolidate a position among old and potentially-new members.

Tripartism in transition: a successful way to avoid social conflicts

No doubt that tripartism, despite its rather formal structures, helped to avoid major conflicts in a period of economic crisis. In countries where for decades all decisions were taken unilaterally, tripartism was a positive development. In most countries in the region, tripartite bodies have had the task of proposing and preparing legislative amendments, an action that continues, especially along the current process of amendments to the labour code in which most countries are still involved. Most tripartite councils have also created sub-committees to address particular issues, such as employment, wages and social protection (see Table).

In most countries in the region, tripartite councils worked on the basis of a tripartite agreement concluded between the three sides. Progressively, tripartite structures have also been given a legal basis for their operations, as it was done in Romania in 1997, in Estonia in 1998, in Slovakia in 1999, in Poland in 2001. Similar laws are under preparation in other countries as in Slovenia.

The participation of trade unions in the tripartite process clearly contributed to relatively peaceful industrial relations. In some cases, tripartism even helped solving certain conflicts, as it happened in Hungary during the taxi and lorry drivers' blockade in October 1990.

Moreover, whilst all Central and Eastern European countries have seen many political, institutional

and economic changes, it is quite significant to observe that tripartite structures remained in place since their existence. They thus represent an important feature of social partnership in Central and Eastern Europe that survives political changes.

More recently, some governments have also set up tripartite Councils for discussing ILO matters, as in Estonia and Hungary, or for addressing preparatory steps to EU accession, as in Lithuania and Hungary where special Councils for European Integration were created.

It can also be observed that tripartism is very much developed in Southern candidate countries such as Cyprus and Malta. Malta is characterised by a predominant role of the state in economic and social life. Tripartism there has been promoted since 1988, and was also given legal status in the year 2001. Cyprus has also a very comprehensive and historical tradition of tripartism, with social partners being involved in a great number of tripartite bodies, such as on social insurance, training and employment. Tripartism is less rooted in the Turkish industrial relations systems, since it has been promoted more recently, only from 1995.

At the same time, however, there are a number of drawbacks that can be identified in the functioning of tripartite mechanisms in candidate countries.

A merely consultative and rather formal process

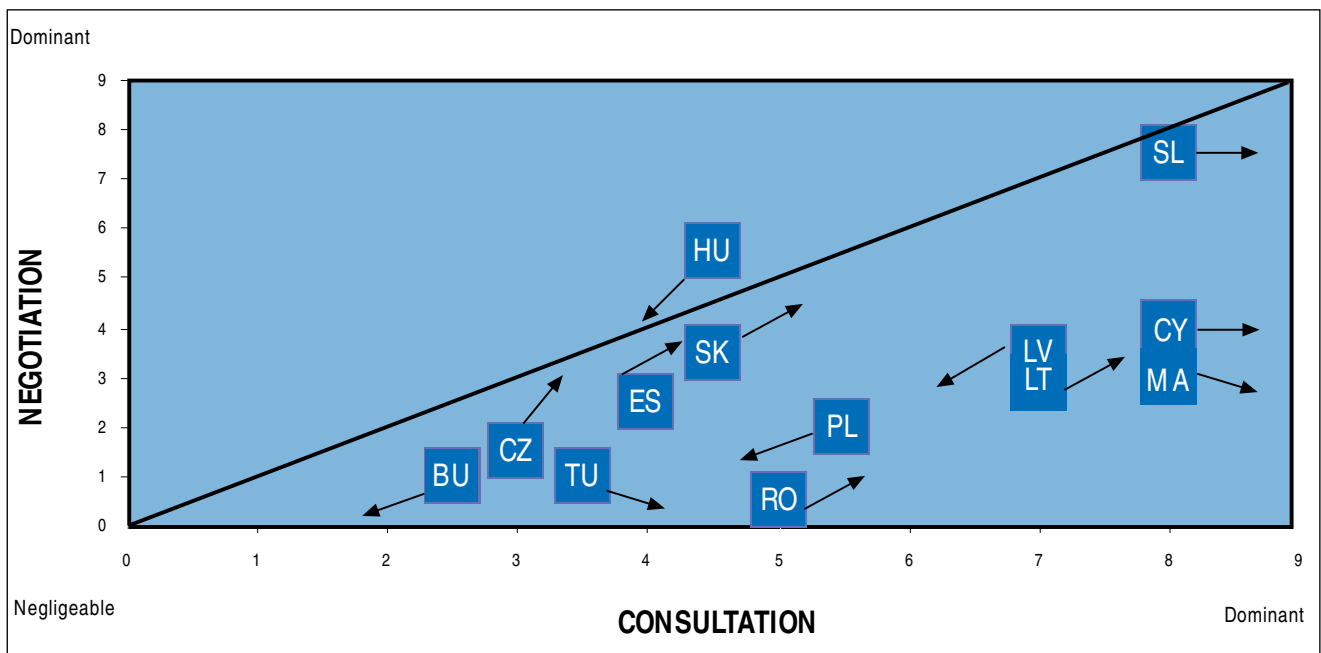
As it has been repeatedly emphasised, these countries have mainly promoted tripartite structures where formal discussions are held between the state and social partners. These structures have not always proved to be very effective. The lack of social partners' implication so far on issues such as the budget, privatization, incomes policy but also EU negotiations are rather illustrative of the limits of such concertation mechanisms. For instance the very restrictive income policies followed by CEE countries in the first period of the reforms did not leave much space to social partners and social dialogue.

Moreover, they remained fora for consultation and rarely led to negotiation in which social partners could really be part of the decision-making process, and influence policy outcome. As shown in the Graph 1, even in a country like Hungary, where the original tripartite council became the forum for genuine negotiations in a number of areas, it remained crystallised around the determination of the minimum wage and recommendations on wage increases, and did not cover other economic issues. Moreover, such negotiating power on minimum wages was progressively watered down

from 1998, to be officially converted by the government at the end of the year 2000 into a purely consultative process. Involvement of social partners in other areas, such as social security, was also progressively reduced. In other countries, the tripartite discussions have been covering such a large number of issues, from wage to employment policies, including social protection and privatization, that they finally did not lead to real co-decision making. In the last period, the tripartite process has been inactive in countries like Poland, because of political conflicts, or in Bulgaria where the currency board concretely did not leave much room to social partners. Attempts have been recently made to revitalize the process in countries like Romania (with the signature of a new tripartite pact in 2000) but also Lithuania, Estonia, the Czech Republic and Slovakia.

Moreover one of the most striking features of the tripartite process in most Central and Eastern Europe is that it does not create any linkage between what is discussed or agreed at national level and decentralised levels of social dialogue and collective bargaining. It thus has no much influence on decentralised issues. Only in Slovenia, the process seems to have been characterised by a strong linkage between the various levels. Nevertheless, we must also underline that this also reflects the strong centralized feature of this system, where agreements take place at national level, whilst collective bargaining and collective agreements continue to be obligatory at the sectoral level.

As a result, after ten years of transition, the assessment of tripartite bodies is rather mitigated. Of course they represented a way of consulting social partners, but for most of them, their functioning remained rather formal.



* NB: These figures are just aimed at giving indicative situations and trends, on the basis of information available and experts' estimates, in the absence of comparative research.

1 the position of the countries reflects their situation in the late 1990s; the arrows represent latest trends in 2000-2001

2 the importance of **negotiations** has been measured by the following elements:

- Decision-making and conclusion of agreements: are the social partners involved in the decision-making, and does the council consequently have the authorisation to conclude agreements or not? Number of tripartite agreements or pacts agreed, their scope and effective coverage.
- Contents: If so, in what areas (concerning minimum wages or incomes policy, or broader areas such as employment, budget, etc.)?
- Frequency: Are these rights regularly used? And are agreements regularly concluded?

3 the importance of **consultations** is measured by the following factors:

- Frequency: Are social partners consulted on a regular basis?
- Contents: If so, what is the range of the issues subject to consultations?
- Influence: are these consultations allowing social partners to influence the final outcome (number of opinions issued by the Council, or other forms of outputs have been analysed).

We can note for instance that compared to Slovenia, the position of other candidate countries is rather low. The position of Hungary was high (even in terms of negotiating rights) but has been decreasing over past few years. Tripartite bodies seem to have a limited scope and extent in countries like Romania, Bulgaria and Turkey, while other candidate countries are more in an intermediary position.

A process dominated by the State

Despite tripartite structures are a constant feature in the region, their use has been directly dependent on the willingness of the governments to make them really work, and they even became in some cases a policy instrument. In 1995, the name of the tripartite Council was changed (see table), and its scope was narrowed considerably; it is only from 1997 that the original name of the Council was re-established, and with it, its original scope. The arrival of a new government in 1998 marked the more regular usage of tripartite consultations. Similarly in Hungary, the evolution of the tripartite process closely followed the willingness of the

government to use it or not. The interest in tripartite negotiations seemed to have started to decrease already in 1996-97, but it is mainly the arrival of the new liberal government in 1998 which marked a period of change and restructuring of tripartite institutions, under the belief that decisions at national level should be taken by the state alone, and social dialogue between social partners being decentralised at local level; the name of the previous tripartite Council was consequently modified in 1998 (see Table) and its competences restricted to purely « labour » issues, while a new body –the Economic Council– was created for addressing economic issues –such as privatization, budget, macroeconomics previously

covered by the tripartite council– with a much larger range of participants, not only social partners but also other economic actors.

It is quite significant to observe that the changes in the format of the tripartite councils operated in the Czech Republic and in Hungary at the end of the 90s have been made unilaterally by the government, without the consent of social partners. Similar developments in one way or another were observed in other countries: tripartism effectiveness often depends on the place that the government wants to give to social partnership in its political programme and consequently in the decision-making process.

It is probably to avoid these political interferences that the social partners in many countries have made pressure in the late 90s for giving a legal basis to the tripartite bodies. Many governments accepted to provide such legal basis to the tripartite structures as mentioned above. Nevertheless, this does not seem to have much influence on the effectiveness of the consultations process. The legal anchor introduced in Romania and Slovakia does not seem to have changed much the nature of the discussions and final outcome; by contrast, experiences of tripartism in Hungary in the early 90s have shown that it is possible to have a partnership with social partners, and reach

consensus in this way, even without a legal basis. Similarly in the Czech Republic, there is no legal basis, but tripartite mechanisms have been given more attention in the most recent period mainly due to the change of Government. Moreover, it is not because tripartite structures are given a legal status, that the agreements reached and concluded within them acquire a binding character; their enforcement will continue to depend on the willingness of the three sides to make them effective, as well as on the representativity of the social partners among their members to make them operational at local level.

As such, the structures of social dialogue and consultation do exist in CEE, their political usage is the question.

In this regard, the disappearance of tripartite agreements for a period of more than six years (between 1993 and 1999) in most CEE countries is striking. Table below shows that in the first years of reforms (1990-94) there was a strong pressure on the governments to seek tripartite consensus on reforms. It is in this period that most social pacts or agreements were signed, with for instance two basic social peace agreements in Bulgaria, a social pact in Poland, annual wage policy agreements and general social pacts in Slovenia.

Tripartite agreements/ pacts in candidate countries, 1990-2001		
<i>Country</i>	<i>Signature</i>	<i>Title of agreement/pact and contents</i>
Bulgaria	1990 1991 1997	First tripartite agreement (March) Agreement for social peace Charter for Social Cooperation (consensus for the introduction of Currency Board ; October) including a memorandum for Common Priority Action
Cyprus	1977	Industrial Relations Code Agreements on specific issues: reduction of working hours; declaration for health and safety etc.
Czech Republic	1991-1994 1999 2000 2001	General Tripartite agreement (annual) General Tripartite agreement General Tripartite agreement On-going discussions for the conclusion of a long-term social stability pact
Estonia	- in 1996 and 1997	Tripartite agreements on the minimum wage fixing Agreements on industrial democracy
Hungary	Since 1989, except in 2000	Annual agreements on the national minimum wage Attempts to conclude an economic and social pact in 1994 and a price-wage agreement in 1995 Tripartite consensus achieved on certain aspects of the state budget, law on taxation, social security contributions etc.
Latvia	1996 1997, 1998, 1999, 1997	Agreement on social partnership Minimum wages Training in labour safety
Lithuania	1995 1999	Agreement for solving social, economic and political problems and for social peace Agreement on tripartite cooperation
Malta	1990	National Agreement on Industrial Relations (incorporating a National Incomes Policy Agreement)
Poland	1993 1995 1995 1996	Pact on state-owned enterprises in the course of transformation (gave birth to the tripartite Committee) Pact on package for social guarantees for citizens Regional pact for Silesia or contract for voivodship of Katowice Regional agreement in voivodship of Zielona Gora
Romania	From 1992 2000	Unique National (inter-professional) collective labour agreements (yearly) but they are bilateral Social Pact
Slovakia	1990, 1991, 1992 (Czechoslovakia) 1993, 1994, 1995, 1996, 2000 (Slovakia)	General agreements Agreement for 2000 covers four policy areas: economy, employment, incomes and social affairs
Slovenia	1994 1995 1996 1999 2000 2001 2001	Agreement on wage policy General agreement on social policy General agreement Agreement on wage policy for 1999-2000 Agreement on pension and disability reform General agreement on employment Agreement on wage policy General social agreement (in preparation)
Turkey		No agreement

It seems as the need to associate the social partners in the following years was viewed as less crucial. In this regard the trend in Central and Eastern Europe has been going in the opposite direction to what was happening in the EU, where a process of coming back and of a renewed legitimization of tripartite agreements was observed (EC Industrial Relations Report, 2000).

In the last period however, agreements seem to be on the rise again also in candidate countries, a process that can be explained by the increasing pressure put by the forthcoming EU enlargement for carrying out a number of preparatory steps. In February 2001, the Romanian government and social partners signed a general tripartite pact aimed at ensuring social peace and a stable economic framework in order to favour long-term investment. This agreement covers a wide number of issues such as wages, employment, the tax system, safety at workplace and objectives concerning the grey economy. Similarly, in 2001 Slovenia made a return to incomes policy agreements and a more general pact was expected to be signed late 2001.

Last attempts of tripartite agreements in candidate countries of Central and Eastern Europe are rather different from the first generation agreements. Whilst in the early 90s social partners had a real impact on the contents of the agreements, and benefited some flexibility and openings in the negotiations and in the final outcome, the latest pacts or agreements appear to be more clearly settled within a strategy decided by the government.

Notably in the issues related to the EU accession negotiations, the governments of the region have preserved their prerogatives, although the help of the social partners in the implementation of the Community acquis would be of benefit. No single social pact has for instance been signed on the process to EU accession. The actors within the tripartite systems continue to be unequal, trade unions remain weak and employers yet have to consolidate their presence.

In Cyprus and Malta, despite the presence of many tripartite bodies, such tripartite partnership does not lead to concrete national tripartite agreements or pacts. In Malta, implicit understandings are often reached such as on the Cost of Living Adjustments (the so-called COLA agreements) but there has not been any National Agreement since 1990. A similar process takes place in Cyprus, on specific issues such as working time or health and safety, without national agreement being concluded on a wider number of policy issues.

However effective their role and their basic motivations, it is likely that these tripartite structures will remain a basic feature of industrial relations in candidate countries, an element that should be given appropriate consideration.

At the same time, we can notice the appearance of multilateral bodies, with the participation of other actors together with social partners. The Economic Council in Hungary for instance involves representatives from the chambers of commerce as well as from the Central bank and of foreign investors; similarly in Bulgaria, the National Economic and Social Council involves representatives of foreign multinational companies. The new Economic and Social Committee in Turkey and the new Malta Council for Economic and Social Development are also of a multilateral nature.

Whilst this process permits to involve new actors in the consultative process, it has also for effect to weaken social partners' role who loose their previous privileged statute. The European Commission in the negotiation process has emphasized that whilst the involvement of new actors should be seen as a dynamic movement it should complement and not substitute the previous tripartite consultative process, in which social partners should remain privileged partners, as it is the case in the social dialogue that takes place at EU level.

Autonomous social dialogue at intermediary levels

At the same time, autonomous social dialogue and free collective bargaining are relatively poorly developed in candidate countries. This means that tripartite consultations are not supported by strong bipartite relationship between employer and worker representatives at decentralised levels. Nor that they create incentives or frames for decentralised bargaining, as it was mentioned earlier.

In this regard, while social partners in candidate countries must insist for having tripartite institutions and mechanisms made more effective, they should undoubtedly focus their attention on the promotion of social dialogue at all possible levels, and collective bargaining directly between employers and trade unions' representatives. Intermediary levels of social dialogue represent essential elements to develop a coherent system of industrial relations and ensure a bridge between the decisions taken at national level, also within tripartite fora, and the employers' decisions at enterprise level.

In this regard, it must be emphasized that Central

and Eastern European countries have carried out significant reforms in the first years of transition, and also adopted very detailed packages of laws and regulations on industrial relations. Last period has brought considerable modifications and simplification of the labour code, which have also for aim to leave more space to social partners. Candidate countries have also started to promote sectoral social dialogue, especially considering sectoral dialogue at EU level, in which their social partners will have to play a role. Nevertheless, the sectoral and regional social dialogue continues to be poorly developed.

Sectoral dialogue or the missing level

- The very few number of collective agreements at sectoral level in almost all candidate countries is one significant sign of the weaknesses of social partners and their structures at intermediary levels of collective bargaining. As shown in the table below, there are less than an average of 10 sectoral agreements in almost all the 10 Central and Eastern European countries. The number of sectoral agreements has even gone down in the Czech

Republic, from 35 in 1995 to 12 in 2001. The same downward trend is observed in Hungary, with a number of sectoral agreements that fell from 24 in 1992 to 14 in 1998, and slightly increased to 19 in 1999. Their coverage has decreased by more than 30 per cent in respect of employers and by 75 per cent in respect of employees. 19 sectoral agreements were registered in 1999, but would cover only 10 per cent of employees.

As shown in Graph 2, most collective agreements in candidate countries are signed at enterprise and not at sectoral level. The only exception is Slovenia where all sectors of activity are covered by collective agreements, due to the obligatory nature of collective bargaining. Enterprises of Slovenia obligatorily belong to the chamber of commerce which concludes (now in cooperation with the employers' organisation ZDS) sectoral collective agreements with the respective trade union organisations. Despite repetitive attempts from the Government to remove this system since 1995, there is still no system of voluntary collective agreements in Slovenia.

Some informative elements on sectoral collective agreements in candidate countries			
	<i>Number of multi-employer (higher than enterprise) agreements</i>	<i>Number of sectoral collective agreements</i>	<i>Procedure of extention</i>
Bulgaria		14 industry sectoral agreements and 46 branch collective agreements (2000) but with no full coverage	Yes, under Ministerial decision (Labour code April 2001)
Cyprus	-	2000: 12	-
Czech Republic	1998: 25	1997:17 2001: 12	-
Estonia	2001: 10 'sub-sectoral agreements'	1999: 14 2000: 16 2001: 7	Yes, since act of June 2000
Hungary	1998: 48 1999: 52	1998: 14 1999: 19	Yes, applicable according to art 34 of the Labour code but not used
Latvia		1999: 10	
Lithuania	-	-	-
Malta	None	None	None
Poland	2000: 136	2000: 20	Yes (under decision of the Ministry of Labour upon request of social partners) (according to new legislation in 2000)
Romania	-	2001: 19	Yes, provisions apply to all workers in the sector
Slovakia	-	1993: 29 1998: 55 2000: 29	Possible under decision of the Ministry of Labour
Slovenia	-	2000: 38 100% (by obligation)	Yes (under decision of Ministry of Labour)
Turkey	-	Very limited, with poor contents	None

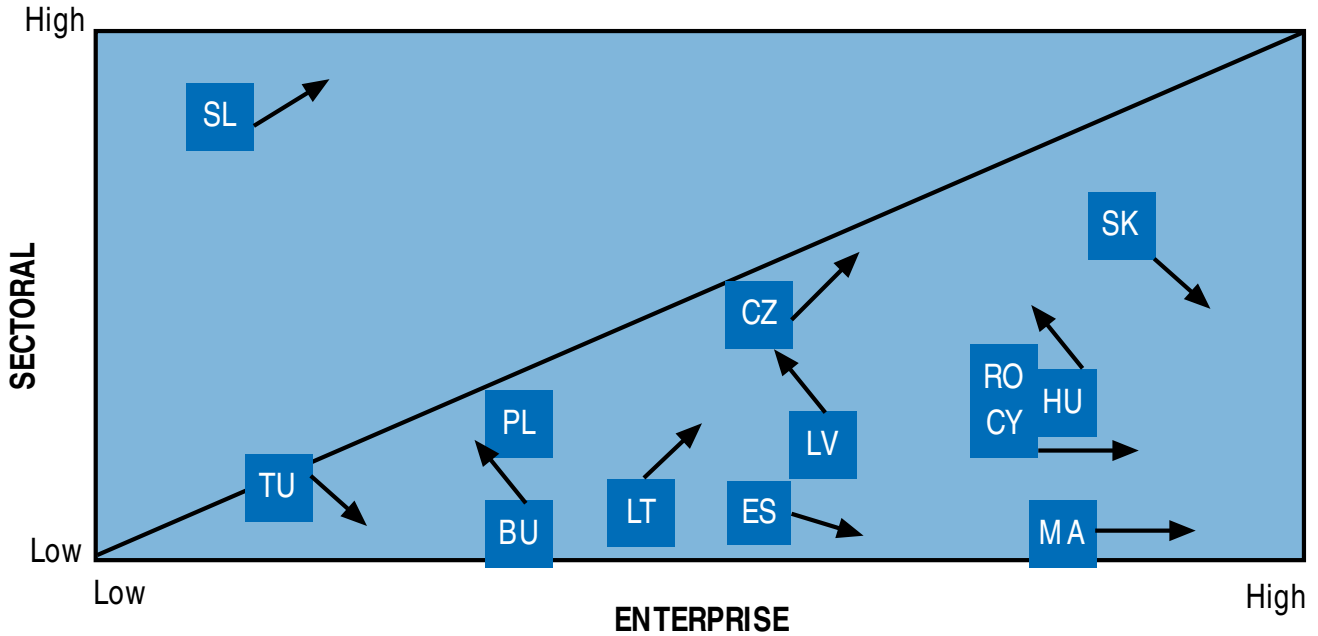
Attempts are made in the recent period by countries like Hungary, the Czech Republic and the Baltic countries to promote collective bargaining at sectoral level, a trend that must be encouraged not only by the governments but also by the social partners themselves.

Sectoral agreements, especially with the coverage that we find in most EU countries, are therefore more the exception rather than the rule in candidate countries.

The fact that there is hardly any data on the number of collective agreements at the sectoral level is also a sign of the weakness of this level of bargaining.

In many EU countries, the coverage of collective bargaining, including sectoral collective bargaining is much higher. For instance in France, since 1988, there is a constant number of sectoral agreements and additional clauses of 600 per year. The coverage rate of collective agreements is close to 90 per cent

Some informative elements on main levels of collective bargaining in candidate countries 108



* NB: These figures are just aimed at giving indicative situations and tendencies, on the basis of information available and experts' estimates, in the absence of comparative research.

1: the position of the countries reflects their situation in the late 90s; the arrows represent latest tendencies in 2000-2001

2: the respective importance of the enterprise or the sectoral (or multi-employer) level has been measured by:

- the coverage ratio of collective bargaining at the two respective levels;
- the number (and %) of sectoral agreements;
- the number (and %) of enterprise agreements;
- contents of agreements could not be taken into account because of insufficient information.

of the labour force. In Belgium, there were more than 400 sectoral agreements in 2000 covering a majority of workers in the sectors concerned. The coverage rate is about 50 per cent in Germany (2/3 of employees in Western part and 1/3 in the Eastern part).

In many candidate countries, sectoral agreements when concluded are anyway very general, and just reproduce the possibilities offered by the law (itself rather detailed and comprehensive); in such cases, the collective agreements are not much different from one sector to the other, and do not show any sign of progress on the different issues covered. In Slovakia for instance, many sectors are covered by a collective agreement whose contents however remain very general, all issues relevant for the workers being discussed and negotiated at enterprise level. More precise provisions are

provided only on wages. Similarly in Turkey, while there are collective agreements signed in a few sectors, they do not lead to a negotiation process between social partners and just carry over the general principles already indicated in the previous agreement and also in the law.

Moreover, even when such an agreement is concluded, its contents are generally not very extended; it is often confined to wage issues (determining for instance a sectoral minimum wage floor, annual wage increases or wage scales) and does not cover employment issues and other working conditions.

In this regard, it is significant to observe that in many countries of Central and Eastern Europe, the law, generally the labour code, does not even mention or specify the "sectoral level", but rather refers to other concepts, such as "multi-employer"

agreements, or "higher-level" (than enterprise) agreements as in the Czech Republic, Hungary and Slovakia.

There are many of such multi-employer agreements signed between different employers working in the same activity, whilst only a few of them can be considered as representing the whole sector. In Hungary, more than 50 such agreements had been signed in 1999; similarly, 56 such agreements had been registered in 1999 in Slovakia, compared to 136 agreements in Poland in 2000.

In a context in which sectoral agreements are so few, or are not fully representative of the sectors as a whole, the extension clause, that is the possibility to extend the provisions in the agreement to other employers - who were not represented- in the same sector takes a particular importance. However, as shown in table above, such extension procedure is barely used. In the Czech Republic, its practice has even decreased: while in 1993 the coverage of agreements was extended to 191 employers beyond the scope of relevant employers' federations, by 1995, this had been reduced to only 12, and by 1996, the practice was entirely abandoned. It was kept only in some specific sectors such as in construction and textile, under the decision of the Ministry of Labour. Such prerogative from the government also exists in other countries, something however that has not been used much so far. In Hungary this procedure is regulated by labour law.

Nevertheless, the use of such extension procedures may well increase after the decision of a number of countries, for example Estonia and Poland in 2000 and Bulgaria in 2001, to adopt new legislation in this area and through this favour an increase in the coverage of binding collective agreements. Employers' representatives however are generally opposed to such an extension mechanism, that they find inadapted to the variety of enterprises within one single sector that can be found in these countries. In Romania, branch collective agreements are expected to apply to all workers and enterprises of the branch. The signature of a 'Unique Collective Labour Contract at national level' in 2001 was also aimed at providing provisions for all enterprises.

There are various factors explaining the absence of collective bargaining at sectoral level; in the case of Central and Eastern Europe, the following can be mentioned:

1) The restructuring in enterprises' property and organisational forms, with three major combining factors,

- the extreme diversity of enterprises within the same sectors: the restructuring and privatization process have led to profound changes in the organizational structure, size and property forms of enterprises. This makes it difficult to regroup enterprises in one unique sector considering the major economic, social and organisational differentials that prevail between them;
- the growth of private small enterprises: the spectacular growth of small private firms makes difficult any attempt to organize a whole industry or branch. The fact that trade unions are not well represented in the sectors dominated by SMEs contributes to this situation.
- the behaviour of foreign enterprises: new foreign investors also prefer to limit collective bargaining to company-specific economic and financial conditions, and to technological and work organisation.

2) The structures and strategies of social partners; the development of such bargaining level also depends to a large extent on the existence of well-structured organisations on both sides of an industry; this is however, not yet common in Central and Eastern European countries. The intermediate level is a completely new area for the social partners, where they have first to find their counterparts and then to learn the ways and means of bargaining. While trade unions are often ready to enter into collective bargaining, the employers generally are not. They prefer the conclusion of individual arrangements at enterprise or establishment level. They often do not allow employers' federations to conclude sectoral collective agreements on their behalf as in the Czech republic and also can threaten them to withdraw the organisation if they attempt to do so as in Poland. Employers also do not have the structures to carry out social dialogue at sectoral level. Contrary to employers, trade unions generally enjoy from previous structures and membership at sectoral as well as at regional level. From the trade unions, it is more the existence of several organisations –as in Hungary, Romania and Lithuania- that represents an obstacle in individual sectors.

3) Finally, in a period of economic recession, the room for manoeuvre is limited, and makes it difficult to conduct meaningful bargaining at more than one level. Especially since, in general, the principle applied is similar to the one applied in most EU countries: that is, what is determined in a collective agreement at the sectoral or regional level is automatically applied at enterprise level, under similar or more advantageous – and in no case less advantageous – conditions. It must also be emphasized that the different policies implemented by the governments in the first years of

reforms for instance on wages and incomes (through the tax-based income policy) did not leave much space to free collective bargaining on wages and incomes. Too much tripartism also does not leave much room for decentralised bargaining.

As indicated earlier, sectoral social dialogue is not very much developed in Malta, Cyprus and Turkey. Whilst the absence of sectoral dialogue may be explained by the relatively small size of the economy and the industry in the first two Mediterranean countries, it would be more explained by the centralization and by insufficient development of free collective bargaining in Turkey.

The absence of social dialogue in the public sector

The experience in the region also shows that there is usually no collective bargaining for civil servants and employees in the public sectors. Negotiations hardly take place at all in such sectors as health, education, transport, communications, and science and research. This leads to general demotivation on the part of civil servants and public employees, whose working conditions, especially in terms of wages, are becoming less and less favourable in comparison with those prevailing in the private sector. It is in these sectors that most contests and strikes are concentrating.

Moreover, there exists a series of legal restrictions and limitations on civil servants' exercising of the right to strike, a situation which is the source of serious social tensions. In Turkey for instance, the new law on public sector trade unions adopted in June 2001 contains a number of provisions which entail restrictive provisions on the right to strike and to collective bargaining in the public sector.

Practices in regional social dialogue

There are some signs of social dialogue at regional level in some candidate countries. This is the case for Poland or Bulgaria. In Poland, the restructuring process has been carried out through tripartite committees between the employers' and trade unions' representatives and local authorities. The new law of 6 July 2001 creates social dialogue commissions at voivodship level, which will work however on a tripartite (with local authorities involved) rather than only bilateral basis. Regional social dialogue has also been developing in Bulgaria. In Romania, social dialogue commissions, with consultative power, were established in 2001 at sectoral and territorial levels. There are some attempts to promote regional social dialogue in other candidate countries.

Industrial relations at enterprise level

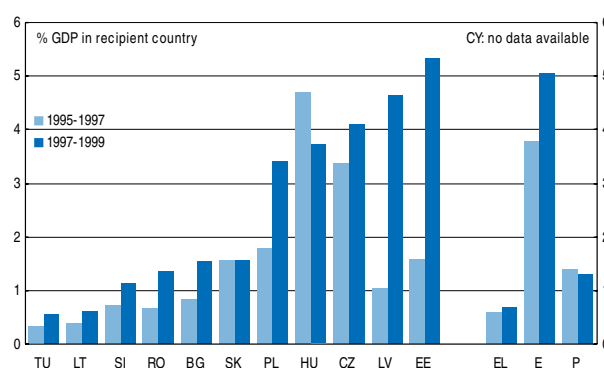
Among candidate countries, those from Central and Eastern Europe are those that have known the most radical changes in labour-management relations practices at enterprise level. The collapse of the Communist regime led to large scale privatization, deep restructuring and the birth of a myriad of new private enterprises.

This brought a general decline in trade union membership. There is also little formal institutionalisation of labour relations in terms of trade union recognition and of signing of collective agreements in newly-created private enterprises; the rapid growth of small and medium size enterprises –for example in services– has also found trade unions in difficulty of mustering an appropriate response. This is a trend in a context in which 50-60 per cent of all employees in candidate countries work for small units with less than 50 employees. In Slovakia, more than 97 per cent of workers are in units with less than 50 employees; among them, more than 80 per cent work for a micro enterprise with less than 10 employees.

Significant differences have also started to appear between property forms with regard to the contents of collective agreements. Private enterprises have been found to be signing fewer collective agreements, which in addition are less likely to cover particular issues, such as task assignment, job mobility, and work organisation.

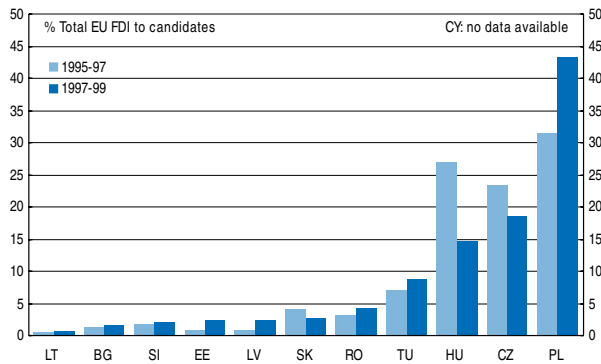
Many foreign investors are not in favour of collective agreements. Considering the weight of foreign investment in the economies of candidate countries, especially those from Central and Eastern Europe –above 4 per cent of GDP in countries like Hungary, the Czech Republic, Latvia, Estonia– but also in small Southern countries like Malta and Cyprus, their impact on industrial relations practices is not negligible.

Foreign Direct Investment flows from the EU to the candidate countries, 1995-99 109



Source: Eurostat, FDI

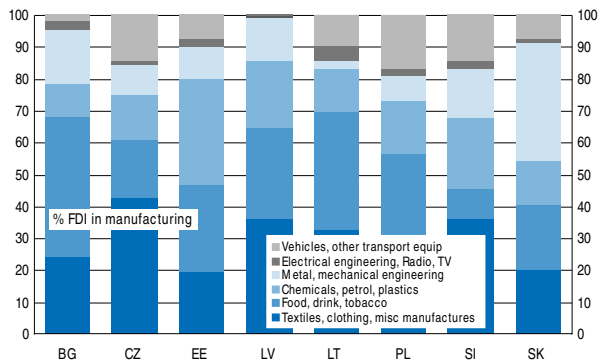
Distribution of EU foreign direct investment flows to candidate countries, 1995-1999



Source: Eurostat, FDI

Their influence has also been important in the economic and social reforms, in countries such as Hungary, Poland and the Czech Republic where they have been most important so far in the region.

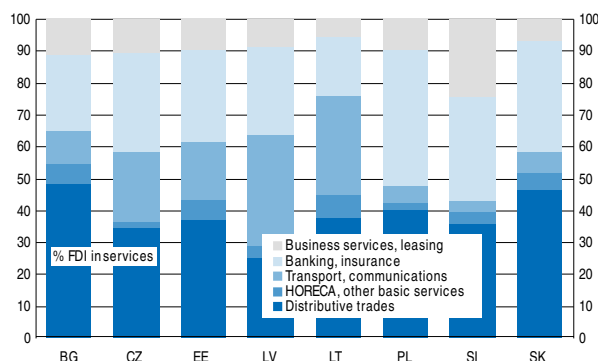
Distribution of EU foreign direct investment flows to candidate countries, 1995-1999 111



Source: Eurostat, FDI

Foreign investment seems to be particularly important in certain sectors, such as textiles and clothing in the Czech Republic and Slovenia, food, drinks and tobacco in Bulgaria and Lithuania, chemicals in Estonia, Metal and mechanical engineering in Slovakia, vehicles in Poland, Slovenia, Czech Republic and Hungary. Their good performance in terms of exports could help

Division of FDI in services by sector, 1995-99 112

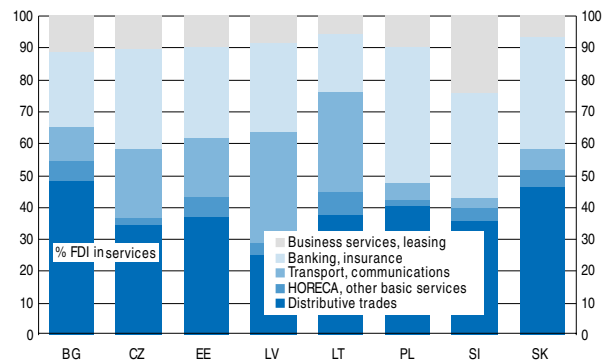


Source: Eurostat, FDI

110

candidate countries to reach a better trade balance with EU countries, which remains negative for the time being (see below). At the same time, a relatively high proportion of foreign investment is in the service sector rather than in the trade sector, which suggests that a large part of it is directed at supplying the domestic market.

Trade flows between the EU and central and eastern Europe, 1992-2000 113



Source: Eurostat, External Trade

In terms of employment and economic growth, new private small and medium companies also constitute an important engine of economic development. Their performance in terms of industrial relations however are so far not satisfactory. Not only they generally do not adopt collective agreements, but they were also found, in countries like Bulgaria or Romania, not to provide workers with individual labour contracts on a significant scale. This tendency can be witnessed in many other Central and Eastern European countries.

Finally, the high proportion of self-employed people and the growth of a large informal sector also escape trade union control and state welfare regulations, and therefore operate in the same direction. More generally, the number of collective agreements signed at the enterprise level is very low, even in countries where collective bargaining is most prevalent, such as Hungary and Poland.

Compared to enterprises in the EU, ownership structures are also much more complicated, with a much greater variety of property forms, a situation that contributed to the instability of industrial relations at the enterprise level. There can be a combination of public capital, domestic private capital, foreign investment, employee share-ownership, and sometimes even vouchers owned by either citizens or investment funds. Sometimes the management does not know which employers' organisation it should belong to for the purpose of collective bargaining. In such a context, dominated by multiple owners, trade unions have also difficulty in elaborating a clear strategy. This

situation is even more complicated where works' councils are in place.

Trade unions remain vulnerable with regard their presence in small and medium enterprises, although this category represents more than 90 per cent of enterprises in the ten CEE applicant countries. Although many EU Member States are also characterised by a large proportion of SMEs, their industrial relations' culture and human resources' management are better established than in these new market economies, where this process can thus be much more detrimental for working and employment conditions. It is a feature that should also be seen in the light of the absence of sectoral agreement and mechanisms and practices of extension. As a result, the percentage of employees covered by a collective agreement, either at sectoral or enterprise level, is rather low in candidate countries. This is also the case in Southern countries like Malta or Turkey where collective agreements would be covering less than 20 per cent of the labour force.

Finally, the above trends of collective bargaining casts some doubts on the ability of social partners to participate in the implementation in SMEs of certain elements of the acquis, such as health and safety or other technical requirements. that directly depends on management decision.

This sheds light on the necessary developments of forms of workers' participation.

Workers' participation

At the moment, works' councils do not exist in candidate countries, with the exception of Hungary and Slovenia that introduced them following the German model. They are thus the only countries yet to be characterised by a dual system of workers' representation, indirect through the trade unions, and direct through works' councils. In Poland, works' councils continued to operate only in state-owned enterprises.

Although the operation of 'enterprise councils' (which represented more a form of joint management) was a common practice in CEE enterprises under the previous regime, they were dismantled in most countries after the beginning of the transition, either because they were considered – as in former Czechoslovakia- a 'relic of socialism', or because they met with strong opposition from local trade unions –as in Poland. Trade unions are thus the only instance representing workers' interests, also for the function of information and consultation. This situation differs from practices within enterprises in several EU countries.

As a consequence, there is a clear lack of workers' interest representation in those companies where trade unions do not exist, whose number is rapidly growing since trade unions have difficulties as we saw to operate in the new small private enterprises. This leads to a situation where a majority of candidate countries are facing the impossibility to ensure the information and consultation of workers, although it is enshrined in their national legislation and it represents an important element of the Community acquis. In some countries, like in the Czech Republic, the employers themselves have been creating unilaterally a sort of works councils, a trend however that can lead to clear abuses and ensures poor guarantee of basic workers' rights in this field.

A number of countries are envisaging the adoption of appropriate law to ensure the existence of works' councils, as it happened in the year 2000 both in the Czech and the Slovak republics. Progress remains slow however in other countries, and even where such law is adopted, it must be seen how such new bodies of workers' representation will fit into the national industrial relations systems. In Hungary the fact that works' councils have been allowed to sign collective agreement in case of trade unions' absence in the enterprise has been strongly criticized by the trade unions, since it can lead employers to reject trade unions' presence in order to deal instead with a works council, generally more conciliatory and which does not enjoy the right to strike. By contrast, the new law in the Czech republic clearly distinguishes the role of the trade unions on collective bargaining and the role of works' councils for helping workers to exercise their right to information and consultation. More steps forward in the field of information and consultation are needed in candidate countries, especially in the private sector. In fact, most small and medium private enterprises cumulate the absence of trade unions with the absence of other forms of workers' participation or information/consultation.

In tandem with the privatization process, however, a number of encouraging results have emerged in respect of other forms of worker participation.

All countries in the region – with the exception of the Czech Republic- have widely developed employee ownership as a privatization form, and in countries such as Bulgaria, Estonia, Hungary, Lithuania, Poland, Romania, and Slovenia, a very significant proportion of shares has been successfully distributed among employees. Employee share-ownership –by involving employees more directly in the growth of their enterprise– has also helped to promote collective

bargaining at enterprise level. This property form was found neither to reduce trade union influence nor to limit collective bargaining. Employee share-ownership also appears to have in some cases promoted economic performance and the adoption of interesting restructuring practices as alternatives to massive layoffs at the enterprise level. However, this form of property seems to be progressively disappearing due to a combination of factors: the difficult economic context that pushes many workers to sell their shares for immediate cash, the absence of strategy from the trade unions to help the workers to remain shareholders, the lack of authorities' incentives in this field, in a number of areas, such as the access to banking loans, or the provision of tax incentives. Such progressive

dilution of employee share-ownership which does not seem to be taking place on the ground of efficiency, means that the original development of one form of workers' involvement in candidate countries may progressively disappear.

In the prospect of EU enlargement and increasing capital movements, the development of European works councils takes a particular importance.

According to the following figure for eight Central and Eastern European countries, a significant proportion of multinational companies that are covered by the scope of the directive and have a subsidiary in one of these countries have implemented a European Works Council.

Forms of workers' participation in candidate countries

<i>Country</i>	<i>Presence of works councils</i>	<i>Law on works councils</i>	<i>Type of workers interest representation (through trade unions and direct workers' participation)</i>	<i>Works councils can sign collective agreements</i>
Bulgaria	No	No	Single	No
Cyprus	No	No	Single	No
Czech Republic	No	Accepted in 2000 started operating in January 2001	Single,	No, even in new Law ; rights limited to information and consultation
Estonia	No	No Just law on Shop Stewards of 1993, amended in March 2000	Single	
Hungary	Yes	Labour Code (Act XXII of 1992)	Dual	Yes, in case of absence of trade unions
Latvia	No	No	Single	No
Lithuania	No	No, attempts not materialised yet	Single	No
Malta	No – only single worker director on a few public enterprises	No	Multi union representatives	No
Poland	Weak, and in decline; only in state-owned enterprises	Law of 1981 on self-management of state-owned enterprises	Single	No
Romania	No	No	Single	No
Slovakia	No	Accepted in 2000	Single	No
Slovenia	Yes	Law on co-determination from 1993 ; works' councils in firms with more than 20 employees	Dual	No
Turkey	No	No	Single	No

More than 73 per cent of companies covered by the EU directive in Romania and Bulgaria are effectively enjoying such form of transnational workers' representation, a percentage which is slightly lower but represents a much larger number of companies in Poland, the Czech Republic and Hungary. Although these are encouraging results that should further improve as date of accession for these countries grows closer, it can be observed that the participation of workers' representatives from candidate countries in these European Works councils remains very small. Less than one fifth of European works councils present in companies that operate in applicant countries have taken on board local workers' representatives, either as observers or full members. In Poland where there is the greatest number of companies with European works councils, 206 enterprises in total, in only 23 of them, that is less than 12 per cent, are local representatives allowed to participate.

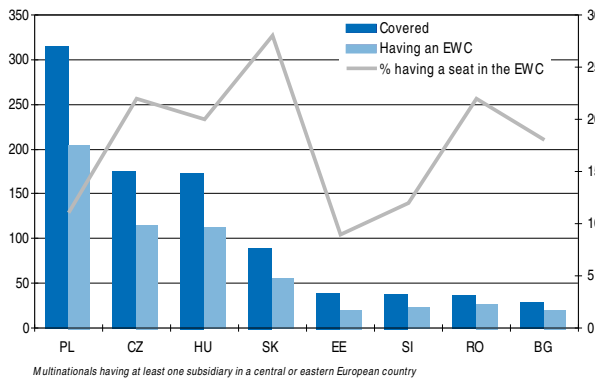
We observe that the greatest number of companies having at least one seat for representatives from a Central and Eastern European country, are in the metal sector, followed by chemicals and services commerce.

Concluding remarks

This chapter has tried to provide as much information as possible on industrial relations in the candidate countries, taking into account the limited availability of information and data. There are no systematic studies of trade unionisation, strikes, collective agreements, and practices at local levels. There is very little information on current developments of industrial relations and forms of participation at enterprise level. It is to counter this absence of information on industrial relations - which is both the result and the cause of little collective bargaining and social dialogue- that the European Commission has insisted in the Regular Reports that governments of candidate countries progressively strengthen their administrative capacity on social dialogue. This should allow them to co-ordinate and promote social dialogue, and also to better monitor and register developments of collective bargaining and social dialogue. More systematic and comparative data collection as well as research should start in the candidate countries. European and International organisations also have a role to play in this exercise.

EWCs in companies covered by Directive 94/45/EC and 97/45/EC

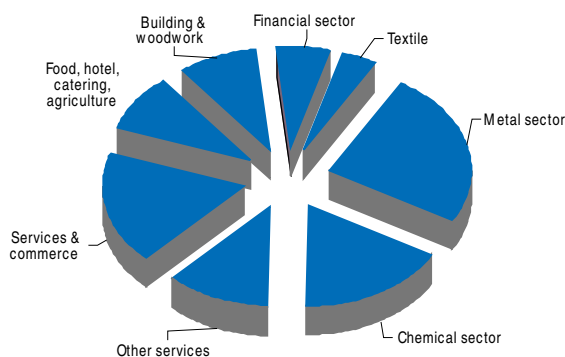
114



Source: ETUI

Sector breakdown of the CEEC members in EWCs

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Multinationals having at least one subsidiary in a CEEC and at least one seat for representatives from a CEEC

Source: ETUI

It is a contrasted picture that emerges from this first attempt at assessment. On the one hand, clear drawbacks seem to prevail in current industrial relations systems in the candidate countries. Particularly worrying is the absence of collective bargaining in the growing private sector, and the limited scope of collective bargaining in general. The attention given to tripartite structures has not been accompanied by similar efforts to develop autonomous social dialogue. At the same time, it is important to note that tripartite structures, whatever their insufficiencies, seem to have fulfilled one basic aim in the first years of transition: to avoid conflicts despite difficult and painful reforms. At the same time, it is promising to observe that all candidate countries are involved in an intense modification of their labour law for transposing the Community acquis. In most countries, the basis already exists for promoting social dialogue at all levels and developing free collective bargaining and forms of workers' participation. Modern democratic industrial relations could now be progressively built.

The role of the social partners in this process is essential, they should be more active and strengthen their structures and capacities at all levels. The significant activities carried out by their counterparts from EU Member States as well as by European social partners will provide them an essential support. They will have to respond to a double challenge, intensify their activities at the European level in order to influence the enlargement process, while consolidating their

organisations' structures to carry out an effective social dialogue process on domestic issues.

The path that candidate countries will take for their industrial relations systems however will continue to be dependent on economic and financial developments. Along this way, they certainly should keep in mind that the catching up process might require time.

The figures we present here on the possible catching-up processes of candidate countries according to different scenarios –of one or three percentage growth above the EU average– are instructive. They show that convergence of GDP could not take place for most candidate countries, even in the best imaginable scenario, before ten to thirty years. During this period, candidate countries may well yield to the temptation to concentrate on economic variables while considering social issues –including industrial relations– to be of marginal importance. Further, they may even be induced to modify social elements downward in order to gain competitive advantages and accelerate the catching-up process.

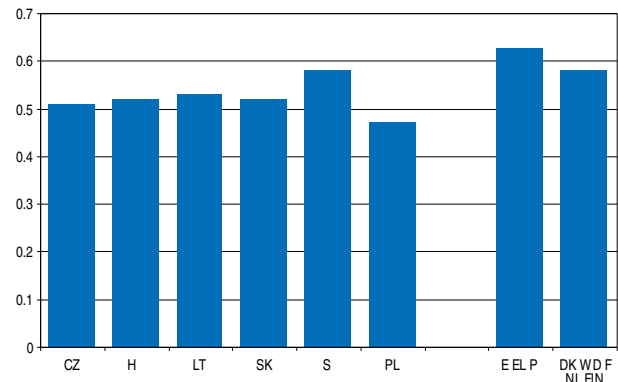
This would contrast with the objectives that the EU has clearly fixed at the Lisbon Summit, to reconcile economic and social interests to gain in competitiveness in the long term and evolve into a successful knowledge society. To achieve this objective, industrial relations have a significant role to play.

In this sense it is more from lowering unit labour costs (wage/productivity) and improving working conditions rather than keeping downward wage levels that the performance of candidate countries could come in the future. For the time being, poor productivity performance in candidate countries clearly limit (see Graph below), and in some countries even cancel, the advantage of lower labour costs.

A rapid productivity growth is thus what is mainly required in these countries, that a better quality and usage of human resources could definitely help to boost.

Unit labour costs in the CEECs and EU member states, 1996

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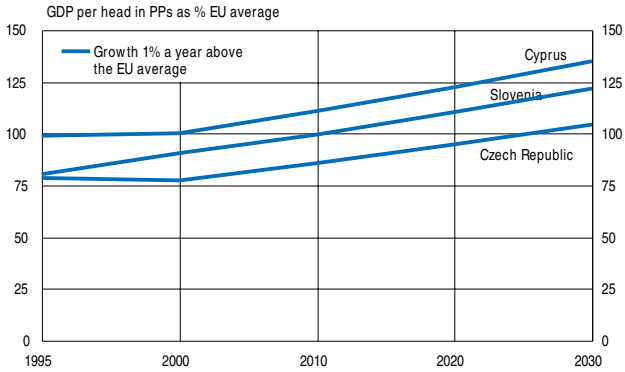


Source: Eurostat, Labour Force Survey

Experiences in EU Member States have shown that those countries with the most comprehensive policies of social protection and social partnership have been by far the most successful in economic terms. The fulfilment of the economic criteria of Maastricht has led most current Member States not to reject but rather to move towards greater use of social partnership and tripartite pacts to improve competitiveness in a context of globalisation and Economic and Monetary Union. Far from reducing the scope of collective bargaining, they have tried to extend it while reinforcing the linkage with national level partnership and the fulfilment of macroeconomic objectives. Candidate countries would need to reinforce and improve the coverage of their industrial relations systems so that they would become more effective and contribute to the achievement of economic, technological and social objectives. This could help candidate countries to implement the Community acquis at local level, and also to improve their performance in the prospect of accession. At the microeconomic level of the enterprise, sound industrial relations may contribute to improve the social climate while ensuring a proper and less costly implementation of the Community acquis. By contributing to productivity and competitiveness, it can only help to reduce unit labour costs, and to position candidate countries in higher-value segments of production and improve exports and macroeconomic performance. Sound industrial relations, by allowing a balance between economic and social considerations to be reached by all relevant actors, thus represent an essential element for candidate countries, that could facilitate their economic catching-up, while ensuring their integration of basic values and features of the European social model.

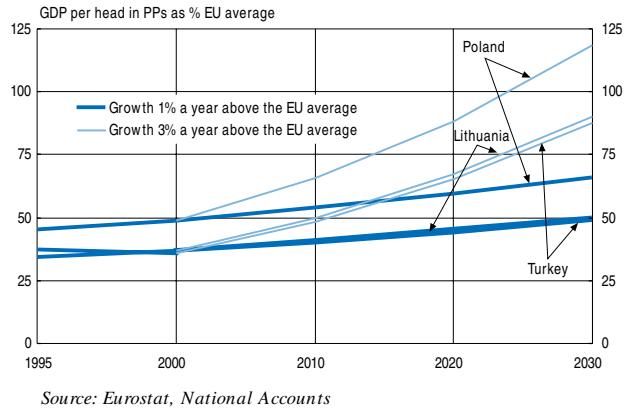
Convergence of GDP per head in Cyprus, Czech Republic and Slovenia relative to EU average assuming 1% growth, 2000-2030

117



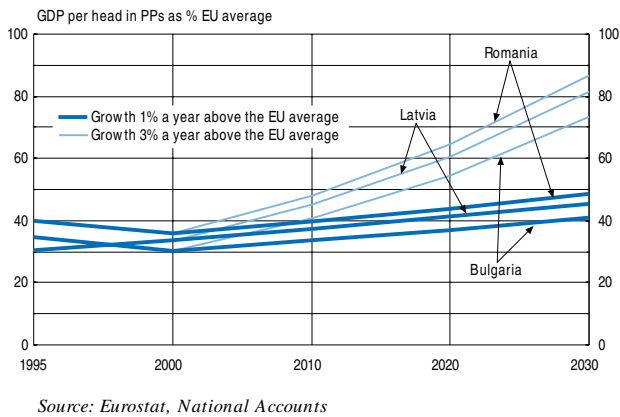
Poland, Lithuania and Turkey assuming different rates of growth

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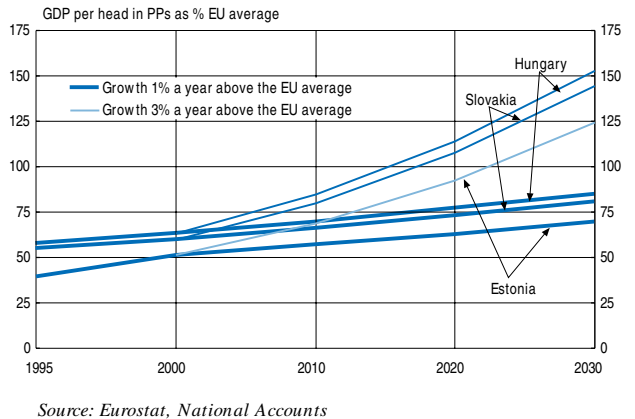
Romania, Latvia and Bulgaria assuming different rates of growth

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Hungary, Slovakia and Estonia assuming different rates of growth

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ANNEX

The social partners in the candidate countries
INDICATIVE DATA
Main social partners organisations, 2001

Bulgaria

Confederation of Independent Trade Unions in Bulgaria (KNSB): 410,000 members (2000), 46 member org.
Confederation of Labour PODKREPA: 150,000 members (2000), 32 Sectoral org. + 36 regional org.
NPS Promyana: 7,800 members (1998).
Bulgarian Industrial Association (BIA): 14,000 companies, 58 sectoral org. + 27 reg.org.
Bulgarian Chamber of Trade and Industry
Union for Private Enterprising (UPE)
Bulgarian Union of Private Employers 'Vazrazhdane'

Cyprus

Cyprus Workers Confederation (SEK): 64,000 members.
Pancyprian Federation of Labour (PEO): 67,000 members.
Democratic Labour Federation (DEOK).
Pancyprian Confederation of Public Servants (PASYDY): 15,000 member.
Cyprus Federation of Employers' and Industrialists (OEB): 2,500 companies.
Cyprus Chamber of Commerce and Industry (KEBE)

Czech Republic

Czech Moravian Trade Union Confederation (CMKOS): 80% of trade union members; 1,180 00., 30 sectoral org.
Confed. Of Arts and Culture (KUK): 100,000 members, 16 sectoral org.
Association of Independent Trade Unions (ASO)
Coalition of Christian Trade Unions (KOK): 10,000 members.
Trade Union of Bohemia, Moravia and Silesia (OSCSM): 50,000 members.
Union of Industry and Transport: 1,700 enterprises, with 900,000 employees, 31 sectoral org.
Confederation of Employers and Entrepreneurs Associations: 1,300 000 employees, 7 national confederations.

Estonia

Association of Estonian Trade unions (EAKL): 65,000 members (65%), 27 industry unions + civil servants.
Estonian Professional Employees' Union Association (TALO): 40,000 members, 14 member org.
Estonian Confederation of Employers and Industry (ETTK): 600 companies (34 per cent of employers) with 200,000 employees, 29 industry unions and associations.
The Estonian Association of Small and Medium Enterprises (EVEA) (joined ETTK in 1995)

Latvia

Free Trade Union Confederation of Latvia (LBAS): 207,000 members (30% of Labour force), 24 branch org. + 3 national org. + 25 regional centres.
Latvian Employers' Confederation (LDDK): 96 employers' organisations, 458,000 emp., 19 branch org.

Lithuania

Lithuanian Trade Unions' Centre (LPSC): 110,000 members, 14 sect. Fed.

Lithuanian Workers' Union (LDS): 52,000 members, 11 sect.fed.+ 25 region.

Lithuanian Labour Federation (LDF): 15,000 members, sect + reg. (NA)

Lithuania Trade Union Unification (LPSS): 41,000 members, 11 sect. Fed.

Lithuanian Business Employers Confederation (LVDK): 450 enterprises, 200,000 employees, 20 regional sections and 30-40 small sectoral associations.

Lithuanian Industrialists Confederation (LPK): 2,500 enterprises, 24 ind. + 8 region.

Hungary

Autonomous Trade Union Confederation (ASZSZ): 120,000 members, 30 sectoral/professional org.

Confederation of Professional Trade Unions (ESZT): 40,000 members.

Democratic Ligue of Free Trade Unions (FSZDL): 90,000 members, 60 sectoral/ professional org.

National Federation of Workers' Councils (MOSZ): 30,000 members, 12 sectoral org.

National Confederation of Hungarian Trade Unions (MSZOSZ) (biggest org.): 235,000 members, 42 sectoral/ professional org.

Forum for the Cooperation of Trade Unions (SZEF): 300,000 members, 34 sectoral/ professional org.

National Federation of Consumer Cooperatives (AFEOSZ)

Union of Agrarian Employers (AMSZ)

National Association of Industrial Corporations – Chamber of Artisans (IPOSZ): 100,000 enterprises employing 500,000 workers, 40 professional org. and 20 regional org.

National Federation of Traders and Caterers (KISOSZ): 10% of employers and 20% of small shopkeepers, 22 member assoc. (19 regional, 2 in Budapest + 1 for shows and entertainment traders).

Confederation of Hungarian Employers and Industrialists (MGYOSZ) (biggest org.): 6,000 enterprises with 1,2 million workers (1/5 of working population), 51 sectoral/professional org. + 17 regional assoc.

National Federation of Agricultural Co-operatives and Producers (MOSZ): 20 regional and 9 sectoral assoc.

Hungarian Industrial Association (OKISZ):

National Association of Strategic and Public Utility Companies (STRATOSZ): 50 large enterprises in public utilities.

National Association of Entrepreneurs (VOSZ): 6,000 enterprises employing 500,000 workers, 40 sectoral/professional org.

Confederation of Hungarian Employer Organisations for International Co-operation (CEHIC) (umbrella org. for International cooperation)

Malta

General Workers Union (GWU): 48,278 members (56.1% of total Union membership), 11 sectoral and prof. sections.

Confederation of Malta Trade Unions (CMTU) including the United Workers' Union (UHM): 6,247 members (42.1% of total union membership; it includes UHM). CMTU 11 affiliated sectoral and prof. trade unions, UHM: 7 sectoral and prof. sections.

Federation of Industries (FOI): 300 companies.

Malta Employers' Association (MEA): 242 companies.

General Retailers and Traders' Association (GRTU): 5,763 companies.

Malta Hotels and Restaurants' Association (MHRA): 158 companies.

Chamber of Commerce (CoC): 70% of companies.

Poland

Solidarity (NSZZ 'Solidarnosc'): 1 million members, and 6.7 per cent of labour force, 16 sectoral organisations.

OPZZ: 1,6 million members, and 10.7 per cent of labour force. 110 branch unions, such as for teachers, metalworkers, miners, construction..

Confederation of Polish Employers (KPP): Approximately 2 million employees, with 51 employer organisations (both state-owned and private), and 1,500 enterprises, including the big ones. 26 sectoral organisations.

Polish Confederation of Private Employers (PKPP): Approximately. 450,000 employees, with 2,276 enterprises, most private and of small and medium size. 18 sectoral organisations, associating 756 firms and covering 275,000 employees.

Romania

National Confederation of Free Trade Unions in Romania 'Fratia' (CNSLR-Fratia): 875,000 members.

National Trade Union Block (BNS): 375,000 members.

Confederation of Democratic Trade Unions in Romania (CSDR): 345,000 members.

Cartel Alfa: 325,000 members.

Meridian: 170,000 members.

The General Union of the Romanian Industrialists (UGIR 1903): 4,160 enterprises, 1.8 million employees.

Employer Confederation of the Romanian Industry (CONPIROM): 2,5 million employees, 79 org. with 18 sectoral org.

National Confederation of the Romanian Employer (CONPR): 1 million employees.

National Council of Private Small and Medium Enterprises (CNIPMMR): 35,000 members.

General Union of Romanian Industrialists (UGIR)

National Union of the Romanian Employer (UNPR): 52 federations.

National Council of the Romanian Employers (CNPR): 1 million employees, 15 sectoral org.

Romanian National Employer (PNR)

Slovakia

Confederation of Trade Unions of the Slovak Rep. (KOZ SR): 750,000 members (90% of memb.), 40 sectoral org.

Confederation of Art and Culture: 2,000 members.

Independent Christian Trade Union: 10,000 members.

Association of Employers' Unions of the Slovak Rep. (AZZZ SR): 60% enterprises, 37 org. (19 sectoral).

Slovenia

Association of Free Trade Unions (ZSSS): 50 % of trade union membership; 180,000 members, 20 sectoral org. and 19 regional org.

Neodvisnost-Confederation of New Trade Unions of Slovenia (KNSS): 10,000-20,000 members, 14 sectoral organisations.

Confederation of trade Unions PERGAM: 10,000-20,000 members.

Confederation 90 (K-90): 10,000 members.

Chamber of Commerce and Industry (GZS): 100% of the labour force.

Chamber of crafts (OZS):

Slovenian Employer Association (ZDS): 12 branch org.

Small Companies and crafts Association (ZDODS): 3,700 enterprises, 30 sectoral/professional org.

Turkey*

Confederation of Turkish Trade Unions (TURK-IS): Mainly in public enterprises; 2,245,000 members, 33 affiliated trade union sections.

Confederation of Progressive Trade Union (DISK): Mainly in private sector; 380,000 members, 22 affiliated trade union sections.

Trade Union Confederation of Turkey (HAK-IS): 377,000 members, 8 affiliated trade union sections (7 in Turkey and 1 in Northern Cyprus).

Confederation of Public workers Unions (KESK): 500,000 civil servants, 19 affiliated trade union sections.

Confederation of Civil Servants of Turkey (KAMUSEN): 50,000 civil servants, 11 affiliated trade union sections.

Civil Servants Union (MEMUR-SEN): 50,000 civil servants, 8 affiliated trade union sections.

Turkish Confederation of Employers Union (TISK) (the only employer org.; the only one with collective bargaining rights): 18 affiliated sectoral trade union sections.

Association of Turkish Businessmen and Industrialists (TUSIAD): 470 industrialists.

Association of Independent Businessmen and Industrialists (MUSIAD): 3,000 members, 28 affiliated branch trade union sections.

Young Businessmen Association of Turkey (TUGIAD): 700 members.

Union of Chambers of Commerce, Industry, Maritime Trade and Commodity Exchange of Turkey (TOBB): All employers (obligatory membership), 326 chambers represented.

Confederation of Artisans and Craftsmen of Turkey (TESK): (obligatory membership), 11 prof. federations, 81 artisan and craftsman unions, 3,255 trade chambers.

Union of Chambers of Agriculture in Turkey (TZOB): 110 affiliated companies; approx. 6 million farmers.

** Data provided by a group of experts set up by the European Commission*

Annexes

Joint opinion, joint declaration: text adopted jointly by the social partners in which they express an opinion or intention on a Commission initiative or, more generally, on a Community policy.

Framework agreement: regulatory text adopted by the social partners. It is implemented through transposal at national level or through adoption of a European legal instrument.

Adaptability: one of the four pillars of the European employment strategy. It designates the ability to adapt to a new working environment and acquire new knowledge, qualifications and skills in order to meet the changing demands of the economy.

Code of conduct: commitment negotiated at company or industry level to ensure compliance with fundamental labour standards. It is not binding and may be drawn up on the initiative of companies, negotiated bilaterally by the social partners, or by companies and NGOs and trade union organisations. Codes of conduct may also be drawn up on a tripartite basis, thus involving governments.

Advisory Committees: comprise representatives of the Commission, the Member States and the cross-industry social partners; they have the task of advising the Commission on the preparation of specific policies and contributing to their implementation. There are six advisory committees on: equal opportunities for men and women, safety, hygiene and health protection at work, vocational training, freedom of movement for workers, the European Social Fund and social security for migrant workers.

Social Dialogue Committee: set up in 1992, the Committee is a standing forum for the expression of independent views by the cross-industry social partners. It has three working parties on: macroeconomics, the labour market, and education and training. The meetings are chaired by the Commission and assemble all the European cross-industry organisations (UNICE/UEAPME, CEEP, ETUC/CEC/Eurocadres management staff liaison committee).

Sectoral social dialogue committees: set up from 1 January 1999, they have replaced the former joint committees and informal working parties. They are established at the joint request of the representative sectoral organisations wishing to undertake independent social dialogue.

Concertation: method of managing labour, social and economic issues by means of consultation and social concertation between the public authorities and bodies representing employees and employers.

Consultation: a process of discussion and debate, usually distinguished from collective bargaining and negotiation in that it does not imply a process of bargaining, compromise and joint agreement.

"Val Duchesse" social dialogue: cross-industry social dialogue launched in 1985 at the Val Duchesse social dialogue summit. Through this forum for dialogue the social partners are informed about Community initiatives and discuss the independent measures they intend to take.

Sectoral social dialogue: dialogue involving the social partners of a given sector of economic activity. It proceeds in the different sectoral social dialogue committees which have made numerous contributions in the form of joint texts.

Macroeconomic dialogue: set up by the Cologne European Council in 1999, it involves the social partners in the coordination of economic policy and improves interaction between developments in wages and monetary, budgetary and fiscal policies. Regular meetings are held twice a year at technical and political level between the social partners and the economics and finance ministers, the employment and social affairs ministers, the Commission and the European Central Bank.

Green Paper: Commission document designed to provide food for thought and stimulate debate at European level.

White Paper: Commission document which draws conclusions from consultation and contains proposals for action.

Open method of coordination: method launched by the Lisbon European Council. It involves fixing guidelines combined with timetables for implementation, establishing quantitative and qualitative indicators and benchmarks to compare best practice, translating European guidelines into national and regional policies and organising on a regular basis monitoring, evaluation and peer review. The European employment strategy constitutes the first example of the method. It has since been extended to social inclusion and pensions.

Negotiation: a process enabling the social partners to develop an independent bargaining area. It gives the social partners the option, when consulted by the Commission, or on their own initiative, to decide to negotiate jointly an agreement on any matter falling within their responsibilities.

Resolution: text adopted jointly by the social partners, requesting the European institutions to take initiatives in a given area.

Synthesis report: document adopted by the Commission and presented to the spring European Council; it takes stock of progress achieved in implementing the strategy defined in Lisbon. It summarises progress on employment, social policy, structural policies and the broad economic policy guidelines. The first report of this kind was presented to the Stockholm European Council.

Social dialogue summit: high-level meeting which gives fresh impetus at regular intervals to the social dialogue. Assembling the cross-industry social partners under the chairmanship of the Commission President and attended by the Member of the Commission with special responsibility for social affairs and employment, the summits can take two different forms. They may be plenary meetings with representatives of all member organisations at national level (for example, the 1997 Summit at the Palais d'Egmont) or restricted meetings or mini-summits.

The Nice and Laeken European Councils requested the social partners to hold an annual meeting before each spring European Council to take stock of implementation of the Lisbon strategy. The informal meeting held in Stockholm in March 2001 was the first of this kind. It was followed by the Laeken Social Summit on 13 December 2001.

European employment strategy: process launched at the Luxembourg European Council which aims to coordinate at European level the Member States' employment policies on the basis of four pillars: entrepreneurship, employability, adaptability and equal opportunities. It is the first example of the open method of coordination launched by the Lisbon European Council.

Social partners declarations

**European Trade Union Confederation (ETUC)*
Union of Industrial and Employers' Confederations of Europe (UNICE)
European Centre of Enterprises with Public Participation and
of Enterprises of General Economic Interest (CEEP)**

13 December 2001

JOINT CONTRIBUTION BY THE SOCIAL PARTNERS TO THE LAEKEN EUROPEAN COUNCIL

1. Introduction

The conclusion of the 31 October 1991 agreement and its incorporation in articles 138 and 139 of the social chapter of the Treaty marked an essential step in development of the European social dialogue. Ten years later, and on the eve of the Laeken European Council, UNICE/UEAPME, CEEP and ETUC would like to reposition the role of the social partners in the light of the challenges posed by:

- the debate on Europe's future and governance,
- the future enlargement of the European Union to encompass the candidate countries in central, eastern and southern Europe,
- completion of economic and monetary union and the associated development of coordination of economic, employment and social policies.

Concerned to play their role to the full in tomorrow's Europe, ETUC, CEEP and UNICE/UEAPME believe it necessary to reaffirm:

- the specific role of the social partners,
- the distinction between bipartite social dialogue and tripartite concertation,
- the need better to articulate tripartite concertation around the different aspects of the Lisbon strategy,
- their wish to develop a work programme for a more autonomous social dialogue.

The European social partners will flesh out the avenues for reflection identified below with a view to making proposals during the Danish Presidency.

2. Specific role of the social partners in European governance

Last July the Commission published a white paper on European governance which highlights five principles (openness, participation, accountability, effectiveness and coherence) and proposes increased participation by the various players, and in particular civil society.

CEEP, UNICE/UEAPME and ETUC fully support the five principles proposed by the Commission. However, it is important during the implementation to fully take account of the specificities of the social dialogue. The nature of the responsibilities of the social partners, their legitimacy and their representativeness together with their capacity to negotiate agreements places the social dialogue in a special position.

In their capacity as European social partners, often underlined by the European Council and recognised by the Treaty, UNICE/UEAPME, CEEP and ETUC ask to be associated as observers with the Convention which will prepare the next Treaty revision and to be able, in due course, to express their point of view on the subjects which concern enterprises and workers.

3. Distinguish bipartite social dialogue from tripartite concertation

CEEP, UNICE/UEAPME and ETUC applaud the fact that incorporation of the essence of the provisions of the 31 October 1991 agreement in the Treaty has led to development of consultation of the European

** with the Liaison Committee Eurocadres/CEC*

social partners by the European institutions and has created a contractual area which has already been given concrete form in three European framework agreements.

Since 1991, the areas for concertation between the social partners and the European institutions have multiplied. In addition, the term "social dialogue" has progressively been used to designate any type of activity involving the social partners.

UNICE/UEAPME, CEEP and ETUC insist on the importance of making a clear distinction between three different types of activities involving the social partners:

- tripartite concertation to designate exchanges between the social partners and European public authorities,
- consultation of the social partners to designate the activities of advisory committees and official consultations in the spirit of article 137 of the Treaty,
- social dialogue to designate bipartite work by the social partners, whether or not prompted by the Commission's official consultations based on article 137 and 138 of the Treaty.

This distinction should already be promoted in the accession candidate countries where the confusion between tripartite concertation and bipartite social dialogue is undermining development of autonomous social dialogue.

4. Articulate tripartite concertation on the Lisbon strategy in a single forum

New Community methods for policy action have developed over the last five years. Incorporation in the Treaty of the employment chapter and the resulting process further to the decisions of the Luxembourg European Council together with the Cardiff process on structural reform and the Cologne process for macro-economic dialogue, in particular with finance ministers and ECB, have led to varied and uneven venues and times for concertation.

In Lisbon, Heads of State and Government decided to bring together the whole approach to economic, structural and employment initiatives in the spring European Council.

Reform of the Standing Committee on Employment has not led to a similar integration of tripartite concertation. The Standing Committee on Employment does not meet the need for coherence and synergy between the various processes in which the social partners are involved.

ETUC, UNICE/UEAPME and CEEP propose that SCE be replaced by a tripartite concertation committee for growth and employment which would be the forum for concertation between the social partners and the public authorities on the overall European strategy defined in Lisbon.

In addition to its specific work on the broad economic policy guidelines or the employment guidelines and structural reforms, with the various formations of the Council concerned, this committee would examine the Community's overall economic and social strategy ahead of the spring European Council.

UNICE/UEAPME, CEEP and ETUC will make specific proposals on how they believe its work should be organised.

5. Developing a work programme for a more autonomous social dialogue

The European social partners are extremely attached to the procedures laid down in articles 137 and 138 of the Treaty. They fully recognise the European Commission's right of initiative and the essential role of the European institutions in development of a coherent European strategy for growth and employment.

While pursuing work in progress on lifelong learning and the negotiations opened recently on teleworking, ETUC, UNICE/UEAPME and CEEP are reflecting on the best way of developing a more autonomous social dialogue.

Conscious that development of the European social dialogue presupposes strong involvement of national employer and trade union leaders, CEEP, UNICE/UEAPME and ETUC will discuss what concrete measures should be taken to better organise the work of the social dialogue in a work programme, defined by a social dialogue summit.

This work programme would be built on a spectrum of diversified instruments (various types of European framework agreement, opinions, recommendations, statements, exchanges of experience, awareness-raising campaigns, open debates, etc.) and would comprise a balanced range of themes of common interest for employers and workers. Its implementation would presuppose regular social dialogue meetings and/or summits.

Although decided and implemented in complete autonomy, the social partners will be concerned that their work programme should make a useful contribution to European strategy for growth and employment as well as to preparing for enlargement of the European Union.

The European social partners draw the European public authorities' attention to the urgent need to develop, with the help of the European social partners, a genuinely integrated technical assistance programme for the social partners in the candidate countries in order to foster the development of strong and autonomous trade union and employer organisations capable of engaging fully in the European social dialogue as soon as their countries accede to the European Union.

On their side, ETUC, UNICE/UEAPME and CEEP will involve employer and trade union organisations in the candidate countries in preparation of the proposals they plan to present to the Council under the Danish Presidency.

JOINT DECLARATION

ETUC/ UEAPME**"The social dialogue as a tool to meet the economic and social challenges of Small Enterprises"**

- 1 The ETUC and UEAPME declare their full support for the objectives of the Lisbon European summit to strengthen the co-ordination and synergies between the Luxembourg, Cardiff and Cologne processes in order to improve growth and create full employment via well-coordinated economic policies and improvements in the operation of the labour market.
- 2 The Lisbon Summit emphasised the role of SMEs in the new European Union drive for employment and for a competitive economic area based on innovation, knowledge, social cohesion and regional development. Referring to this role, the Charter for Small Enterprises ", included in the conclusions of the European Summit in Santa Maria da Feira, points out the specific needs of small enterprises.
- 3 The ETUC and UEAPME call upon the public authorities and policy decision-makers at all levels to establish and maintain an administrative, fiscal, social and economic environment, which supports the creation, maintenance and growth of small enterprises and employment.
- 4 The ETUC and UEAPME are ready to contribute to the success of these objectives within their own areas of responsibility, and stress the importance of social dialogue between employers and representative trade unions as an essential factor in the new context of Lisbon and in the follow up of the Charter. This dialogue must be considered as a precondition for balancing the need of flexibility, which is necessary for job creation and economic growth, with the need for security in a good working environment and in organising the necessary changes.
- 5 UEAPME and the ETUC stress the need to take into account the specific characteristics of, and particular situation in which, craft and small enterprises are working and developing in order to identify appropriate ways of establishing good employment conditions particularly as regards professional training, qualifications, health and safety in the workplace, and the organisation of work ensuring conditions of adaptability for both, workers and businesses.
- 6 Social dialogue can provide tailor-made answers for small enterprises. The economic, educational and social development of small enterprises can be promoted by further developments of networks, co-operations and joint measures, for example those for flexibility and adaptability as well as for professional training and health and safety organised at inter-sectoral, sectoral, branch and regional/local level, or within an enterprise.
- 7 Therefore, the ETUC and UEAPME underline the role and the benefits of social dialogue between employers and workers and their representative organisations at all levels on modernising the organisation of work. The UEAPME and ETUC jointly recognise the specificity and quality of the working environment and working relations in the small enterprises, and recognise the consequences of these characteristics for the organisation and structure of staff representation.
- 8 As well as their shared readiness to contribute to the quality of the social dialogue between UNICE/UEAPME, CEEP and the ETUC, the two organisations hope to bring added value through developing the dialogue on specific issues concerning small enterprises and their workers as it has been initiated through the UEAPME Futurisme Project and the ETUC's initiatives. The results of these efforts show that co-operation and joint actions on different levels can improve the adaptability of working conditions in small enterprises, including the responds to the challenges of enlargement.
- 9 The ETUC and UEAPME invite their members to improve and develop such co-operations in their national context.

27.04.2001 (version 13)



Orig. Fr –15th June 2000

Proposal for a Charter for Services of General Interest

The European Trade Union Confederation (ETUC) and the European Centre of Enterprises with Public Participation and of Enterprises of General Economic Interest (CEEP),

whereas:

there is the necessity to build a European Union balanced between its economic, social and environmental dimensions, and the development of democracy and European citizenship,

many of the fundamental rights of citizens are ensured by services of general interest,

services of general interest contribute to people's quality of life and that achieving the best possible quality of life is an essential aim of the European Union,

services of general interest have an essential role in the sustainable development of our society,

solidarity and combating exclusion constitute essential social advances, also based on services of general interest,

services of general interest are a cement for social and territorial cohesion,

high quality services of general interest support economic development and have a strong job-creation potential,

one of the fundamental responsibilities of public authorities in charge of a territory is to define and ensure the quality of services of general interest,

the social partners and social dialogue in services of general interest are important, whatever the activity or operator,

the quality of information, consultation and participation of workers and their representatives play a role in providing modern and effective services of general interest,

the resolution of the European Parliament on the Intergovernmental Conference stressed "the importance of the nature and meaning of the social market economy",

it is valuable in this respect to assist accession candidate countries,
the new Intergovernmental Conference presents an opportunity,

the conclusions of the Lisbon European Council and notably the mandate given to the European Commission to update its 1996 communication on services of general economic interest while taking full account of the Treaty provisions,

ask the European institutions to adopt a Charter for Services of General Interest, based on their attached joint proposal, by granting it the status of a Protocol annexed to the Treaty of the European Union.

Done at Brussels, 15th June 2000.

CONFERENCE ON THE SOCIAL DIALOGUE IN THE CANDIDATE COUNTRIES ETUC/ CEEP/ UNICE-UEAPME*

Bratislava, 16-17 March 2001

Press Statement

The Social Partners Conference on the social dialogue in the candidate countries held in Bratislava on 16 and 17 March 2001 has highlighted the major role that the social partners can play in managing social and economic change and in contributing to the European enlargement process.

The Conference was a joint initiative undertaken with the support of the European Commission. It showed the need to support and strengthen the various forms of social dialogue in the candidate countries.

Working papers on tripartite consultation and bilateral social dialogue between employers' organisations and trade unions served as a basis for discussion.

The role of trade unions and employers' organisations in managing change in a way that is socially just and economically efficient was emphasised.

The Conference identified four factors that influence the way in which social partners can play their role. These factors, which are valid both for candidate countries and EU member states even if they interact differently in each national context, are the following:

- The willingness of employers and workers to join and mandate organisations to represent their interests, which is a precondition for building representative structures;
- The ability to fulfil this mandate by developing an institutional and material capacity to act effectively;
- The proper articulation and distribution of responsibilities between the different levels for action (national, sectoral, territorial or company)
- The development of autonomy of the social partners and a space where they can fully exercise their responsibilities

By way of conclusion the social partners propose to:

1. Deepen exchanges on specific themes of relevance to the social partners such as:
 - managing industrial and technological change
 - analysing different collective bargaining systems (using the support of EIRO)
 - looking at the respective roles of chambers of commerce and employers' organisations
 - integrating the specific issues related to SMEs in social partner activities
 - distinguishing between the role of State as Government and its role as stakeholder in public company
 - promoting the role of social partners in developing quality services of general interest which are essential for social cohesion.
2. Widen such exchanges to include comparisons between candidate countries and EU member states.
3. Organise enlarged Social Dialogue Committee meetings to include representatives from the candidate countries.

UNICE/UEAPME, CEEP and ETUC also stressed the importance of underpinning and strengthening the role of the social partners in the integration process.

The European Commission also has a role to play in monitoring the development of the social dialogue as a part of the *acquis communautaire*.

Some two hundred participants took part in the Conference from all of the thirteen candidate countries and from all the European Union organisations.

A full report of the Conference will be available later. Bratislava, 17th March 2001

**The interprofessional European Social Partners are ETUC (European Trade Union Confederation) representing also the Liaison Committee of Eurocadres/CEC, UNICE-UEAPME (Union of Industrial and Employers' Confederations of Europe with the Union of European Craft and Small and Medium Size Enterprises) and CEEP (European Center of Enterprises with Public Participation and of Enterprises of General Economic Interest).*

The European Councils and the social partners, 2000-2001

Special meeting, Lisbon, 23 and 24 March 2000

The Union set itself a **new strategic goal** for the next decade:
to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion.

Introduction of a new **open method of coordination** at all levels, based on the preparation, at Community level, of guidelines for employment and their incorporation into national action plans for employees. The social partners need to be more closely involved in drawing up, implementing and following up the appropriate guidelines.

Emphasis placed on **education and lifelong learning**, an indispensable part of the European social model, notably by "encouraging agreements between the social partners on innovation and lifelong learning".

European Council, Feira, 19 and 20 June 2000

Follow-up to Lisbon: the European Council welcomed the **joint declaration** presented by the social partners which set out constructive positions on temporary work, telework and lifelong learning, and provisions for joint monitoring of industrial change.

Employment policy: the social partners were invited to play a more prominent role in defining, implementing and evaluating the employment guidelines which depend on them, focusing above all on modernising work organisation, lifelong learning and increasing the employment rate, particularly for women.

European Council, Nice, 7, 8 and 9 December 2000

The European Council approved the **European Social Agenda** which defined, in accordance with the Lisbon European Council conclusions and on the basis of the Commission communication, specific priorities for action for the next five years around six strategic guidelines in all social policy areas.

The European Council invited the social partners, especially, to play their full part in implementing and monitoring it, particularly at an annual meeting to be held before the spring European Council meeting.

Agreement was reached on the social policy aspects of the European company.

European employment strategy: the social partners were requested to:

- make full use of the scope offered by the Treaty for relations based on agreements and joint actions and to make known, before each spring European Council, the joint actions undertaken or planned;
- pursue the social dialogue on problems connected with work organisation and new forms of employment;
- launch debates which might lead to negotiations on shared responsibility between undertakings and workers as regards the employability and adaptability of the workforce, in particular from the perspective of mobility.

Emphasis was placed on support for the social dialogue with the aim of supporting economic and social progress in an enlarged Union.

European Council, Stockholm, 23 and 24 March 2001

Attention was drawn to the importance of the social partners' contribution and commitment on the occasion of an exchange of views with the troika on 22 March.

Role of the social partners in managing change: the committed and active involvement of the social partners is essential not only for assessing progress towards the Union's strategic goal, but also in implementing the ongoing reform, the success of which requires commitment from employers and workers at the grass roots.

To contribute to this aim, the European Council endorsed the setting-up as soon as possible of the European Observatory for Industrial Change as part of the Dublin Foundation.

The European Council hoped for a positive outcome to current negotiations between the social partners on temporary agency work and teleworking.

European Council, Laeken, 14 and 15 December 2001

Following the Stockholm European Council, progress was achieved on the different aspects of the Lisbon strategy.

Employment: at the summit on 13 December 2001, the social partners expressed their willingness to boost the social dialogue by drawing up jointly a multiannual work programme before the European Council in 2002. They also insisted on the need to develop and improve the organisation of tripartite concertation on the various aspects of the Lisbon strategy. It was agreed that a social summit would henceforth be held before each spring European Council.

Laeken Declaration on the future of the European Union: in order to pave the way for the next Intergovernmental Conference as broadly and openly as possible, the European Council decided to convene a **Convention** composed of the main parties involved in the debate on the future of the Union. Three representatives of the Economic and Social Committee and three representatives of the European social partners will be invited to attend as observers.

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