



European Foundation for the Improvement of Living and Working Conditions

# Industrial relations developments in Europe 2007



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# Foreword

A number of key trends in industrial relations, particularly in collective bargaining, were observed over the course of 2007. In a number of countries, decentralising of collective bargaining took place. Substantial nominal pay increases were negotiated in many new Member States in eastern Europe, against a background of falling unemployment, rapid economic growth and rising inflation. Occupational pension provision featured in a number of collective agreements, as did training and lifelong learning. Increases in parental leave were negotiated in Denmark and Sweden, while corporate social responsibility featured in a number of collective agreements in Belgium and Italy. In terms of industrial action, eastern European Member States again stood out, showing a rising trend of various forms of action; by contrast, industrial action in western European Member States was muted.

This report, *Industrial relations developments in Europe*, provides a comparative overview of the most significant industrial relations developments at national level during 2007 and reviews the year's main activities in European social dialogue and employment legislation and policy. It examines the key issues covered by collective bargaining – pay, working time, occupational pensions, training, and equal opportunities – and also looks at developments in the area of social partner activity and industrial action. In particular, it highlights levels of industrial action across Member States, efforts to tackle the gender pay gap and the regulation of temporary agency work.

The final chapter is devoted to the European Directive establishing a general framework for informing and consulting employees in the European Communities, charting the transposition process across EU Member States and analysing its impact on industrial relations practice.

We trust the report will provide a timely contribution to debate on these issues.

Jorma Karppinen  
*Director*



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# Introduction

The European Industrial Relations Observatory (EIRO) remains a reliable and up-to-date source of news and comparative information on industrial relations developments and trends for the key actors in the field of European social dialogue. The information that EIRO publishes is supplied by a network of correspondents in each Member State and in Norway and at the EU level. This annual review examines the developments in the 27 EU Member States and Norway, and EU-level industrial relations in 2007, with a particular focus on the European Information and Consultation Directive.

The first chapter draws on contributions from the network to look at relevant political and legislative developments, collective bargaining levels, changes in the organisation and role of social partners, industrial action and other significant developments in the countries covered by EIRO. It focuses in particular on developments in terms of tackling the gender pay gap, including initiatives and measures taken in collective bargaining. It also looks at developments in collective bargaining and legislation concerning temporary agency work and its extent across the countries under examination.

The second chapter reports on the main developments in social dialogue at European level over the course of 2007, charting trends in collective bargaining and industrial action and focusing on equal opportunities for women and men. The third chapter explores examines the impact of the European Directive establishing a general framework for informing and consulting employees in the European Communities.

The text contains numerous references (e.g. EU0707059I) to records on the EIROOnline website, which provide more detailed information on the issues in question. These can be accessed at <http://www.eurofound.europa.eu/eiro> by simply entering the reference into the Search field.



# Comparative overview of industrial relations

This chapter reviews relevant political and legislative developments, collective bargaining levels, changes in the organisation and role of social partners, industrial action and other significant developments across the countries covered by EIRO.

## Political developments

Of the 28 countries examined here, eight held national general elections in 2007 – Belgium, Denmark, Estonia, Finland, France (where an important presidential election also occurred), Greece, Ireland and Poland. These elections resulted in a significant change of government in Estonia, Finland and Poland. Following Belgium's general election in June, no new federal government had been formed by the end of the year (with a temporary caretaker administration in place). New governments took office in Austria, the Czech Republic and the Netherlands, following elections in 2006. Furthermore, new governments took office in Latvia and Romania without a general election.

In some cases, changes of government in 2007 had industrial relations implications. For example, the programme of Austria's new 'grand coalition' government of the Social Democratic Party (Sozialdemokratische Partei Österreichs, SPÖ) and the conservative Austrian People's Party (Österreichische Volkspartei, ÖVP), which replaced the former conservative-populist government, included a range of important industrial relations and employment measures. These included an appeal to the social partners to agree a nationwide minimum wage rate and a further relaxation of working time regulations. The new government also enhanced cooperation with the social partners.

In the Netherlands, the new government coalition, which is more left-leaning than its predecessor, developed aspects of its programme in consultation with the social partners. For instance, it held a labour market participation 'summit' in June (NL0707069I), which led to agreement with the social partners on measures to boost labour market participation, especially for women and older people. However, government plans to reform dismissals law proved controversial and divided the coalition itself; the reform plans had not progressed far by the end of the year. Trade unions also opposed reform proposals in relation to occupational disability benefits and those aiming to penalise workers who opt for early retirement.

The Czech Republic's new centre-right government pushed through important legislative changes in areas such as taxation, healthcare, social security and social policy, with the aim of cutting public expenditure and stabilising public budgets. These legislative changes brought about protests from trade unions and political opposition parties, fearing an impact on the country's living standards. In Estonia, the new conservative government is seen in some quarters as unenthusiastic about social partnership, and trade unions claim that negotiations with the government have been ineffective.

In France, the general parliamentary and presidential elections brought no change in the broad political direction. Nonetheless, the new President, Nicolas Sarkozy, and the government placed increased emphasis on employment and industrial relations reform, for example, by promoting a 'flexicurity' approach to the labour market (FR071029I) and further relaxing the statutory 35-hour working week. Greece's re-elected conservative government announced a major reform of the social security and insurance system, which provoked high-profile opposition from trade unions (GR0801059I), as well as criticism over its approach from employer organisations.

Aside from elections and new governments, industrial relations and employment issues were prominent in national politics in 2007 in countries such as Germany (whether and how to set binding minimum wages for certain economic sectors), Hungary (reforms of healthcare insurance and a new pension calculation method, resulting in trade union protests), Italy (health and safety at work and flexicurity), Portugal (public sector employment and labour law reform) and Sweden (social dumping and the national collective bargaining system, in light of the final ruling in the Laval case at the European Court of Justice (ECJ) – SE0801019I).

**Table 1 Political situation in EU Member States and Norway, 2007**

Austria	Following a general election in October 2006, in January 2007 a 'grand coalition' government of SPÖ and ÖVP was formed under the new Chancellor Alfred Gusenbauer (SPÖ). The government's programme included various industrial relations and labour market measures (AT0702029I).
Belgium	Prior to a general election in June 2007, the federal government was a liberal-socialist coalition of the (French-speaking) Reform Party (Mouvement réformateur, MR), the Flemish Liberals and Democrats (Vlaamse Liberalen en Democraten, VLD), the (French-speaking) Socialist Party (Parti Socialiste, PS) and the (Flemish) Progressive Social Alternative (Sociaal Progressief Alternatief, SP.A). At the election, the Christian Democratic Party of Flanders-New Flemish Alliance (Christen-Democratische en Vlaamse politieke-Nieuw-Vlaams Alliantie, CD&V-NV.A) won the most votes in Flanders, overtaking the VLD, which lost ground, as did the SP.A. In Wallonia, MR won the greatest share of votes, while support for PS slumped. Coalition talks (BE0708019I) between CD&V-NV.A, the (French-speaking) Humanist Democratic Centre (Centre démocrate humaniste, CDH), MR and VLD continued without success until the end of the year. Guy Verhofstadt, the former VLD Prime Minister, formed an interim government until March 2008 to deal with urgent matters.
Bulgaria	The left-liberal coalition government of the Bulgarian Socialist Party (BSP), National Movement Simeon II (NMS) and Movement for Rights and Freedoms (MRF), led by Prime Minister Sergei Stanishev (BSP), which was elected in 2005, remained in office in 2007. The opposition centre-right Citizens for European Development in Bulgaria (CEDB) was the main winner in local elections held in autumn 2007. Bulgaria joined the EU on 1 January 2007 and elections to the European Parliament were held in May, with CEDB and BSP winning most seats.
Cyprus	The Cypriot government is led by the elected president – currently Tassos Papadopoulos of the Cyprus Democratic Party (DIKO), elected in 2003. During 2007, the Progressive Party of the Working People of Cyprus (AKEL), the largest party in parliament, resigned from the government, which now includes only DIKO, the United Democratic Union of the Centre (EDEK) and the Ecologists/Environmentalists. A presidential election was due to be held in February 2008.
Czech Republic	Following instability after a general election in June 2006, a centre-right coalition government of the Civic Democratic Party (Občanská demokratická strana, ODS), the Christian Democrats (Křesťanská a demokratická unie – Československá strana lidová, KDU-ČSL) and the Green Party (Strana zelených, SZ) was confirmed in January 2007, led by Prime Minister Mirek Topolánek (ODS). The government pursued a controversial programme of major legislative change in areas such as taxation, healthcare, social insurance and social policy, with the aim of cutting public expenditure and stabilising public budgets. In 2008, the parliament will elect a new president and there will be elections to the Senate and regional assemblies.
Denmark	Following a general election in November 2007, the coalition government of the Liberal Party (Venstre) and the Conservative Party (Det Konservative Folkeparti), led by Prime Minister Anders Fogh Rasmussen (Venstre), returned to office for a third term. It is a minority administration that relies on support from other parties, notably the Danish People's Party (Dansk Folkeparti).
Estonia	Prior to a general election in March 2007, the government was a coalition of the right-wing Reform Party (Eesti Reformierakond), the left-of-centre Estonian Centre Party (Eesti Keskerakond) and the centrist Estonian People's Union (Eestimaa Rahvaliit). Following the election, in which the Reform Party was the main winner, it was joined in a new coalition by the conservative Pro Patria and Res Publica Union (Isamaa ja Res Publica Liit) and the Estonian Social Democrat Party (Eesti Sotsiaaldemokraatlik Erakond). The Prime Minister is Andrus Ansip (Reform Party).
Finland	Prior to a general election in March 2007, the government was a centre-left coalition of the Centre Party (Suomen Keskusta), the Social Democratic Party (Suomen Sosiaalidemokraattinen Puolue, SDP) and the Swedish People's Party (Svenska Folkpartiet). The election saw a major success for the centre-right National Coalition Party (Kokoomus), which became the second-largest party behind the Centre Party, which lost ground, as did the SDP. The Centre Party and National Coalition Party formed a coalition with the Green League (Vihreä Liitto) and the Swedish People's Party, led by Prime Minister Matti Vanhanen (Centre Party).

Table 1 (continued)

France	A presidential election was held in April 2007, in which Nicolas Sarkozy of the conservative Union for a Popular Movement (Union pour un Mouvement Populaire, UMP) defeated his Socialist Party (Parti Socialiste, PS) rival, Ségolène Royal. At parliamentary elections in June, the UMP and its allies retained a majority, with a clear victory over the PS and other left-wing parties. President Sarkozy and the new Prime Minister, François Fillon, pursued labour market and industrial relations reforms, with the aim of achieving full employment by 2012.
Germany	The 'grand coalition' federal government formed in 2005 by the conservative Christian Democratic Party (Christlich Demokratische Union, CDU), its Bavarian associate the Christian Social Union (Christlich-Soziale Union, CSU) and the Social Democratic Party (Sozialdemokratische Partei Deutschlands, SPD) remained in office in 2007, led by Chancellor Angela Merkel (CDU). One regional ( <i>Land</i> ) parliamentary election was held in 2007 – in May in the city-state of Bremen. The incumbent regional government coalition partners, SPD and CDU, both lost votes, but SPD remained the largest party and formed a new coalition with the Greens (Bündnis 90/Die Grünen).
Greece	The centre-right New Democracy government called an early general election in September 2007, winning a narrow majority and returning to office, again led by Prime Minister Costas Karamanlis. The Panhellenic Socialist Movement (PASOK) remained the main opposition party, although it also lost seats. The re-elected government made reform of the social security system one of its main aims (GR07100391), leading to opposition from trade unions.
Hungary	The coalition government of the Hungarian Socialist Party (Magyar Szocialista Párt, MSZP) and the liberal Alliance of Free Democrats (Szabad Demokraták Szövetsége, SZDSZ), led by Prime Minister Ferenc Gyurcsány, elected in 2006, remained in office during 2007. Its programme of reforms, austerity measures and efforts to cut the budget deficit resulted in considerable political opposition and protests by trade unions, with a particularly controversial healthcare reform (HU08030291) – a referendum on the issue will be held in March 2008.
Ireland	A general election was held in May 2007. The previous coalition government of the majority centrist Fianna Fáil party and the small right-of-centre Progressive Democrats (PDs) led by Prime Minister Bertie Ahern, remained in office. However, the PDs lost seats and the Green Party joined the coalition for the first time.
Italy	The centre-left Unione coalition led by Prime Minister Romano Prodi, elected in 2006, remained in office in 2007, although it was experiencing difficulties at the end of the year (and ultimately resigned in February 2008). Two of the main parties in the coalition, the Democrats of the Left (Democratici di sinistra, Ds) and Margherita Democracy and Freedom (Margherita democrazia e libertà, DI) merged to form the Democratic Party (Partito democratico, Pd); however, the left wing of Ds opposed the merger and split to form the Democratic Left (Sinistra democratica). The other coalition parties are the Communist Refoundation Party (Partito della rifondazione comunista, Prc), Greens Federation (Federazione dei Verdi), Party of the Italian Communists (Partito dei comunisti italiani, Pdc), Popular Union of Democrats for Europe (Popolari-Unione democratici per l'Europa, Popolari-Udeur), Italy's Values (Italia dei valori, Idv) and Rosa nel pugno (Rnp). The government received external support from the Südtiroler Volkspartei (Svp). Provincial and municipal elections were held in May 2007, with success for the centre-right Forza Italia in the north of Italy and for the Ds/DI in the centre of Italy.
Latvia	The centre-right coalition of the People's Party (Tautas partija, TP), Latvia First Party (Latvijas Pirmā Partija, LPP)-Latvian Way (Latvijas Ceļš, LC), Green and Farmers Union (Zaļo un Zemnieku Savienība, ZZS) and Fatherland and Freedom Party (Tēvzemei un Brīvībai, LNNK), led by Prime Minister Aigars Kalvītis (TP), elected in 2006, was in office until December 2007, when Kalvītis resigned. A new government, with virtually the same composition, was formed, with Ivars Godmanis (LC) as Prime Minister. Parliament elected a new President, Valdis Zatlers, the nominee of the governing coalition, in May 2007.
Lithuania	The minority centre-left coalition government formed in 2006 by the Social Democratic Party of Lithuania (Lietuvos socialdemokrat partija), Lithuanian Peasants Party (Lietuvos valstie i partija), Liberal and Centre Union (Liberal ir centro s junga) and Civil Democracy (Pilietin s demokratijos partija), led by Prime Minister Gediminas Kirkilas (Social Democratic Party), remained in office in 2007. In local elections held in February, the Social Democratic Party and the conservative Homeland Union (T vyn s s junga) won the largest shares of the vote.
Luxembourg	The coalition government of the Social Christian Party (Chrëschtlech Sozial Vollekspartei, CSV) and Socialist Party (Lëtzebuurger Sozialistesche Arbechterpartei, LSAP) which came to power in 2004 remained in office during 2007, led by Prime Minister Jean-Claude Juncker (CSV). A general election is due in 2009.
Malta	The centre-right Nationalist Party (NP) government, elected in 2003, continued in office in 2007. General elections were held in March 2008. In local elections held in March 2007, the opposition Malta Labour Party (MLP) obtained a majority of first-count votes.
Netherlands	Following a general election held in November 2006 (NL06120191), a new coalition government was formed in February 2007, again involving the centre-right Christian Democratic Appeal (Christian Democratisch Appel, CDA) and led by Prime Minister Jan Peter Balkenende (CDA). However, the liberal centre-right People's Party for Freedom and Democracy (Vereniging voor Vrijheid en Democratie, VVD) and the social-liberal Democrats 66 (D66) were replaced in the coalition by the social democratic Labour Party (Partij van de Arbeid, PvdA) and the centre-left Christian Union (Christen Unie, CU), thereby shifting the government leftwards.

Table 1 (continued)

Norway	The centre-left coalition government of the Norwegian Labour Party (Det norske Arbeiderparti, DnA), Socialist Left Party (Sosialistisk Venstreparti, SV) and Centre Party (Senterpartiet, SP) which took office in 2005 remained in power in 2007, led by Prime Minister Jens Stoltenberg (DnA). In local elections in September 2007, opposition centre-right parties gained votes, while support for DnA fell slightly and SV experienced significant losses.
Poland	An early general election was held in October 2007, following the collapse of the governing coalition of the conservative Law and Justice (Prawo i Sprawiedliwość, PiS), Self Defence of the Republic of Poland (Samoobrona Rzeczpospolitej Polskiej, Samoobrona RP) and League of Polish Families (Liga Polskich Rodzin, LPR). In the election, the liberal Civic Platform (Platforma Obywatelska, PO) won 41.5% of the vote, PiS won 32%, the Left and Democrats (Lewica i Demokraci, LiD) coalition won 13%, and the Polish Peasants' Party (Polskie Stronnictwo Ludowe, PSL) won 9%. Samoobrona and LPR failed to reach the 5% threshold for representation in parliament. PO and PSL formed a new coalition government, with a parliamentary majority, led by Prime Minister Donald Tusk (PO).
Portugal	The Socialist Party (Partido Socialista, PS) government led by Prime Minister José Sócrates which was elected in 2005 remained in office in 2007 and continued its strategy of cutting the public deficit and restructuring the public administration, with the support of the conservative President, Aníbal Cavaco Silva. A general election is due to be held in 2009.
Romania	The coalition government of the Justice and Truth Alliance (Alianța Dreptate și Adevăr, Alianța DA) – which grouped the National Liberal Party (Partidul Național Liberal, PNL) and the Democratic Party (Partidul Democrat, PD) – the Democratic Union of Hungarians in Romania (Uniunea Democrată a Maghiarilor din România, UDMR) and the Conservative Party (Partidul Conservator, PC), led by Prime Minister Călin Popescu Țăriceanu (PNL), finally collapsed in early 2007, after PD and PC left the coalition government. Țăriceanu formed a new minority government in March, made up of PNL and UDMR, which have only 20% of parliamentary seats. The Social Democrat Party (Partidul Social Democrat, PSD), the Great Romania Party (Partidul România Mare, PRM) and PC provided some support for the minority administration's legislative initiatives. Parliamentary elections are due in 2008. Romania joined the EU on 1 January 2007 and elections to the European Parliament were held in November, with the PD winning most seats, followed by PSD, PNL, the Democrat Liberal Party (Partid Liberal Democrat, PLD) and UDMR. PD and PLD later merged to form the Liberal Democrat Party (Partidul Democrat Liberal, PDL).
Slovakia	The coalition government of the left-leaning Smer-Social Democracy (Smer-sociálna demokracia, Smer-SD), the conservative Movement for Democratic Slovakia (Hnutie za demokratické Slovensko, HZDS) and the right-wing Slovak National Party (Slovenská národná strana, SNS), formed in 2006, remained in office in 2007, led by Prime Minister Robert Fico (Smer-SD).
Slovenia	The centre-right coalition government of the Slovenian Democrats (Slovenska demokratska stranka, SDS), New Slovenia (Nova Slovenija, NSi), the People's Party (Slovenska ljudska stranka, SLS) and the Pensioners' Party (Demokrati na stranka upokojenecv Slovenije, DeSUS), elected in 2004, continued in office throughout 2007, led by Prime Minister Janez Jansa (SDS). A general election will be held in October 2008. A presidential election was held in October-November 2007, won by Danilo Tuerk, who was backed by the main left-wing opposition parties. November 2007 saw elections to the National Council (SI0712039I), the second chamber of parliament, which is the representative body for social, economic, professional and local interests and has relatively weak powers. The members include representatives of trade unions and employers. On 1 January 2007, Slovenia became the first of the Member States that joined the EU in 2004 to introduce the euro.
Spain	The minority Spanish Socialist Workers Party (Partido Socialista Obrero Español, PSOE) government elected in March 2004 continued in office during 2007, led by Prime Minister Jose Luis Rodríguez Zapatero. It relies on parliamentary support from smaller left-wing and centre-right parties. A general election was due in March 2008. Regional and municipal elections were held in many areas in May 2007. In Navarre, the regional organisation of the conservative People's Party (Partido Popular, PP) formed again the regional government after the failure of coalition negotiations between the regional PSOE and nationalist parties. In the Balearic Islands, a PP government was replaced by a coalition of the regional PSOE and the nationalist Majorcan Union (Unió Mallorquina, UM).
Sweden	The government of the Alliance for Sweden (Allians för Sverige), a grouping of four centre-right parties – the Moderate Party (Moderaterna), the Centre Party (Centerpartiet), the Liberal People's Party (Folkpartiet liberalerna) and the Christian Democrats (Kristdemokraterna) – elected in 2006 and led by Prime Minister Fredrik Reinfeldt (Moderate Party), remained in office in 2007. It continued with its labour market policies, with a focus on tackling unemployment and exclusion.
UK	The Labour Party government that was re-elected in 2005 continued in office throughout 2007. In local government elections in England during May 2007, the Conservative Party made gains at Labour's expense. Labour also lost seats in the Scottish Parliament, where the Scottish Nationalist Party won the largest number of seats and formed a minority administration, and in the Welsh Assembly. In June, Tony Blair stood down as UK Prime Minister after 10 years in office. He was succeeded by Gordon Brown.

Source: EIRO, 2007

## Collective bargaining developments

Table 2 below provides a summary of the main collective bargaining developments that took place in 2007 in individual countries.

Some form of national intersectoral bargaining plays an important role in setting overall pay and conditions of employment in a number of countries, and such agreements signed in previous years covered 2007 in Belgium, Greece and Ireland. A new national agreement was signed in Romania, covering the period 2007–2010, while for the sixth successive year the Spanish social partners renewed their intersectoral agreement laying down guidelines for lower-level bargaining. A central agreement containing pay recommendations for lower-level bargaining was reached in Hungary, as usual. However, after a long period of central incomes policy agreements, no accord was reached at this level in Finland in 2007 and the focus of bargaining switched to the sectoral level. In Slovenia, efforts to renegotiate a 2006 intersectoral pay agreement for the private sector did not succeed before the end of the year.

In a further group of countries, intersectoral bargaining regulates specific issues, rather than playing a general role. Issue-specific bipartite agreements were concluded by central social partner organisations in 2007 in Estonia (minimum wage increases), France (occupational accidents and illnesses) and Sweden (occupational pensions for blue-collar workers). Unusually in the national context, the central Austrian social partners signed an agreement ‘in principle’ to introduce a national minimum monthly gross pay rate of €1,000 through sectoral bargaining by the beginning of 2009 (AT0707019I). Several issue-specific agreements were also signed, alongside a broader intersectoral agreement, in Belgium (for example, on flexible results-based pay).

In most countries with general intersectoral agreements, subsequent sectoral bargaining plays a significant role in implementing and/or building on the national accords – as in Belgium, Greece and Spain. In a further set of countries, the sector of economic activity is the key bargaining level, without an intersectoral framework. In 2007, the essentially annual or uncoordinated sectoral bargaining cycle proceeded as normal in Austria, France, Germany, Italy, the Netherlands, Portugal and Slovakia. In the Nordic countries, a clearer multi-year bargaining cycle exists, and 2007 saw major ‘set-piece’ bargaining rounds in Denmark (resulting in new agreements with a duration of three years), Finland (two-and-a-half years) and Sweden (three years). Norway’s two-year cycle meant that the 2007 bargaining round was an ‘intermediate’ settlement, adjusting the pay rates agreed in 2006’s ‘main’ settlement.

The most important bargaining level remained the individual company in Luxembourg, the UK and most of the new Member States that joined the EU in 2004 – Cyprus, Estonia, Latvia, Lithuania, Malta and Poland. However, some sectoral bargaining also exists in a number of these countries, and 2007 saw important agreements in metalworking in Cyprus, for example. In the Czech Republic, company-level and higher-level bargaining are still almost equally important, as they appear to be in Bulgaria.

With regard to collective bargaining coverage, 2007 saw little change in most countries. Coverage – despite already being at high levels – continued to rise slightly in Austria and Portugal. Hungary saw a slight fall in the number of new company agreements and bargaining coverage, while there was a continuing decline in the number and coverage of company-level agreements in the Czech Republic.

There were some instances of bargaining covering new areas, such as first-ever agreements in some parts of the Maltese education sector and Austrian universities (AT0705029I).

Decentralisation of bargaining in various forms was an important theme in some countries in 2007. Notably, in Finland, alongside the shift in focus from intersectoral to sectoral level, there was also a tendency for sectoral agreements to delegate more decision-making to company-level bargaining. This latter form of decentralisation – maintaining sectoral agreements but giving a greater role to company bargaining – seemed to be spreading. In 2007, the Italian chemicals sector social partners agreed that management and local trade unions in companies facing particular financial difficulties may reach agreements that temporarily deviate from the rules set by the national sectoral agreement. In Denmark, 2007's trend-setting agreement in manufacturing allows for company-level accords to deviate from its provisions on working time and training. In Slovenia – where there has been decentralisation from intersectoral to sectoral level – a new tripartite social agreement for the period 2007–2009 provides scope for company-level agreements to deviate from the provisions of higher-level agreements. The number of sectoral agreements fell in Slovakia in 2007, with employers seeking greater decentralisation of bargaining to the company level. A slight trend towards company-level bargaining was also observed in the Netherlands. The decision in 2006 by a number of Irish trade unions not to sign up to the new national pay agreement and instead to pursue local pay bargaining does not appear to have brought higher wage rises for members.

By contrast, in a few cases in central and eastern European countries with predominantly decentralised bargaining, sectoral agreements were concluded for the first time in 2007, as for taxi services in Latvia and newspaper journalists in Lithuania.

**Table 2 Trends in collective bargaining in the EU Member States and Norway, 2007**

Austria	Bargaining is primarily at sectoral level. In 2007, as in most years, around 400 collective agreements were signed, according to Austrian Trade Union Confederation (Österreichischer Gewerkschaftsbund, ÖGB) figures, which exclude some agreements signed in previous years for a duration of over 12 months, and some regional and company agreements. Overall bargaining coverage, despite already standing at 98%–99%, has continued to rise slightly, with bargaining extending to new areas in healthcare, social services and adult education. Bargaining is tending to cover narrower branches, while trade unions have sought to centralise sectoral bargaining at national level instead of conducting separate negotiations for each province. Average collectively agreed pay increases fell back slightly in 2007.
Belgium	In the normal bargaining cycle, a two-year national intersectoral agreement is concluded at the end of even years, with sectoral bargaining following, mainly in the subsequent year. 2007 was the first year of the 2007–2008 intersectoral agreement (BE0701019I), which set an indicative pay norm to guide lower-level bargaining of 5% over the two years and provided for an increase in the national minimum wage, as well as dealing with issues such as 'active ageing', outplacement, tax cuts, reductions in overtime costs and training. This accord set the framework for the high level of sectoral bargaining activity in 2007, with some 1,300 agreements signed (BE0706039I). Most sectoral agreements observed the 5% pay norm. Other important themes included age-related pay provisions, overtime and weekend work. Within the sectoral frameworks, about 4,300 company agreements were concluded. In 2007, six specific national intersectoral agreements were reached on issues such as controls of employees at the workplace (BE0612029I), flexible results-based pay and early retirement.
Bulgaria	In 2007, 10 whole-sector collective agreements were in force and 58 branch-level agreements (the same as in 2006). About 2,000 company-level collective agreements and annexes to existing agreements were registered (again, similar to the 2006 level). Chemicals is the only major economic sector without an agreement, but a 'cooperation pact' was signed in 2007 to prepare the way for such an accord (BG0706019I). Agreements generally run for two years and the main theme is pay, especially minimum rates. Agreed wage increases were relatively high in 2007, notably in sectors facing skill shortages.

Table 2 (continued)

Cyprus	Most collective agreements are at enterprise level, although sectoral agreements exist in important industries and probably cover more workers than company agreements. At the end of 2007, according to the Ministry of Labour and Social Insurance, there were around 400 enterprise agreements and 17 sectoral accords. No official figures are available on agreements signed in 2007, but provisional data from the Pancyprian Federation of Labour (PEO) indicate that, of 269 collective agreements that had expired by the end of 2006, covering a total of 45,600 employees, 200 (including four sectoral accords) were renegotiated in 2007, covering 43,000 employees. Agreements generally have two- or three-year terms. Pay bargaining in 2007 generally continued the trend of moderation set in the previous year. A notable agreement set pay rates and working conditions for part-time workers in banking, providing for equal treatment and a minimum 20-hour working week (CY0710019I).
Czech Republic	Bargaining occurs at both enterprise and multi-employer level. According to the Czech-Moravian Confederation of Trade Unions (Českomoravská konfederace odborových svazů, MKOS), the main union confederation, its affiliates signed 3,187 enterprise-level agreements in 2007, covering 1.08 million employees, or 26.3% of the workforce. This represented a fall of 237 agreements, or 6.6%, from 2006, and continued a long-term decline, linked to falling trade union membership levels which affects all trade unions and not just MKOS. MKOS affiliates signed 19 multi-employer ('higher-level') agreements for 2007. Including the effect of the extension of some of these agreements, a total of 9,350 employers with 990,000 employees, 24% of the workforce, were covered by these agreements. In addition, four multi-employer agreements were signed for 2007 by trade unions not affiliated to MKOS. The number of multi-employer agreements has remained fairly static in recent years. Pay and working time are the central issues in all bargaining.
Denmark	In the private sector, 2007 saw the expiry of three-year agreements in the main bargaining area covered by the Danish Confederation of Trade Unions (Landsorganisationen i Danmark, LO) and the Danish Employers' Confederation (Dansk Arbejdsgiverforening, DA). In the 2007 bargaining round, the agreement in the manufacturing industry (DK0703019I) as usual set the trend for most of the DA-LO area. With a term of three years, the innovative agreement increased minimum pay rates (actual increases are negotiated at company level), as well as dealing with: increased occupational pension contributions; greater access to continuing training; parental leave for fathers; extra rights for workplace trade union representatives; and 'free-choice' accounts whereby employees may choose whether to use a proportion of wages to fund time off, pension contributions or extra pay. The sectoral agreement also allows for company-level accords to deviate from its provisions on working time and training. The public sector was covered in 2007 by three-year agreements signed in 2005, due to be renegotiated in 2008 (DK0709029I).
Estonia	Most bargaining occurs at enterprise level, although sectoral agreements now exist in road transport (EE0801019I) and on minimum wages in healthcare. No comprehensive data exist on enterprise bargaining. The official register puts the number of new enterprise agreements signed in 2007 at 91 (85 in 2006). The Confederation of Estonian Trade Unions (Eesti Ametiühigute Keskkliit, EAKL) reported 175 enterprise agreements in force in spring 2007 (176 in 2006), covering 62,300 employees (65,200 in 2006). According to EAKL, 13% of employees within its (mainly private sector) scope are covered by enterprise agreements. At intersectoral level, a bipartite agreement on the minimum wage increase in 2007 – nearly 21% – had been signed in December 2006 by EAKL and the Estonian Employers' Confederation (Eesti Tööandjate Keskkliit, ETTK) (EE0701029I). Bargaining focuses mainly on pay, with working and rest time, company-level management-union relations, social guarantees and the working environment also featuring in some agreements in 2007.
Finland	A national incomes policy agreement signed in 2004 (FI0501203F) expired at the end of September 2007. With employer bodies and the government taking the view that the conditions were not in place for a new centralised agreement, bargaining in autumn 2007 (FI0705019I) was conducted at the level of individual sectors. The bargaining round was complete by the end of the year (FI0712049I), with industry sectors following the lead of chemicals and metalworking (FI0707019I), which reached 30-month deals providing for relatively high pay increases; employers estimated the overall increase in labour costs at about 10%. Pay increases were even higher in the public sector. Other issues dealt with in some agreements included maternity and paternity leave, while a general tendency for sectoral agreements emerged to delegate more decision-making to company-level bargaining.
France	Official data on bargaining in 2007 are not yet available. In 2006, the number of sectoral agreements remained relatively stable, with about 1,100 agreements and amendments signed, and the key theme remained pay, followed by training, supplementary social security, working time and job classification. The number of company-level agreements increased by 3% to a total of about 25,000 accords. Company bargaining remained most common in larger companies, and rare in enterprises employing under 50 staff. Pay was, as in previous years, the most important issue in company bargaining, followed by working time. 2007 was a busy year for national intersectoral negotiations, partly as a result of new legislation that obliged the government to consult the social partners on employment-related plans and, in many cases, gave them an opportunity to negotiate an agreement on the issue in question (FR0704039I). An agreement was reached on occupational accidents and diseases (FR0710019I), while talks continued at the end of the year on labour market 'modernisation' (FR0711039I) and pensions for workers in arduous jobs (FR0711029I).

Table 2 (continued)

Germany	At the end of 2007, 69,592 valid collective agreements were officially registered at the Federal Ministry of Labour and Social Affairs – the 2006 figure was 67,289. Of these, 36,996 were ‘association agreements’ between trade unions and employer organisations, and 32,596 were company agreements between trade unions and individual employers. Of all registered agreements, 8,941 related to pay. According to the Institute for Economic and Social Research (Wirtschafts- und Sozialwissenschaftliches Institut, WSI) within the Hans Böckler Foundation (Hans Böckler Stiftung), the average increase in collectively agreed wages and salaries in 2007 was 2.2%, a slight rise from 1.5% in 2006. The 2007 bargaining round was marked by a relatively high number of industrial disputes, as in retail, at Deutsche Telekom (DE0707019I), in construction (DE0709019I) and at the Deutsche Bahn AG railway company. Major sectors concluding new agreements in 2007 included chemicals (DE0703039I) and metalworking (DE0706019I).
Greece	2007 was covered by the second year of the National General Collective Agreement (EGSSE) for 2006–2007 (GR0605019I). For 2007, the EGSSE increased minimum wage rates by 5.1% from 1 May. Other issues covered include teleworking, female employment and education/training. At lower levels, 2007 saw the conclusion of: 113 national sectoral or occupational agreements (183 in 2006); 23 local occupational agreements (40 in 2006); and 199 enterprise-level agreements (233 in 2006). It is normal for fewer lower-level agreements to be signed during the second year of an EGSSE, as occurred in 2007. Most agreements only deal with pay in detail, setting out more general guidelines on other matters, such as working time.
Hungary	Private sector agreements are predominantly concluded at enterprise level. In 2007, 1,045 company-level agreements were in force, almost the same as in 2006, but the number of agreements signed fell sharply from 392 to 264. The private sector also saw some ‘multi-company’ bargaining (73 agreements in force in 2007, with seven agreements signed) and four sectoral agreements, while in the public sector single-institution bargaining dominates (1,851 agreements in force in 2007, with 148 signed, up slightly from 2006). Overall bargaining coverage stood at 32.8% of the workforce in 2006, and may have dropped slightly in 2007. Pay was the main focus of bargaining. The moderate wage increases recommended by a central agreement reached in January were widely followed in practice (despite high inflation).
Ireland	Since 1987, pay bargaining has predominantly occurred at national level through successive social partnership agreements, although some local bargaining occurs round the pay floors set by these central deals. The current national agreement, Towards 2016, was signed in September 2006 (IE0606019I). As well as pay rises of 10% over 27 months, it covers matters such as pensions, employment rights/compliance and the ‘compulsory replacement’ of employees. A number of trade unions did not sign up to Towards 2016, choosing instead to pursue local bargaining. For example, the Mandate retail trade union opted out, arguing that national agreements have not delivered for its low-paid members, and sought an hourly wage increase of €1 at local level in 2007. Many such claims ended up in the Labour Court, which consistently recommended that the pay terms of Towards 2016 be applied. Some public sector groups also pursued their own claims, with nurses notably seeking a 10% pay increase and a 35-hour week (IE0705039I), achieving some progress on the latter issue after an industrial dispute. Occupational pensions were an important theme in local bargaining in 2007.
Italy	Fewer national sectoral agreements were signed in 2007 than in 2006, when a number of major multi-year agreements were signed after long delays. However, agreements were concluded in 2007 in important sectors such as chemicals (IT0707029I), electricity, banking, insurance (IT0710039I) and the public sector (IT0706029I). Private sector bargaining was often difficult and, at the end of the year, expired agreements had not been renewed in sectors such as metalworking, rubber and plastics, railways and commerce. Sectoral pay settlements agreed in 2007 provided for average monthly pay increases of around €100 over two years. Important company agreements signed in 2007 included those at Electrolux (IT0702059I), Fiat (IT0703059I), Fincantieri (IT0707049I), Vodafone (IT0712019I), Auchan (IT0707039I) and Tenaris-Dalmine (IT0703019I). The current two-tier bargaining system – whereby company and local agreements are concluded within the framework of sectoral agreements, with each level dealing with specific issues – remained in place. However, the chemicals sector introduced a significant innovation, allowing company-level agreements to deviate from the sectoral agreement in some circumstances. The pay terms of sectoral agreements should in theory run for two years, but in 2007 the pay deals in the public sector and banking were concluded for three years.
Latvia	Collective bargaining has limited coverage, focuses principally on pay (although training, job security and supplementary benefits are also relatively common themes) and occurs mainly at company level (especially in larger enterprises and the public and ex-public sector). Little information is available on the content of bargaining, and figures on the number of agreements signed in 2007 are not yet available (about 2,400 company-level agreements were signed in previous years, and 20 or so general sectoral agreements on social partnership). In 2007, a sectoral agreement was signed for the first time for taxi services (LV0710019I).

Table 2 (continued)

Lithuania	Bargaining occurs almost exclusively at company level. Such agreements are not registered and their number is unknown, but bargaining coverage is very limited. One new sectoral agreement was signed in 2007, covering newspaper journalists (LT0702029I), but Lithuania's only other sectoral agreement, in agriculture (LT0608019I), expired. While no formal data are available, it appears that very high inflation made pay rises the predominant issue in bargaining in 2007.
Luxembourg	Bargaining occurs primarily at company level. In 2007, 96 new or revised company agreements were registered, compared with 90 in 2006. Most agreements cover blue-collar or white-collar workers, rather than a company's entire workforce. In 2007, three new or revised sectoral agreements were registered, compared with 13 in 2006.
Malta	Bargaining occurs almost solely at company level, although no data are available on the number of agreements signed in 2007. Agreed pay increases fell during the year. Notable agreements signed in 2007 included a first-ever agreement for non-academic staff at the Malta College of Arts, Science & Technology and an accord at Malta Freeport (MT0707039I), while the University of Malta Academic Staff Association (UMASA) gained bargaining recognition at the University of Malta (MT0701039I).
Netherlands	Bargaining is mainly at sectoral level, although a slight trend towards company-level bargaining observed in previous years continued in 2007, as did a tendency for the renegotiation of agreements to be delayed. Collectively-agreed pay increases rose during the year, as unions abandoned their previous policy of wage moderation.
Norway	The 2007 collective bargaining round was an 'intermediate' settlement, which involved only adjustments to the wage rates agreed in 2006's 'main' settlement (NO0604019I) and did not touch on other issues. About 500 sectoral collective agreements were renegotiated in this way. In the private sector, agreements followed the lead of the largest bargaining unit, that covered by agreements between the Confederation of Norwegian Enterprise (Næringslivets Hovedorganisasjon, NHO) and the Norwegian Confederation of Trade Unions (Landsorganisasjonen i Norge, LO). LO and NHO agreed a general increase of NOK 2.50 per hour, with an extra NOK 1.00 for employees in low-pay sectors (NO0703039I). Most private sector employees are subject to company-level bargaining in addition to the central settlement. In the central government sector (NO0705029I) an average annual wage increase of NOK 9,500 was agreed, intended to favour low-paid employees, while 0.4% of the pay bill was set aside for local bargaining. In the municipal sector, a general increase of 1.4% was agreed, on top of an annual NOK 7,500 rise for 2007 agreed in 2006.
Poland	Bargaining covers about a third of the workforce, mainly those in larger enterprises, with single-employer collective agreements predominating and sectoral agreements relatively rare. Pay and benefits are the main themes. Data from the National Labour Inspectorate (Państwowa Inspekcja Pracy, PIP) on agreements concluded in 2007 are not yet available, but in 2006 some 2,402 single-establishment agreements were in force and 177 such agreements were signed, covering 68,000 employees (mostly in industry processing and financial services). In October 2007, there were 166 multi-establishment agreements (virtually the same as 2006) – of which 135 were 'operational' – covering 500,000 employees in 3,000 enterprises, according to the Ministry of Labour. It is increasingly rare for collective agreements to include provisions more favourable to employees than the minima stipulated in labour legislation – the main area where agreed provisions exceed the statutory level is overtime pay.
Portugal	In 2007, bargaining continued its recovery from the 'crisis' of 2004, when the number of collective agreements signed fell to 162 from an annual average of 353 over the previous four years. This collapse was largely due to a new legal provision whereby agreements expire if one of the signatories refuses to renew them, leading a number of employer organisations to let agreements lapse (PT0604019I). In 2007, 251 collective agreements were registered, up slightly from 244 in 2006. About 2.5 million workers were covered by collective agreements in force, or 91% of the private sector workforce. The new or renegotiated agreements registered in 2007 covered 1.6 million workers, which was above the pre-2004 average. Of the agreements concluded in 2007, 64% were sectoral accords, 25% single-company agreements and 11% multi-company agreements – proportions largely unchanged from recent years. However, the number of ministerial decrees extending existing agreements to unorganised workers and companies fell by around half (from 137 to 74) from 2006 to 2007. Average collectively agreed pay increases rose slightly in the private sector in 2007.
Romania	A national collective agreement (which provides a minimum framework for pay and employment conditions) covering 2007–2010 was concluded in January (RO0702019I). During the year, seven sectoral agreements were signed (nine in 2006), plus six addenda to existing sectoral agreements (13 in 2006). During the first nine months of 2007, 9,678 company agreements were registered (9,133 in the same period of 2006), of which 6,197 were new agreements (5,908 in the same period of 2006) and 3,481 addendums to existing agreements (3,225 in the same period of 2006).

Table 2 (continued)

Slovakia	<p>About 40% of the workforce were covered by collective bargaining in 2007, according to the Confederation of Trade Unions (Konfederácia odborových zväzov Slovenskej republiky, KOZ SR), with little change from 2006. The sector is the most important bargaining level but in 2007 the number of registered sectoral agreements (including supplements to existing agreements) fell from 56 to 37; this decline is reported to be largely due to the wish of some employers to increase the role of company-level bargaining at the expense of sectoral bargaining. New legislation came into force in September, with the aim of widening the scope and increasing the importance of collective bargaining (SK0708019I), which is likely to start to have an effect in 2008. No collective agreements were extended to non-signatory employers in 2007, compared with four in 2006, which may be due to adaptation to new rules on the issue in the September 2007 legislation. The sectoral agreements signed in 2007 provided for average pay increases of 6.2%, up from 5.8% in 2006 (according to the Trexima Bratislava survey). Other important bargaining themes in 2007 included occupational pensions and equality/diversity.</p>
Slovenia	<p>In 2007, some 42 sectoral and occupational collective agreements were in force (the figure has changed little in recent years), with 30 agreements in the private sector and 12 in the public. Of these, 28 have been amended or renegotiated in the light of new legislation on collective agreements that came into force in 2006. No official data are gathered on company-level agreements. Pay was the key bargaining issue in 2007. In the private sector, sectoral wage bargaining was difficult, with negotiations deadlocked and strikes threatened at the end of the year in sectors such as textiles and leather, pulp and paper; nonetheless, agreements were reached in sectors such as catering and tourism. Efforts to renegotiate a 2006 intersectoral private-sector pay agreement, which directly affects 40,000 workers not covered by a sectoral agreement (SI0607039I), failed to make progress by the end of the year and trade unions organised protests. In the public sector, an overall collective agreement was signed in July (SI0708039I), after five years of talks, but subsequent negotiations in individual sectors proved difficult, although in publicly-owned industry, agreements were reached in electricity and coalmining. In October, the government and social partners signed a tripartite 'social agreement' for 2007–2009 (SI0708029I). It includes provisions on private sector pay policy, aimed at achieving steady wage growth in real terms, taking into account inflation and productivity. These include more scope for company-level pay agreements to deviate from the terms of higher-level agreements.</p>
Spain	<p>Sectoral and company bargaining in 2006 was carried out, for the sixth consecutive year, within the framework of an intersectoral agreement, providing, among other guidelines, for pay moderation (ES0702049I). The structure of bargaining is complex, but sectoral agreements at national or provincial level predominate (in 2006, sectoral/provincial agreements covered 53% of the workers affected by bargaining, while sectoral/national agreements covered 25% and company agreements only 10%). In the first 10 months of 2007, 3,850 collective agreements were signed (compared with 5,450 in the whole of 2006), covering 7,566,200 workers (coverage has been rising in recent years, but this has levelled off since 2006). Of the 2007 agreements, 77% were single-employer agreements and 23% multi-employer agreements. However, the single-employer agreements covered only 12% of employees covered by bargaining and the multi-employer agreements 88%. The intersectoral agreement's pay moderation guidelines were largely followed in 2007, with 70% of workers covered by bargaining awarded wage rises in the recommended 2%–3% band.</p>
Sweden	<p>The 2007 bargaining round was a major one, following the expiry of earlier multi-year sectoral agreements (mainly signed in 2004). According to the National Institute of Economic Research (Konjunkturinstitutet, KI), the bargaining round affected three million workers, just over 75% of the workforce. Some 500 of Sweden's 600 collective agreements were renegotiated, covering the whole public sector and most of the private sector, usually for a term of three years. About 300 of the agreements covered white-collar workers and about 200 blue-collar workers. With strong economic growth, increasing employment and rising profits, agreed pay rises were higher than over the 2004–2006 period (SE0703039I and SE0703049I). On the basis of a 2007 agreement, employers' occupational pension contributions in respect of blue-collar workers in the private sector are being increased to the same level as for white-collar workers (SE0707019I).</p>
UK	<p>Bargaining remains highly decentralised: most occurs at company or workplace level, with little multi-employer bargaining outside the public sector. There is no system for registering collective agreements, so no accurate assessment of the number of agreements is possible. Government figures, based on labour force survey data, indicate that 33.5% of employees were covered by collective agreements in 2006, down from 35.3% in 2005 (UK0707039I). Only 19.6% of private sector employees were covered by a collective agreement in 2006 (20.9% in 2005), compared with 69% of public sector employees (71% in 2005). A 2004 survey (UK0607019I), found that bargaining remains largely confined to the 'basic' issues of pay (61% of workplaces that recognised trade unions), working hours (53%) and holidays (52%), while 36% of workplaces that recognised trade unions negotiated over pensions. Average collectively-agreed basic pay rises rose slightly in 2007.</p>

Source: EIRO, 2007

**Pay**

While pay is almost always a central issue in collective bargaining, it took on particular prominence in many European countries in 2007, especially in some of the EU Member States in central and eastern Europe (CEECs).

Influenced by a context featuring, in varying degrees, rapid economic growth, declining unemployment, skill shortages and rising inflation, some CEECs saw very high pay increases in 2007. This was in particular true in the Baltic states – Estonia, Latvia and Lithuania – although in these countries collective bargaining plays only a limited role in pay setting. Pay rises in Estonia were running at about 20% (up from 16% in 2006), but at over 40% in the public sector, with inflation nearing 10% at the end of the year. In Latvia, pay rose by an average of some 32% in 2007, compared with 23% in 2006, while inflation was running at around 14% at the end of the year. However, there was considerable variation between sectors and companies, and – unlike in Estonia – some public sector groups especially appeared to be losing out. In Lithuania, average pay rises stood at over 21%, but much higher in the private sector than the public sector, while inflation exceeded 8% at the end of the year.

A similar picture emerged in Bulgaria, where skill shortages in rapidly growing sectors of the economy were cited as a key factor in employers conceding collectively agreed wage increases of 20% or more in many important industries (after an average rise of around 10% in 2006), with inflation nearing 12%. Romania saw wage growth of about 19% (inflation stood at 6.7% at the end of the year).

Less dramatically, in Poland, average pay rose by 8.6% in 2007, compared with around 4.9% in 2006 – growth was higher in the private sector than in the public sector. The upward trend was less marked in the Czech Republic, where the average pay rise in enterprise-level agreements increased from 3.9% in 2006 to 4.2%, and in Slovakia, where sectoral agreements signed in 2007 provided for average pay increases of 6.2%, up from around 5.8% in 2006. In Slovenia, the average agreed basic pay increase was about 2.2% in the private sector in 2007 (compared with 2.4% in 2006) and 2% in the public sector (1.6% in 2006), but pay bargaining during the year was very difficult.

In Hungary, despite inflation of 8%, almost all collective agreements observed the centrally agreed recommendation (HU0703029I) of a 5.5%–8% pay increase (in contrast to previous years, when agreed pay rises were generally 1.5%–2% above the national recommendation), resulting in a decrease in real pay for many workers. This was in line with the government's austerity policy. A public sector agreement provided for overall pay increases of 6.65% (HU0703019I).

In the rest of Europe, the picture was mixed, but many countries saw a rising trend in pay increases (although from a much lower level than in most CEECs). Finland's sectoral bargaining round, following a long period of central income policy agreements, produced relatively high pay increases – 8%–9% over two-and-a-half years in the private sector (compared with 2%–2.5% a year under the 2005–2007 central agreement) and 11% over 28 months in the public sector. Dutch trade unions broke with a period of wage moderation and sought increases of at least 3% in 2007 (the average rise was 1.7% in 2006) and were successful in important sectors such as the civil service, construction, road haulage and civil aviation (NL0707029I). Sweden's major sectoral bargaining round resulted in an estimated average pay rise of 3.4% from the second half of 2007 (up from around 2.6% in 2006) while the final figure (following local bargaining etc) is expected to be 4.3% (a larger differential than in recent years). The 2007 wage bargaining round resulted in Norway in average wage increases of

about 5.4%, compared with 4.1% in 2006 (inflation was below 1% over the year). Average agreed pay rises in the UK rose to 3.7% in 2007 from 3% in 2006. The average collectively-agreed pay increase in Germany rose slightly from 1.5% in 2006 to 2.2% in 2007.

However, another substantial group of countries experienced pay increases at relatively low and stable levels. Average increases in Austria fell back from 2.7% in 2006 to 2.2%–2.4% in 2007, while in Portugal average agreed pay rises in the private sector stood at 2.9% in 2007 (2.7% in 2006) and public sector increases at 1.5% (the same as in 2006). Wage moderation largely held in Spain, in line with the intersectoral framework agreement, with an average collectively agreed increase of around 2.9% for 2007 (although this eventually rose to about 4% when inflation-linked wage revision clauses, which cover three-quarter of workers covered by collective bargaining, took effect). Cyprus saw another year of general wage moderation, with average pay rises of just over 2%, although the metalworking sector settlement opposed this trend (CY0706029I). Agreements signed in Italy provided for average pay increases of about 2.2% (although considerably higher in sectors such as banking), down from 2.8% in 2006; however, a relatively small number of sectoral agreements were signed and many awaited renewal at the end of the year. In Malta, wage increases slowed to 2% in 2007 from 3.7% in 2006. Ireland was covered by a national pay agreement reached in 2006, which provided for a 10% pay rise in four stages over 27 months (starting six months later in the public sector). Belgium's national intersectoral agreement for 2007–2008 provided for a pay increase norm of 5% over two years, which was largely observed in sectoral bargaining in 2007.

### **Working time**

2007 was a quiet year for bargaining on working time across most of Europe. As in recent years, general reductions in the duration of working time were not reported anywhere (although small overall average decreases in agreed working time continued in a few countries, such as the Czech Republic and Spain), while working time flexibility seemed a less prominent bargaining issue than before. That is not to say that aspects of working time were completely off the negotiating agenda, but high-profile or innovative developments were rare. Exceptions in this regard included the following outcomes.

- In Germany, an agreement over the transfer of 50,000 Deutsche Telekom employees to three new service companies extended their weekly working hours from 34 to 38 hours without pay compensation (DE0707019I). Unusually, collective agreements at subsidiaries of Hungarian State Railways (Magyar Államvasutak, MÁV) increased weekly hours, with financial compensation.
- New legislation in Austria allowed greater scope for collective bargaining to regulate flexible working time schemes, but there was little evidence of the social partners taking up this new freedom in the 2007 bargaining round (with only some minor changes resulting, as in metalworking). Similarly, Dutch working time legislation was amended to allow greater flexibility (including longer weekly hours) through collective agreements, but this does not appear to have had any great impact in terms of bargaining outcomes during 2007, although some employers are pressing for an increase in the working week.
- A number of sectoral agreements in Belgium introduced new provisions on annual overtime limits (BE0706039I). Overtime pay premia for part-time workers were on the agenda in Austria (prompted by new legislation) and agreements on the issue were reached in health and social services, for example.

- Agreements in Belgium allowed some working on Saturdays in construction and Sundays in retail (BE0703029I), under various conditions. An agreement in the Italian insurance sector provided that weekly working hours should obligatorily be distributed on five days a week.
- The social partners at national level discussed a number of working time issues in Lithuania during the year, mainly related to deregulation in order to tackle labour shortages, but without an agreement being reached by the end of the year.

### Other issues

Away from the traditional core issue of pay and working time, a number of other themes figured relatively extensively in collective bargaining in 2007.

Occupational pension provision was an important topic in bargaining at various levels in countries such as Denmark, France, Ireland, Latvia, Romania, Slovakia and Sweden. A number of agreements in Ireland created new 'hybrid' pension schemes, involving elements of both 'defined-benefit' and 'defined-contribution' pension models, in a context of employer pressure to move away from the more expensive defined-benefit approach. This theme was particularly prominent in the financial services sector, with notable agreements including that at Allied Irish Bank (IE0705049I). In Romania, the issue featured strongly on the bargaining agenda for the first time in 2007, in the context of the country's introduction of private pension provision. The Swedish Trade Union Confederation (Landsorganisationen i Sverige, LO) and the Confederation of Swedish Enterprise (Svenskt Näringsliv) agreed that private sector employers' occupational pension contributions in respect of blue-collar workers should be increased to the level for white-collar workers. This was taken up in 2007's sectoral bargaining round, and the central organisations then signed a formal accord increasing contributions for blue-collar workers from 3.5% of pay to 4.5% over five years (SE0707019I). In Denmark, the trend-setting agreement in the manufacturing industry increased occupational pension scheme contributions by 1.2 percentage points over two years to 12% of pay (employers pay two-thirds of these contributions and employees one-third).

Training and lifelong learning was a major topic in Belgian sectoral agreements (BE0711029I), with accords covering matters such as: an individual right to training; trade union involvement in the preparation of company training plans; the introduction of a 'training CV', detailing an employee's training, skills and experience; and training for temporary agency workers. In Denmark, the manufacturing sector agreement introduced a right to two weeks leave for sector-relevant training, paid at 85% of the employee's wage and financed through a sectoral competence development fund. The agreement in Austrian metalworking introduced a week for paid training leave to enable employees to prepare for examinations, while apprenticeships were an important issue in the German chemicals sector accord (DE0703039I). Training and skills were a major bargaining topic in the Netherlands, with trade unions giving particular attention to training for 'atypical' workers. Training was also a theme in France and Latvia.

Other notable bargaining issues in 2007 included the following aspects.

- The agreement for the Swedish manufacturing, mining and construction sectors provided for an increase in paid parental leave of one month, while the accord in Danish manufacturing introduced three extra weeks of paid parental leave, reserved for fathers. Flexibility issues related to reconciliation of work and private life were a theme in the Estonian public sector, and in

Slovakia equality/diversity issues were dealt with in more collective agreements in 2007 than in previous years.

- All Romanian collective agreements concluded in 2007 included new sections on health and safety at the workplace, notably on the establishment of company-level health and safety committees, in line with new legislation. Health and safety also featured in bargaining in Estonia and Latvia.
- Part-time work was an important issue in Bulgaria and the Cyprus banking sector (CY07100191).
- Corporate social responsibility (CSR) featured in a number of sectoral agreements in Belgium, such as in the metalworking, textiles, construction and food sectors, and in the accord for the Italian insurance industry.

### Legislative developments

As indicated in Table 3 below, 2007 was a busy legislative year across Europe, with a high volume of new employment and industrial relations legislation adopted or implemented in many countries.

'Atypical' work of various sorts was a notable area of legislative activity (especially in the post-2004 new EU Member States), covering part-time work (as in Austria, Cyprus, Malta and Slovakia), fixed-term employment contracts (Malta, Slovakia and Slovenia), temporary agency work (Finland, Hungary, Portugal, Slovakia and the UK) and specific forms of 'economically dependent' work (Austria and Italy). A notable feature was the specific regulation, for the first time, of telework in Poland, Slovakia and Slovenia.

The broad area of social security and unemployment insurance also saw a great deal of legislative activity in 2007. For example, significant reforms of pensions schemes were enacted in Hungary, Romania and Spain, while pensions legislation was also amended in the Czech Republic, Finland, Latvia, Lithuania and Poland. Unemployment insurance schemes were reformed in Germany, Latvia, Portugal and Sweden. Legislation on sickness and/or healthcare insurance was revised in the Czech Republic, Finland, Hungary and Poland.

Equality, and especially gender equality, and work-life balance was another significant area of new legislation, often driven by requirements to comply with EU Directives. Community law was also a factor in the relatively high levels of legislative activity on employee information/consultation/participation and working time, as well as to some extent on health and safety.

Other areas that experienced significant levels of legislative activity in 2007 included pay (and especially minimum wages), termination of employment contracts and collective bargaining rules. Substantial reforms of general Labour Codes and other basic employment legislation featured in the Czech Republic, Slovakia and Slovenia.

Table 3 Main legislative developments in 2007

Atypical work	<p>Legislation adopted in Austria in August 2007 entitled part-time workers to a 25% premium rate of pay for overtime (AT0708019I). Legislation in Cyprus exempted 'casual' employment from the scope of legislation preventing discrimination against part-time workers (CY0710019I). In Malta, regulations that came into force in July provided for equal treatment of part-time employees working at least eight hours a week (previously 20), while legislation that took effect in January cut part-time workers' social security contributions. Legislation on part-time work was also amended in Slovakia. Slovenian legislation adopted in October allowed the use of fixed-term employment contracts in more circumstances (SI0706019I), while amendments to Slovak Labour Code that took effect in September (SK0709029I) limited the renewal of fixed-term contracts, and in Malta the law on equal treatment for fixed-term workers was extended to the public sector in June. New legislation on temporary agency work was adopted or proposed in Finland, Hungary, Portugal, Slovakia and the UK (see main text under 'Temporary agency work'). Telework was regulated specifically for the first time in Poland (PL0711019I), Slovakia (SK0709029I) and Slovenia (SI0706019I). In Austria, a law adopted in December improved the social security and employment rights of holders of 'free service contracts' – a form of 'economically dependent work' (AT0701049I). In Finland, a law that came into force in January clarified the responsibilities of companies using subcontractors to ensure compliance with employment law and collective agreements (FI0603039I). Italian legislation provided for 'employer-coordinated freelance workers' and 'project workers' to become subordinate employees (IT0707019I), and increased social security contributions for 'quasi-subordinate' workers.</p>
Collective bargaining	<p>Norwegian legislation was amended with the aim of making more effective the extension of agreements to sectors with large numbers of migrant workers (NO0705019I). A Slovak law changed the rules on the extension of collective agreements, and on bargaining where there are multiple trade unions (SK0708019I). In Bulgaria, new rules on the content of pay bargaining took effect in July (BG701089I), while Romanian legislation regulated the establishment of joint committees to negotiate collective agreements.</p>
Employment, labour market and job creation	<p>In Sweden, new legislation came into force in January, seeking to encourage the employment of long-term unemployed people, young people and immigrants, for example through reduced employers' social security contributions (SE0705019I). Polish legislation on employment promotion and labour market institutions was amended to help unemployed people return to work. New Finnish rules encouraged unemployed people, and those threatened with redundancy, to accept jobs further away from their homes (FI0608019I). In Austria, legislation adopted in July 'legalised' many illegal foreign workers providing private nursing care services at home (AT0709019I). A French law adopted in October restricted economic immigration and the employment of non-EEA foreign workers.</p>
Equality	<p>An important new gender equality law was adopted in Spain in March 2007 (E50704019I), transposing various EU Directives and including measures such as new work-life balance rights and the compulsory negotiation of equality plans in larger companies. Legislation proposed in Lithuania also sought to transpose EU gender equality directives, while a decree set up a new Commission on equal opportunities for women and men. Slovenian equality legislation was amended in October to prohibit victimisation and harassment, in line with EU law (SI0706019I). The same law enhanced workers' right to amend their working time to improve work-life balance, gave working parents a right to take leave during school holidays, and increased protection from dismissal for pregnant and breastfeeding employees and those taking parental leave. Austrian legislation offered parents of young children more childcare options and granted benefits to all parents with childcare obligations, regardless of employment situation (AT0710029I). In Cyprus, amendments to legislation on maternity, parental leave and <i>force majeure</i> leave took effect in July (CY0710029I), for example increasing maternity leave. Finland also amended its law on parental, maternity and paternity leave/allowances to facilitate work-life balance. Regulations came into force in the UK in April, extending the right to request flexible working to employees caring for certain categories of adults (UK0702019I) – this previously applied only to parents. Romania implemented the EU Directive (96/97/EC) on equal treatment for men and women in occupational social security schemes in June (RO0707029I). Maltese legislation on equal treatment for workers with disabilities was strengthened, as was Polish legislation on the employment of this group.</p>

Table 3 (continued)

Health and safety	Spanish legislation (ES0707019I) sought to cut industrial accidents and improve occupational risk prevention, with incentives for employers and special measures for smaller enterprises. Similarly, a new Italian law, adopted in August, introduced measures to tackle workplace accidents, for example boosting inspection and encouraging the 'regularisation' of workers without employment contracts. Belgian legislation adopted in January improved employees' protection against violence and harassment at the workplace. Bulgarian legislation on the regulation of occupational medicine services was amended. In the Czech Republic, legislation adapting occupational health and safety rules came into effect in January (CZ0611039I). Estonian legislation on workplace accidents and employers' responsibilities was amended to comply with EU law, while Lithuanian legislation on health and safety services and construction sector safety was revised. New Romanian regulations dealt with matters such as monitoring of workers' health, the protection of young and temporary workers, and pay for hazardous working conditions.
Industrial relations	French legislation adopted in February (FR0702039I) gave the social partners an enhanced consultative (and in some cases negotiating) role on government proposals for changes in employment law. Also in France, a law adopted in August sought to guarantee a minimum service during public transport strikes (FR0702039I). In Hungary, two new laws on national and sectoral tripartite representative bodies were not signed by the President, László Sólyom, who referred them to the Constitutional Court, whose ruling was still awaited at the end of the year (HU0701039I). Legislation adopted in May in Bulgaria reformed the criteria for assessing the representativeness of employer organisations and trade unions (BG0703039I).
Information, consultation and participation	A new Employee Representatives Act came into force in Estonia in February, with the aim of implementing the EU Directive (2002/14/EC) on informing and consulting employees by obliging employers with at least 30 employees to inform and consult employees regardless of the presence of trade union representation (EE0701039I). In December, Belgian legislation sought to implement the EU Directive (2002/14/EC) by giving health and safety committees financial and economic information and consultation rights in companies employing 50–99 workers (as exercised by works councils in larger companies). Finland's Cooperation Act was amended in July 2007, extending its provisions to companies with at least 20 employees (formerly 30) from January 2008 (FI0607019I). Amendments to the Slovak Labour Code that took effect in September (SK0709029I) gave employee representatives new rights in areas such as paid time off. Malta transposed the EU Directive (2003/72/EC) on employee involvement in the European Cooperative Society, as did Romania, which also implemented the Directive (2001/86/EC) on involvement in the European Company. Slovenia made minor amendments to its European Works Councils law.
Labour Codes/general legislation	A new Labour Code came into force in the Czech Republic in January, bringing its basic principles into line with the Constitution and establishing that 'anything not forbidden is permitted' in labour relations, while amendments to the new Code were proposed during the year, aiming to simplify some complicated provisions (CZ0706029I). The Slovak Labour Code was amended with effect from September (SK0709029I). The French Labour Code was redrafted (to take effect from 2008) with the aim of simplifying its provisions. A reform of Portugal's Labour Code was debated throughout the year (PT0706059I).
Pay	French legislation adopted in August exempted pay for overtime work from social contributions and income tax, with the aim of increasing purchasing power and creating jobs (FR0709019I). Germany's posted workers law (DE0609049I), and thereby binding sectoral agreements on minimum pay and conditions, was extended to cover electrical trades (DE0710019I) and postal services (DE0712039I). Legislation adopted in Belgium in December provided incentives for employers to agree a flexible pay system linked to employees' performance, while Slovenian legislation adopted in October entitled workers to a share in company profits, as well as regulating pay during absence from work and minimum wages for trainees (SI0706019I). New payment-of-wages legislation came into force in Cyprus in July. In Lithuania, legislation increased the pay scales of lower-grade public servants. Dutch minimum wage legislation was amended in May with the aim of boosting compliance (NL0707049I). Similarly, draft legislation published in the UK in December aimed to clarify and strengthen the enforcement framework for the national minimum wage (UK0712019I).

Table 3 (continued)

Social security/ unemployment insurance	Spanish legislation adopted in November introduced reforms with the aim of ensuring the future viability of the social security system, such as incentives to extend working life and tougher criteria for access to retirement (ES0712019I). Austrian legislation, adopted in June and taking effect in January 2008, obliged employers to register employees for social insurance before or at the time of commencing work, to combat social security fraud (AT0705019I). In January, the Czech Republic's new Labour Code amended provisions in areas such as sickness and pensions insurance, social security contributions and contributions to fund public labour market policy. In Latvia, amendments to the laws on social security benefits, unemployment benefits and pensions were adopted during the year. New legislation was adopted on disability benefits in Estonia, and on part-time sickness benefits (while working part time) in Finland. The Hungarian government proposed legislation imposing stricter rules on retirement before the official pension age (HU0710019I) and reforming healthcare insurance. Lithuanian legislation increased state old-age and disability pensions for people with long employment histories. Polish legislation on state pension calculation, disability pensions and healthcare benefits was amended. Romania amended its state pensions legislation and also regulated private pension funds and occupational pensions, while Finland merged three private sector earnings-related pension schemes from January 2007. The Swedish government enacted a major reform of unemployment insurance, tightening entitlement criteria and cutting benefits (SE0702029I). Legislation adopted at the end of the year in Germany extended the period of entitlement to 'standard' unemployment benefit for older unemployed people. In Portugal, more stringent rules on unemployment benefit entitlement came into effect in January (PT0701029I). Greek legislation established a Special Social Solidarity Fund, (GR0707019I) paying allowances to unemployed people who worked in declining economic sectors and live in areas with high unemployment, and set up a National Social Cohesion Fund with the aim of combating poverty.
Termination of employment contract	Slovenian legislation adopted in October clarified dismissal procedures, allowed dismissal for unjustified absence, introduced uniform notice periods on contract termination and made changes to severance pay rules (SI0706019I). A new Irish law gave greater protection to workers in 'exceptional' collective redundancy situations. In Luxembourg, legislation came into force that seeks to prevent redundancies through the negotiation of 'employment support plans' in companies facing difficulties, with an enhanced role for the national tripartite 'economic situation committee'. Romanian legislation on collective redundancies was amended (RO0701049I). Latvian legislation on workers' protection in the event of their employer's insolvency/bankruptcy was amended. Controversial proposals for a reform of Dutch dismissals law were debated throughout the year.
Training	In Lithuania, a major new law on vocational education and training was adopted in April, which came into force in January 2008: it regulated the whole vocational training system, covering issues such as continuing training and apprenticeship.
Working time	Amended legislation adopted in Austria in August provided for greater working time flexibility, allowing further derogations by collective agreement or works agreements in areas such as the normal working day and reference periods for overtime and shiftwork (AT0708019I). In the Netherlands, amendments that came into force in April simplified and relaxed some aspects of the legislation on working hours (NL0705029I). Amendments to the Slovak Labour Code that took effect in September (SK0709029I) placed new limits on weekly working hours, including overtime, and introduced new rules on paid stand-by time and rest periods. Luxembourg's legislation on the procedures for authorising overtime was simplified in January (LU0701039I), while Slovenian legislation adopted in October revised the rules on maximum annual overtime limits (SI0706019I). A law adopted in France in December enabled employees to receive pay instead of days of leave awarded under working-time reduction schemes. In September, Austria's shop-opening hours legislation was further liberalised, allowing longer weekly hours (AT0702039I), while from March, the rules on the Sunday opening of Belgian shops were amended. Lithuanian legislation reformed the opening hours of state and municipal institutions. Hungary amended its legislation on on-call work, in line with ECJ rulings (HU0706019I), while Poland revised its legislation on working time for drivers and doctors to comply with EU law and amended the Labour Code to impose a general ban on Sunday work. Latvian legislation was amended to introduce new public holidays. In the UK, regulations increased statutory minimum annual leave entitlement, with effect from October (UK0707059I).

Table 3 (continued)

Miscellaneous	In Cyprus, legislation came into force in February, specifying the powers and duties of labour inspectors in implementing laws in areas such as working time, part-time and fixed-term employment (CY0704069I), while the Greek labour inspection service was also reorganised and decentralised (GR0702079I) and the Polish labour inspectorate's powers were strengthened. An Irish law (due to come into force in 2008) contains measures designed to secure better compliance by employers with employment law, including a new enforcement body. Hungarian legislation reformed public services employment. Draft legislation to harmonise the employment law status of blue and white-collar workers was discussed throughout the year in Luxembourg (LU0702069I). Norway introduced new legislation in January to protect employee 'whistle-blowers' (NO0702039I). Draft legislation published in the UK in December aimed to reform workplace dispute-resolution procedures (UK0712019I).
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Source: EIRO, 2007

## Organisation and role of the social partners

### Trade unions

At the level of national trade union confederations, Lithuania's three main organisations – the Lithuanian Trade Union Confederation (Lietuvos profesini sąjungų konfederacija, LPSK), the Lithuanian Labour Federation (Lietuvos darbo federacija, LDF) and the Lithuanian Trade Union 'Solidarumas' (Lietuvos profesin sąjunga 'Solidarumas', LPS 'Solidarumas') – signed a 'declaration of cooperation' in 2007. This established a 'coordination centre' to organise the trade unions' actions and promote cooperation, with merger apparently being the ultimate goal. Moves began towards a merger of three of Romania's national trade union confederations, but no substantial progress was reported in 2007 (RO0702069I).

Below confederation level, 2007 was a relatively quiet year for trade union mergers, compared with the intense activity in some countries in recent years. The year's biggest merger was that between the UK's Amicus and Transport and General Workers' Union (TGWU) to form Unite, which is now the country's largest trade union, with nearly two million members (UK0612019I). The merger also affected Ireland, where Unite has some 50,000 members in the Republic (IE0704059I). A further major merger involved two trade unions affiliated to the white-collar Swedish Confederation of Professional Employees (Tjänstemännens Centralorganisation, TCO) – the Union for Technical and Clerical Employees in Industry (Svenska Industritjänstemannaförbundet, SIF) and the Salaried Employees Union (Tjänstemannaförbundet HTF, HTF). They formed Unionen, which has 520,000 members and is the country's largest white-collar trade union. Also in Sweden, two engineers' unions affiliated to the Swedish Confederation of Professional Associations (Sveriges Akademikers Centralorganisation, SACO) merged to form the Swedish Association of Graduate Engineers (Sveriges Ingenjörer, SI). Two Danish public sector bargaining cartels, the Association of Danish State Employees' Organisations (Statsansattes Kartel, StK) and the Danish Confederation of Municipal Employees (Det Kommunale Kartel, DKK), merged to form the Organisation of Public Employees in Denmark (Offentligt Ansattes Organisationer, OAO), representing 32 unions with 434,000 members (DK0706029I).

A number of other significant mergers are in the pipeline. The Trade Union Confederation of Workers' Commissions (Comisiones Obreras, CC.OO), one of Spain's two main trade union confederations, has launched a process of rationalising its sectoral structures, with mergers likely in 2008 to create large new trade unions in industry, private services and public/transport/communication services. The

process continued in 2007 of merging six industry trade unions affiliated to the blue-collar Confederation of Finnish Trade Unions (Suomen Ammattiliittojen Keskusjärjestö, SAK) to create a new 370,000-strong union.

Other significant developments relating to trade union structure and organisation included the following aspects.

- The Austrian Trade Union Federation (ÖGB) amended its new statutes to allow affiliated trade unions to take on greater autonomy. The Union of Public Employees (Gewerkschaft Öffentlicher Dienst, GÖD), the trade union with the strongest finances, announced that it would take up this opportunity, drawing criticism from most other ÖGB affiliates (AT0703039I).
- Bulgaria conducted a survey to establish the national representativeness of central trade union and employer organisations, which determines matters such as participation in bipartite and tripartite bodies. This exercise resulted in the Promiana union organisation losing its nationally representative status.
- In Hungary, the Democratic League of Independent Trade Unions (Független Szakszervezetek Demokratikus Ligája, LIGA) – one of the smaller of the country's competing trade union confederations – was successful in attracting new members and affiliates, in some cases from other confederations (HU0710029I) as it adopted a radical anti-government political stance.
- The Dutch Christian Trade Union Federation (Christelijk Nationaal Vakverbond, CNV) opened membership to self-employed workers, following the lead of the Dutch Trade Union Federation (Federatie Nederlandse Vakbeweging, FNV) (NL0707059I).
- After more than 15 years of negotiations, Slovenia's seven representative trade union confederations concluded an agreement on the distribution of union assets among 'reconstituted' unions that had existed during the communist regime and new unions that were formed after the country's transition to a free market economy (SI0701029I).

In a number of countries, newly published data underlined a continuing decline in trade union membership levels. A study found that Swedish union density had fallen from 77% in 2006 to 72% in 2007 (having stood at 82% in 1997) – a steep drop in membership blamed on changes to the union-linked unemployment insurance scheme and the tax-deductibility of union membership fees (SE070209I). Membership of the Confederation of German Trade Unions (Deutscher Gewerkschaftsbund, DGB) fell by 2.8% in 2006 (DE0703019I), although the rate of decline appears to be slowing. UK survey data indicated that trade union density among employees in the UK had decreased to 28.4% in 2006 from 29.0% in 2005. Union density in Estonia fell from 14% in 2001 to 8.4% in 2006, with the main confederations registering small declines in 2007. An opinion poll in Poland found that only 14% of respondents were trade union members (with higher levels in the public sector), while one-third reported active trade unions in their enterprise. However, Malta opposed the trend, with union membership increasing by almost 6% in 2007 (although with mixed fortunes for the two largest organisations).

Debate continued throughout the year in France over government plans to reform the criteria for assessing trade union representativeness, with proposals to base this largely on unions' support in workplace elections of employee representatives. Trade union law reform was also on the agenda in Lithuania, with changes such as opening membership to groups other than dependent employees and

reducing the minimum membership required to form a company-level union organisation receiving support from the social partners (although not yet enacted in law).

### **Employer organisations**

At confederal level, the main event in the organisation of employers in 2007 was the decision by three of Romania's 11 nationally representative employer organisations to form the Union of Employers Confederations of Romania (Uniunea Confedera iilor Patronale din România, UCPR) (RO0705019I). In Malta, the Malta Federation of Industry (FOI), one of the main employer organisations, announced a planned merger with the Malta Chamber of Commerce and Enterprise in order to pool the resources and avoid duplication of work.

Two new employer associations affiliated to the German Confederation of Employers' Associations (Bundesvereinigung der Deutschen Arbeitgeberverbände, BDA) were formed in 2007 in the postal services sector, one representing the market leader Deutsche Post AG and other companies that previously belonged to the former federal postal service, and the other representing Deutsche Post's competitors. A major new employer organisation was also formed in Slovenia, the Slovenian Chamber of Commerce (Trgovinska zbornica Slovenije, TZS), which organises wholesale and retail companies.

In late 2007, France's most powerful sectoral employer organisation, the Union of Metal Manufacturing, Mining, Engineering, Electrical and Metal Equipment and Allied Industries (Union des industries métallurgiques et minières, UIMM) became embroiled in a financial scandal, which resulted in the resignation of its president and a debate over the funding of various bipartite bodies.

### **Social dialogue**

In terms of formal social dialogue structures, legislation in Luxembourg created two new tripartite bodies in 2007: a 'permanent committee for work and labour' to examine and oversee the labour market and working conditions; and an 'agency for individual conciliation' dealing with labour law and health and safety disputes. The composition of the tripartite Economic and Social Council of Slovenia (Ekonomsko socialni svet Slovenije, ESSS) was amended, increasing the size of the delegations of the social partners and government, to reflect an increased number of representative trade union confederations. The Maltese social partners debated a restructuring of the Malta Council for Economic and Social Development (MCESD), the country's national body for tripartite concertation, with trade unions and employers proposing various changes to enhance its effectiveness.

Tripartite dialogue proved difficult during 2007 in some countries. The Romanian social partners expressed dissatisfaction at the process of social dialogue within the Economic and Social Council (Consiliul Economic i Social, CES), while in Latvia conflict arose over the government's failure to discuss with the social partners its proposed state budget, although tripartite talks were held on the subject following trade union protests (LV0710029I). However, Austria's new government proved more receptive than its predecessor in terms of involving the social partners in socioeconomic matters. A notable success came in Italy, where the social partners reached a major agreement with the government (IT0710029I, IT0712029I), which is widely regarded as a significant 'social pact' that re-establishes such concertation as a central element of the country's industrial relations system. The agreement, which is seen as the basis for an Italian form of 'flexicurity', deals with pension

reform, ‘social shock absorbers’ (the measures that cushion restructuring and redundancies), the labour market, competitiveness, young people and women. In Slovenia, the government and social partners signed a wide-ranging tripartite ‘social agreement’ for 2007–2009 (SI0708029I).

Social dialogue was given a considerable boost in France, where new legislation obliged the government to consult the social partners on its employment-related legislative plans, and in many cases to give them an opportunity to negotiate an agreement on the issue in question (FR0704039I). In countries such as Austria, Finland, Greece, Lithuania, Luxembourg and Spain, the social partners played a notable role in drawing up new employment-related legislation during the year.

In terms of bipartite relations between the central social partner organisations, Lithuania’s national-level social partner organisations signed a ‘declaration of mutual recognition’ (LT0711029I), with the aim of averting attempts by smaller organisations to gain representation in national tripartite or bipartite bodies. Sweden’s central social partner organisations started exploring the idea of a new ‘basic agreement’ regulating social dialogue and conflict management, replacing the current framework originally negotiated 70 years ago (SE0709029I).

## Industrial action

In many countries, full official or even semi-official data on industrial action during a particular year are not available for some time afterwards, making it difficult to give an accurate assessment of developments in 2007 at this stage. However, the overall picture appears to have been sharply differentiated, with many western European countries experiencing a very quiet year regarding strikes and many CEECs seeing a rising level of action (if generally at relatively low absolute levels).

Some 2007 data are available for the following countries:

- according to the Ministry of Labour and Social Insurance in Cyprus, the number of strikes fell to six (mainly in services and finance) in 2007 from 10 in 2006, continuing a downward trend. The number of working days lost decreased from 26,898 in 2006 to 8,436 days in 2007, while the number of workers involved declined sharply from 25,955 in 2006 to 1,687 in 2007;
- combined data from Statistics Finland and the EK employer confederation indicate that there were 89 incidences of industrial action in 2007 (84 strikes and five overtime bans), involving 26,305 employees and the loss of 55,706 working days. These figures compare with EK estimates of 95 incidences of industrial action in 2006, with a loss of 85,000 working days and about 44,000 workers involved;
- according to (partial) figures from the Greek Ministry of Employment, in the first 11 months of 2007 five strikes occurred in the country, involving 114,847 workers and the loss of 918,776 working hours. However, these figures exclude December, which saw major strikes in the public and private sectors;
- media reports in Hungary indicate that 16 strikes took place in 2007, involving 47,500 workers and the loss of 32,000 working days. While the number of strikes was not significantly higher than in 2006, the number of participants and lost working days more than doubled – the number of lost working days per 1,000 workers rose from 5.5 in 2006 to 11.6 in 2007;

- in Ireland, Central Statistics Office (CSO) data indicate that, during the first nine months of 2007, three industrial disputes occurred in the country, involving 435 workers and the loss of 2,097 working days (mostly in manufacturing and public administration). These figures compare with nine disputes, 906 workers involved and 6,262 working days lost for the same period in 2006 (the year with the lowest level of industrial disputes since records began). In the third quarter of 2007, no disputes were recorded (the first strike-free quarter since records began);
- Italy's Istat statistical institute recorded 1.4 million working hours lost due to strikes over the period January–September 2007, representing a 56% fall on the same period in 2006;
- in Latvia, the State Labour Inspectorate (Valsts Darba inspekcija, VDI) recorded one strike in the first half of 2007 (in which only four workers participated – LV0705029I);
- in the first three quarters of 2007, Lithuanian Statistics (Lietuvos statistikos departamentas, STD) recorded no strikes, following a similarly strike-free 2006. However, while statistics are not yet available, a relatively large number of strikes occurred in the last quarter of 2007;
- Poland's Central Statistical Office (Główny Urząd Statystyczny, GUS) recorded 1,681 strikes in the first three quarters of 2007 (mostly 'warning' strikes in the education sector), involving 35,500 employees and the loss of 1,076,900 working hours. In the same period of 2006, there were 27 strikes, with 24,600 participants and 254,800 working hours lost;
- official Romanian statistics reported seven strikes (including four warning strikes) in the first half of 2007, involving 7,100 workers, compared with four strikes and 2,508 workers during the same period in 2006;
- according to the Spanish Ministry of Labour and Social Affairs, some 626 strikes took place in 2007, involving 431,827 workers and the loss of 1,024,244 working days. The equivalent figures for 2006 were 779 strikes, 499,240 workers involved and 927,402 days lost;
- Sweden's National Mediation Office (Medlingsinstitutet, MI) recorded 14 strikes (10 legal and four illegal) in 2007, involving 3,635 workers and 13,666 working days lost, compared with nine strikes, 1,749 workers and 1,971 days lost in 2006; and
- official statistics in the UK found that there were 157 work stoppages in the year to October 2007, the same as in the year to October 2006. The number of workers involved was 716,600, slightly lower than the previous year's figure of 734,300, but the number of working days lost was higher – 983,000 compared with 754,400.

Of the above countries, most had a relatively low level of strike activity in historic terms in 2007. Moreover, the strike level was falling in countries such as Cyprus, Ireland, Italy and Spain. Among countries for which official statistical information is not available, industrial action was absent or at very low levels during 2007, namely in Austria, the Czech Republic, Luxembourg and Slovakia. It was also at relatively low levels in countries such as Estonia, France, Norway, Portugal and Slovenia.

However, the picture was different in a number of CEECs – as the above statistics indicate, strike activity rose, albeit from low levels, in Hungary, Lithuania, Poland and Romania. This also seems to have been the case in Bulgaria. In some other CEECs, such as Estonia and Latvia, although strike action was at a low level, there was apparently a rise in strike threats. Furthermore, in many CEECs protest often takes the form of demonstrations, meetings and pickets rather than full work stoppages.

These types of protest seemed increasingly prominent in 2007 in countries such as the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland and Slovenia. Overall, the key factor in the mounting wave of militancy in these CEECs was generally pay, in the context of rapid economic growth, falling unemployment, skill shortages and rising inflation (see 'Collective bargaining developments'; pp. 8-12, p. 17, p. 28, p. 31).

In many of these CEECs, industrial action in 2007 particularly affected the public sector and traditionally public – although in some cases now privatised – services, often in a context of reform, cost-cutting and pay restraint. Furthermore, these economic sectors were also the main focus of industrial action in a number of western European countries, with notable public sector strikes in countries such as France (FR0710019I), Greece (GR0706029I), the Netherlands (NL0701069I), Portugal (PT0711049I) and the UK. Across Europe, the public or privatised services that saw much industrial action in 2007 included:

- public transport, for example in Bulgaria (BG0704039I), Estonia, Germany, Hungary, Ireland, Italy (IT0712039I), Poland and Slovenia;
- healthcare, in cases such as France, Hungary, Malta, Norway and Poland (PL0707019I);
- education, as in Hungary, Lithuania and Poland (PL0706039I);
- postal services, for example in Malta, Poland and the UK (UK0707069I);
- air transport (although this is not always public or ex-public sector), as in Belgium (BE0704039I and BE0709039I), France, Italy, Slovakia (SK0704019I) and Sweden.

In the private sector, a number of high-profile company-level disputes occurred related to restructuring, closures and job losses, albeit perhaps fewer than in recent years. Examples in this regard included strikes at EADS in France, Deutsche Telekom in Germany (DE0707019I), Unilever in the Netherlands (NL0711039I) and across the automotive parts sector in Spain (ES0707039I) – for example at Delphi Automotive Systems (ES0709029I).

Sector-wide action mainly related to the negotiation of new agreements, as in Cyprus and the German retail trade and construction sectors. In Italy, about a third of all strike activity was due to delays in signing new sectoral collective agreements: the average gap between the expiry of old agreements and the conclusion of new ones is over 13 months, and the agreements covering half of all employees had expired and not yet been renewed in November 2007.

Finally, 2007 saw several general strikes over 'political' issues. In Greece, a 24-hour general strike was held in December over government plans to reform the social security system (GR0801059I), the biggest such protest in recent years. In Portugal, the CGTP union confederation called a one-day general strike in opposition to government policy in May; however, turn-out was thought to be relatively low (PT0706029I).

### **Regulation of industrial action**

There were a number of changes or proposed changes in the regulation of industrial action and the prevention and resolution of industrial disputes in 2007. Strikes in public services were a particular focus of attention:

- France adopted legislation on dispute prevention and minimum services during strikes in public transport. The legislation obliges land-based public transport companies to conclude with trade unions conflict-prevention agreements, requiring negotiations before the issuing of notice of any strike action. Further, a minimum service must be provided during strikes, to be defined locally, and employees must state at least two days in advance if they intend to take part in a planned strike;
- in the light of various strikes in public transport, some Belgian politicians called for legislation guaranteeing minimum services during strikes in such public services (BE0705019I);
- in the UK, following industrial action by prison officers in breach of a 'no-strike' agreement, the government secured a court injunction to stop the strike and announced that it was considering a legal ban on strike action by prison officers;
- in Finland, 12,000 nurses threatened to resign 'en masse' over a pay dispute (FI0710039I). While the dispute was resolved, averting the threat, the Labour Court ruled that a mass resignation would be unlawful. The government then controversially legislated to make it possible to order healthcare professionals to continue working even if they have resigned.

New legislation in the Czech Republic amended the rules on resolving collective disputes. This changed some details of mediation and arbitration procedures and also shortened the time-scale for such procedures, allowing strike action to be called earlier. Romanian legislation was changed to include 'unresolved disputes in the annual bargaining over salaries, working time, working schedule and working conditions' as a valid reason for calling a labour dispute. New legislation in Slovakia provided for public votes instead of secret ballots when workers make decisions on taking strike action.

An important court ruling in Germany established that trade unions have the right to call strikes in support of demands related to matters that are usually dealt with in company 'social plans', even though these plans are concluded by works councils (rather than trade unions) and management (DE0706049I).

### **Gender pay gap**

In 2006, according to the latest figures from the European Commission (based on Eurostat data for hourly earnings), on average across the EU women earned 15% less than men. This gender pay gap had narrowed by only one percentage point since 2000. The gap was widest, at 20% or more, in Austria, Cyprus, Estonia, Finland, Germany, Slovakia and the UK. It was lowest, at 10% or less, in Belgium, Greece, Ireland, Italy, Malta, Portugal, Romania and Slovenia.

Tackling this persistent gender pay gap was prominent on the EU agenda in 2007, which had been declared the European Year of equal opportunities for all. In July, the Commission issued a Communication (EU0708049I), setting out a new approach that involves: ensuring better application of existing legislation and analysing how current laws could be adapted; fighting the pay gap as an integral part of Member States' employment policies; promoting equal pay among employers; and supporting exchanges of good practice and involving the social partners. As part of this approach, the Commission will analyse the current EU legislative framework for equal pay and, 'where necessary', propose amendments. Preparation of the new 2008–2010 cycle of the Lisbon growth and

jobs strategy also highlighted the gender pay gap. The draft of the 2008–2010 employment guidelines drawn up by the Commission calls for ‘resolute action’ to reduce the gender pay gap and encourage the social partners ‘to set the right framework for wage bargaining in order to [...] avoid gender pay gaps’.

### **Initiatives to tackle the gender pay gap**

Despite the evidence of a continuing gender pay gap and the EU-level focus on the issue, with some exceptions, it cannot be said that the topic featured strongly in collective bargaining, social partner initiatives or legislation in 2007 – see Table 4 below.

Specific measures to tackle the gender pay gap were very rare in collective agreements concluded in 2007. The main exceptions in this regard were the Nordic countries. In Finland and Sweden, higher wage increases were negotiated in sectors (especially in parts of the public sector) where women represent the majority of the workforce, thereby narrowing overall gender wage differentials. The approach in Norway, with a similar effect on the gender pay gap, was to give additional pay increases to low-paid workers, a group among whom women are over-represented. Elsewhere, the most notable development in 2007 was an initiative in Belgium’s intersectoral agreement to ensure that wage and job classifications in collective agreements are gender-neutral.

Bargaining to achieve equal pay, where it occurs, is not without its pitfalls, as illustrated by developments in 2007 in the UK. Many councils failed to introduce ‘equality-proofed’ pay and grading structures to implement a 1997 ‘single status’ agreement for local government by the 31 March 2007 deadline. This lack of implementation, along with the costs involved in meeting equal pay obligations, became a major political issue (UK0706049I). An important legal case on the issue also arose in 2007. An employment tribunal had held that the GMB general union was liable for discrimination on the grounds of sex when it agreed to a low back-pay settlement of female members’ equal pay claims, in order to give priority to protecting the pay of its majority male membership. The case was of considerable concern to trade unions as it had major implications for the conduct of collective bargaining and representation, in addition to prompting other similar cases against trade unions. However, in July, the Employment Appeal Tribunal ruled that GMB had not indirectly discriminated against its female members.

Trade unions often have long-standing commitments to promoting gender equality, but it appears that few took new initiatives specifically aimed at narrowing the gender pay gap in 2007, with the exception of the bargaining policies successfully pursued by trade unions in Nordic countries, referred to above, and an ‘Equal pay day’ organised by Belgian unions. However, signs of a growing awareness of the issue emerged in the new Member States, with trade unions conducting research, launching programmes, issuing guidelines or holding workshops in countries such as Cyprus, the Czech Republic, Hungary and Slovenia

The only country to adopt significant legislation with the aim of tackling the gender pay gap in 2007 was Spain. A new gender equality law included a requirement for companies with more than 250 employees to negotiate equality plans, setting out strategies for achieving equal treatment which included eliminating the gender pay gap. In other countries, new legislation is under consideration, often by committees involving social partner representation or input which were set up or continued their work in 2007, as in Cyprus, France, Hungary, the Netherlands and Norway.

**Table 4 Examples of industrial relations activity related to closing the gender pay gap in 2007**

<b>Collective bargaining</b>	
Belgium	The 2007–2008 intersectoral agreement (BE0701019I) encourages bargainers at sectoral and company level to assess whether wage and job classifications are gender-neutral. If not, they are urged to correct them, using a special checklist developed by the government.
Bulgaria	Reductions in the gender pay gap achieved in 2007 (BG0703029I) in sectors such as healthcare and social work, education, textiles and leather were partly attributed to the outcomes of collective bargaining.
Finland	The fact that the 2007 collective bargaining round resulted in higher pay increases in the public sector than the private sector should narrow the overall gender pay gap. This is due to the fact that the public sector workforce is dominated by women. For example, a particularly high pay increase was achieved by nurses.
Norway	The 2007 bargaining round for both the private (NO0703039I) and state (NO0705029I) sectors resulted in an additional wage increase for low-wage workers. Since many of these employees are women (in the private sector almost 50% of all female workers were covered by this increase), the Norwegian Confederation of Trade Unions (Landsorganisasjonen i Norge, LO) considered this to be a step forward in reducing the gender pay gap (NO0701029I and NO0708029I).
Sweden	The gender pay gap was an important issue in the 2007 bargaining round, with the blue-collar Swedish Trade Union Confederation (Landsorganisationen i Sverige, LO) successfully pushing for 'gender equality funds', directed towards sectors with low wages and many female workers, such as the municipal and public health sector. Pay increases were thus higher in female-dominated LO sectors than in male-dominated ones. White-collar trade unions achieved a tightening of equal pay rules in local wage negotiations.
<b>Trade union initiatives</b>	
Belgium	Trade unions organised an 'Equal pay day' in March to highlight the gender pay gap.
Cyprus	Trade unions commissioned a study of the factors influencing wage inequalities (CY0704059I).
Czech Republic	The MKOS union confederation published a teaching manual for its affiliates on achieving gender equality in collective bargaining, inspired by the joint 'framework of actions on gender equality' adopted in 2005 by the EU-level social partners (EU0509203F).
Hungary	The MSZOSZ union confederation launched an 'equal opportunity programme', involving training, publications, awareness-raising, building ties to civil organisations and disseminating best practices.
Lithuania	Trade unions called on employers to implement more actively a 'methodology for the assessment of jobs and positions' agreed by the central social partners in 2005 (LT0507102N), which deals indirectly with gender pay inequality.
Slovenia	The Union of Free Trade Unions of Slovenia (Zveza svobodnih sindikatov Slovenije, ZSSS) organised a workshop with experts to identify the factors that cause the gender pay gap.
<b>Government and/or tripartite initiatives</b>	
Cyprus	The government commissioned a study to form the basis for specific measures to tackle the country's gender pay gap, which is one of the EU's highest.
France	The government organised a tripartite conference on employment and pay equality in November, in a context of a widespread failure to implement fully the legislation in this area (FR0712029I). It announced a new law that will impose financial penalties on companies that fail to draw up a plan to reduce pay inequalities.
Hungary	An 'equal pay for equal work' taskforce (including trade union representatives) was set up by the government (as part of measures to implement EU gender equality policy). The group published a comprehensive statistical report on the gender pay gap and plans to propose legislative amendments and conduct further research.
Italy	The Ministry of Employment launched a project to examine and reduce the gender pay gap, among other gender equality issues (IT0612059I).
Luxembourg	The Ministry of Equal Opportunities published a number of studies on the gender pay gap in 2007, with the objective to raise the awareness of the social partners.
The Netherlands	A committee, involving the social partners, was set up by the government in 2006 to draw up policy recommendations to address the gender pay gap, and the committee's draft recommendations were discussed in 2007. While there was consensus on measures such as annual assessment of pay inequality in companies and a review of collective agreements, the committee could not agree on measures such as additional wage increases in the female-dominated healthcare and education sectors (NL0702029I).

Table 4 (continued)

Norway	A gender equality commission set up by the government in 2006 (NO0607019I) continued its work in 2007 and is due to publish its findings in the spring of 2008. The main objective is to achieve equal pay regardless of gender. The commission consists of experts, but regularly consults representatives of the social partners.
Spain	New gender equality legislation adopted in March (ES0704019I) includes a requirement for companies with more than 250 employees to negotiate equality plans, setting out strategies for achieving equal treatment, including eliminating the gender pay gap.

Source: EIRO, 2007

### Temporary agency work

Temporary agency work (TAW) is a relatively small-scale phenomenon in most EU countries, but one that is growing in many cases (see the 2005 Eurofound report *Temporary agency work in an enlarged European Union*). While accurate and comparable data are not always available, figures from the International Confederation of Private Employment Agencies (CIETT) and from national sources indicate that in western European countries, TAW rarely involves more than 2% of the workforce, although higher levels are found in Belgium, France, the Netherlands, Portugal and the UK (where consistent data are particularly scarce). Western European countries with a low level of TAW, at around 1% of the workforce or less, include Finland, Italy, Spain, Sweden and Greece where TAW is particularly rare. In some of this latter group of countries – Greece, Italy and Sweden – TAW was legalised only in relatively recent times. At present, TAW is growing rapidly in countries such as Belgium, Finland and Germany where the temporary work agency sector was largely deregulated in 2003.

The post-2004 new Member States fall into two main groups. In Bulgaria, Cyprus, Estonia, Latvia, Lithuania and Malta, TAW exists on a very small scale or is absent, and is generally not specifically regulated by law or may even be illegal. In the Czech Republic, Hungary, Poland, Slovakia and Slovenia (plus, to a lesser extent, Romania), TAW has grown relatively rapidly in recent years, since it has been legalised or given a statutory framework. It now involves 0.5%–1% of the workforce in the Czech Republic and 1.5%–2% in Hungary and Poland.

Against this backdrop, the regulation of TAW was topical at EU level in 2007. Attempts have been made since the 1980s to provide an EU-wide legislative framework for TAW. In late 2007, signs emerged that the current draft directive on the issue (EU0204205F) may finally be on the verge of adoption, after discussion was revived in the Council of Ministers. The proposed Directive on working conditions for temporary workers would essentially provide for equal treatment in pay and conditions for temporary agency workers when on an assignment at a user company, in relation to workers employed by the user undertaking to do the same job.

### National regulation of temporary agency work

At national level, the regulation of TAW was also on the agenda in 2007 in many countries. In legislative terms, the focus in a number of countries was on better enforcement of current employment law in the TAW sector and, often linked to this, the rules governing temporary work agencies. The following paragraphs outline some examples in this regard.

- New legislation in Finland sought to ensure that companies and agencies observe employment law and collective agreements in respect of temporary agency workers ('hired labour'), with enhanced resources for labour inspectors and information rights for company-level trade union representatives.
- Portugal adopted a new law on TAW, which seeks to allow its more flexible and extensive use. It includes tougher rules on granting licences to temporary work agencies, as well as new procedures for hiring agency workers.
- In Ireland, new legislation was under preparation with the aim of tightening the regulation of temporary work agencies. This includes the establishment of a new 'monitoring and advisory committee' to oversee employment agencies, which will involve representatives of the TAW sector and the social partners. It will police a statutory code of practice for agencies, which will have legal 'teeth': compliance with the code will be a condition for granting licences to temporary work agencies.
- The Norwegian government proposed new rules governing temporary work agencies, aimed at better ensuring the rights of agency workers. The proposals, likely to be adopted in 2008, focus on obliging agencies to report to the Labour Inspection Authority (Arbeidstilsynet) and clamping down on unregistered agencies.
- The UK government announced proposals to amend the regulations governing temporary work agencies, addressing a number of areas where it considers that agency workers are vulnerable to abuse. It also plans to strengthen the employment agency standards enforcement regime, for example by conferring additional inspection powers on the Employment Agency Standards Inspectorate.

Other aspects of TAW were also dealt with in legislation adapted or proposed during the year. Amendments to the Slovak Code reduced the period during which temporary agency workers on assignment at a user company may be paid less than comparable user-company employees from six to three months. Romania introduced legislation on the health and safety of temporary agency workers, while new Spanish legislation on public sector employment maintained existing limitations on the recruitment of non-civil service staff by public administrations through temporary work agencies (ES0712049I). TAW legislation was also subject to minor amendments in Hungary and Slovenia. Furthermore, proposed amendments to Poland's TAW legislation were debated in the national tripartite body during 2007.

In those new Member States that have little or no TAW and no specific regulation of the matter, 2007 saw proposals to introduce a statutory framework in several cases. The Bulgarian government proposed draft legislation on TAW to the social partners on two occasions; however, the trade unions rejected the proposed legislation, being mainly concerned about the nature of the proposed employment relationship involving the employee, temporary work agency and user company, as well as the effect on bargaining and collective representation. Employers were strongly in favour of the law, as they hope that TAW may help them tackle labour shortages. In Lithuania, the social partners approved the government's idea of legislation on TAW and the Ministry of Social Security and Labour set up a working group, including the social partners, to draft a law. The Latvian government is considering legislation on TAW, believing that its very slow development in Latvia is mainly due to the lack of a legislative framework.

### **Collective bargaining and temporary agency work**

Collective bargaining plays a significant role in setting terms and conditions for temporary agency workers in many western European countries, with specific collective agreements for the TAW sector in countries such as Austria, Belgium, Denmark, France, Germany, Italy, Luxembourg, the Netherlands, Spain and Sweden. Some of these agreements were renewed in 2007.

In Germany, temporary agency workers at agencies are represented by two employer associations – the Association of German Temporary Employment Agencies (Interessengemeinschaft Deutscher Zeitarbeitsunternehmen, iGZ) and the Federal Association of Temporary Employment Agencies (Bundesverband Zeitarbeit Personal-Dienstleistungen, BZA) – and are covered by collective agreements with the DGB union confederation. The agreement signed with iGZ in 2007 provided for wage increases that differed according to the pay scale. The basic scale was increased to €7.21 per hour in western Germany and €6.24 in eastern Germany, while the agreement introduced a special hourly rate for work requiring no training of €7.15 for western Germany and €6.22 for eastern Germany. The BZA agreement provided for pay increases of 2.5% in 2007, bringing the basic pay scale to €7.38 per hour in 2007. There are plans afoot to bring the TAW sector within the scope of the Posted Workers Act in 2008, which will have the effect of applying collectively agreed minimum pay and conditions to the whole sector, including agencies not affiliated to the agreements' signatory employer associations.

Luxembourg's sectoral agreement for TAW, which covers about 4,800 workers, was renewed in 2007. The agreement set up sectoral training funds, improved health and safety provisions, increased time off, provided for a review of a '13th-month' bonus payment and amended the rules on occupational medical examinations

The Netherlands has a sectoral agreement for TAW. However, in 2007 there was evidence that it was not being observed by all temporary work agencies. The joint employer-union body that oversees the agreement found major breaches of the collective agreement at 33 companies and imposed fines totalling €1 million (NL07110191).

Bargaining in other sectors may also deal with TAW. For example, a number of Italian collective agreements set limits on the proportion of temporary agency ('leased') workers that employers may use. The agreement for the banking sector signed in 2007 (IT0710039I) provided that the number of agency workers used by companies may not exceed 5% of their workforce with open-ended employment contracts (rising to 8% in companies with fewer than 1,500 employees) – this threshold is much lower than the average proportion laid down in collective agreements.

### **Importance of TAW in some countries**

Beyond legislation and collective agreements, in a number of countries TAW was a significant issue in industrial relations debate in 2007. This was often the case because of trade union concern about what they see as deficiencies in the current statutory regulation of TAW (which tends to be relatively weak in the countries concerned) or failures to implement these rules. It was probably in Ireland that TAW was most contentious. The Irish Congress of Trade Unions (ICTU) and many of its affiliates – notably in the light of the revived debate on the draft EU TAW Directive – demanded legislation guaranteeing equal treatment of agency workers with comparable user-company employees. Some trade unions went so far as to make progress on the issue a precondition for reaching agreement on

a new national pay deal. The Irish Business and Employers Confederation, by contrast, sees TAW as a critical part of labour supply for key sectors of the Irish economy and believes that paying agency workers the same as user-company employees will make the necessary flexibility too expensive.

Similarly, UK trade unions continued to campaign for the adoption of the TAW Directive at EU level (UK0712029I). They also raised concerns about agency workers' 'vulnerability' and lack of employment rights, especially in the light of a growing number of migrant agency workers. Moreover, trade unions pressed the government to implement domestic legislation to protect agency workers. The CBI employer organisation maintained its long-standing opposition to the directive, and its 2007 employment trends survey found that most respondents were concerned that the directive could seriously damage labour market flexibility.

Finland's SAK union confederation is worried by the rapid increase in the use of TAW, and believes that current legislation provides too little protection for agency workers. In 2007, it called for agency workers to be recognised as employees of agencies, with guaranteed pay during periods between assignments. Further, SAK wants trade unions in user companies to be able to represent agency workers and have rights to information on their pay and conditions. Trade union concern about the pay and conditions of agency workers also began to appear in some new Member States, such as the Czech Republic, Slovakia and even Malta, where TAW is unregulated and still relatively uncommon.

It is not always only trade unions that express concern about possible abuses of the TAW relationship by less scrupulous agencies. The Portuguese Association of Private Employment Companies (Associação Portuguesa das Empresas do Sector Privado de Emprego, ASPESPE) welcomed the tougher licensing rules for agencies introduced in Portugal in 2007, hoping that they will promote fair competition and improve the image of the sector. Furthermore, it established an ombudsman for workers, clients and companies in the sector and published a booklet detailing the rights of agency workers.

This chapter reviews key policy and legislative developments that had an impact on industrial relations at European level in 2007. The Reform Treaty featured prominently, combined with the Charter of Fundamental Rights. Important issues included flexicurity, demographic change, mobility and migration, equal opportunities, health and safety, and work–life balance.

## Policy developments

In 2007, a number of issues dominated the political agenda. These included the continuing debate on ‘flexicurity’, with a move to define the term more carefully to emphasis its security elements. However, dominating all other matters was the adoption of the Treaty of Lisbon (Reform Treaty) and the annexing of the Charter of Fundamental Rights of the European Union.

The programme of the German EU Presidency, from January to June 2007, under the heading ‘Shaping Europe’s social future’, focused on flexicurity, demographic change, equal opportunities in the labour market, and health and safety at work. In January 2007, an informal meeting of the employment and social affairs ministers held in Berlin aimed to further develop the Lisbon Strategy objectives by creating more and better jobs and by clarifying the concept of good or decent work. This was defined in the Chair’s Conclusions as employee rights and participation, fair wages, protection of safety and health at work, as well as family-friendly work organisation. The conclusions also clarified the meaning of flexicurity as the reconciliation of greater flexibility and adequate employee social security to ensure that employees can defend their participation rights with the help of collective bodies representing their interests (EU070209I).

In January 2007, the Council of the European Union consulted the European Economic and Social Committee (EESC) on the proposal for a Council decision on guidelines for the employment policies of the Member States (COM(2005) 141 final). In April, the EESC published its response, which was strongly critical of certain aspects of the policies on employment and jobs. Five areas of concern were highlighted: low employment levels, and a mismatch between skills and qualifications; little progress towards the integration of migrant workers; unemployment and a seeming unwillingness of unemployed workers to pursue jobs; a lack of attention to work-life balance approaches; and the need for more evidence of consultation with key stakeholders (EU0705039I).

The European Commission’s integrated programme for employment and social security, *Progress*, which was launched at the end of 2006, set out the EU Social Policy Agenda for social and employment growth up to 2010. The programme’s principal aims are to address organisations active in combating discrimination, promoting gender equality and the integration of disabled people (EU0612079I).

At the spring meeting of the European Council in March 2007, the primary focus was on the Lisbon strategy for growth and jobs.

In June 2007, the European Commission approved the first two European Globalisation adjustment Fund applications. This fund provides one-off support to help reintegrate workers into the labour market and aims to assist redundant workers (EU0708039I).

At the start of the Portuguese EU Presidency in July 2007, the European Trade Union Confederation (ETUC) presented a trade union memorandum outlining its demands for the presidency. These

focused on the intergovernmental conference (IGC), the Lisbon Strategy and the European social model. The calling of the IGC aimed to give a prominent role for the social partners and for social dialogue, to annex the Charter of Fundamental Rights of the European Union as a protocol to the Treaty of Lisbon, and to take up the social clause on gender equality (EU0708010I). Under the Portuguese Presidency, in December 2007, the Treaty of Lisbon was adopted with the Charter annexed, but with written guarantees for the UK and Polish governments that the charter cannot be used by the European Court of Justice (ECJ) to alter domestic labour law or other laws that deal with social rights.

In October 2007, at the Tripartite Social Summit, the social partners discussed how the Reform Treaty and the Lisbon Strategy could boost labour markets and provide a way forward for flexicurity. For the first time ever, the social partners presented a joint analysis of the key challenges for European labour markets. This analysis had been envisaged in the social dialogue work programme for 2006–2008 and covered a wide range of themes, including: flexicurity, active labour market policies, education and training, macro-economic policies, a favourable business environment, tax and benefit systems, a supportive public environment, social cohesion and social inclusion, mobility, undeclared work, social dialogue, labour law and contractual arrangements.

In December, the European Commission presented ‘Mobility, an instrument for more and better jobs: The European Job Mobility Action Plan 2007–2010’. The plan aims to tackle the remaining obstacles faced by people seeking to work in another EU Member State. On the one hand, it aims to help jobseekers and their families, with improved access to more and better jobs, while at the same time helping employers to overcome labour shortages and bottlenecks for suitable workers.

### **Equal opportunities for all**

In January 2007, a conference was held under the aegis of the German EU Presidency to formally initiate 2007 as the ‘European Year of Equal Opportunities for All’. The initiative sought to make all Europeans aware of their right not to be discriminated against and to promote equal opportunities in work as well as in other areas of life, by showing how diversity can strengthen the EU. As a contribution to the year, the European Commission created a dedicated website to advise and support local and regional organisations in their work towards adopting the goals of the new initiative (EU0606049I).

In December, as a follow-up of the European Year of Equal Opportunities for All, the Council of the European Union adopted a Resolution which welcomed the exceptionally high level of mobilisation and participation of stakeholders and the strong commitment demonstrated by individuals and civil society to implement the main objectives of the year. The resolution invited Member States and the European Commission to work to ensure full and effective implementation and evaluation of existing anti-discrimination laws and to promote workplace diversity. It also invited civil society and the social partners to participate actively in the development and promotion of non-discrimination and to mainstream policies, while continuing ‘cross-grounds’ dialogue.

### **Legislative developments**

In 2007, progress was made on proposals for a number of directives on migration and on the transfer of an undertaking. Underpinning the legislative developments was the debate on the Green Paper on modernising labour law.

### **Action on migration**

In May 2007, the European Commission published its proposals on migration. These included sanctions on employers of third-country nationals who are illegally resident in an EU Member State. The proposal for sanctions represented a new direction for the EU in the context of facilitating short-term legal migration, while restricting unauthorised migration. The Comprehensive European Migration Policy was thus accompanied by the publication of a draft directive (COM(2007) 0249 final) providing for sanctions against employers of illegally staying third-country nationals.

The Commission also published a Communication on *Circular migration and mobility partnerships between the European Union and third countries* (COM(2007) 248 final). The concept of ‘mobility partnerships’ involves partnerships between sending and receiving countries with the aim of assisting short-term migration. A second Communication – *Applying the global approach to migration to the eastern and southeastern regions neighbouring the European Union* (COM(2007) 247 final) – similarly supported cooperation and dialogue between Member States and neighbouring countries.

In October 2007, the European Commission presented a Communication entitled *Stepping up the fight against undeclared work* (IP/1583/07), which takes stock of the actions undertaken by Member States and proposes a series of actions based on a range of measures. The Commission also adopted two draft directives – covering conditions for the admission and residence of highly qualified immigrants (MEMO/07/423), and simplified admission procedures and a common set of rights for third-country workers (MEMO/07/422). In addition, the Commission adopted a proposal for a general framework directive on third-country nationals (EU0706049I).

### **Revision of the directive on transfer of undertakings**

In May 2007, the European Commission published a *Study on the application of Directive 2001/23/EC to cross-border transfers of undertakings*. The report examines the application of Council Directive 2001/23/EC on the approximation of the laws of the Member States relating to the safeguarding of employees’ rights in the event of transfers of undertakings, businesses or parts of undertakings or businesses – known as the acquired rights directive (ARD) – to cross-border transfers of undertakings. The study identifies issues specific to cross-border transfers that are not covered by ARD (EU0705049I).

The following month, in June, the Commission initiated consultation on the issue with the social partners, marking the first phase of the consultation process under Article 138(2) of the Treaty, taking account of the fact that ARD did not explicitly cover cross-border transfers (EU0708029I).

### **Pension portability**

In June 2007, the European Parliament presented a report on progress towards a directive on pension portability. The directive would set minimum standards on the acquisition of supplementary pension rights to ensure that workers who choose to be more mobile would not be penalised by high age limits, or long qualifying periods.

### **Posted workers**

Also in June, the European Commission provided its assessment (COM(2007) 0304 final) of the national measures introduced to implement Directive 96/71/EC concerning the posting of workers in the framework of the provision of services. This assessment found that information provided to

workers and employers on the provisions of the directive was often insufficient; that national authorities' use of control measures often went beyond what was strictly necessary and that they impeded free movement; and that interpretations of the directive by Member State legislation had led to an increased amount of litigation. To facilitate cooperation between Member States on this issue, the Commission proposed the promotion of an Internal Market Information System (EU0707079I). The posted workers directive was also raised in the ECJ decision concerning the Laval case (see below).

### **Flexicurity**

In June 2007, the European Commission published its communication on the establishment of common principles of flexicurity. The communication aimed to explore flexicurity and help Member States to adopt a set of common principles by the end of the year. It highlighted the current situation pertaining to flexicurity within Member States and possible pathways to enhance flexicurity. These common principles defined eight areas referred to as flexicurity 'components' and were formulated in recognition of continued trade union concern over the relationship between flexible working arrangements and security (EU0707069I). This development laid the foundation for the social partners to draw up a joint paper later in the year (*Key challenges facing European labour markets* – see below).

### **Green Paper on modernising labour law**

In October 2007, the European Commission presented its report on the results of its public consultation on adapting labour law to the present world of work. This consultation was based on the Commission's Green Paper, *Modernising labour law to meet the challenges of the 21st century*. Despite divergent views, the results highlighted that labour law was central to managing the EU workforce and to providing workers with a sense of security. Five areas for cooperation were highlighted: the prevention and combating of undeclared work, particularly in cross-border situations; the promotion, development and implementation of training and lifelong learning; the interaction between labour law and social protection rules; clarification of the nature of the employment relationship; and clarification of the rights and obligations of the parties involved in subcontracting chains. (For a report on the earlier stages of the consultation process, see EU0701919I.)

### **Directives on working time and temporary agency workers**

In December 2007, a meeting of the employment and social affairs ministers across the EU agreed to postpone decisions on the directive on working time and the proposed directive on temporary agency work (EU07802019I). The Portuguese Presidency had proposed linking the two topics, which would have allowed those Member States which currently exercise an 'opt-out' from the 48-hour limit to the working week to continue this with a number of safeguards, while also agreeing to the equal treatment of temporary agency workers after a six-week period. However, all Member States did not back the proposals and this led to the further postponement of decisions on them.

### **European Court rulings**

In January 2007, the ECJ issued its judgement on *CGT v PM and Ministre de L'Emploi, de la Cohesion sociale et du Logement* (Case C-385/05). The court ruled that it was contrary to EU law for a state to exclude certain workers from the calculation of collective redundancy thresholds, even in cases where the objective was to encourage the employment of younger workers or where the exclusion was only temporary (EU0701099I).

In February, the European Court of Human Rights held, in the case of *Aslef v UK* (Case C-1002/05), that trade unions have the right to accept or reject membership applications – just as individuals have the right to join or not to join trade unions (EU0705029I).

In June, the ECJ ruled on the case of *Commission of the European Communities v UK* (Case C-127/05). The court held that Council Directive 89/391/EEC on the introduction of measures to encourage improvements in the safety and health of workers at work did not impose on employers a duty to provide an absolutely safe working environment. However, employers are responsible for the consequences of any event detrimental to the health and safety of workers at the workplace (EU0707059I).

In July, the ECJ redefined its interpretation of the concept of disability, by ruling that the protection of employees against discrimination on the grounds of disability also applied in the case of dismissals. This protection is guaranteed under Council Directive 2000/78/EC establishing a general framework for equal treatment in employment and occupation. The court also distinguished between the concepts of disability and sickness, stipulating that they should not be treated as the same thing. Accordingly, dismissal for reasons related to sickness did not automatically amount to a dismissal on the grounds of disability (EU0612069I).

In December, the European Court of Justice delivered its rulings in the *Viking* case and *Laval* case. Specifically, the court ruled, in the *Viking* case (C-438/05), that the exercise of the right to strike could constitute a restriction on the right to exercise freedom of establishment. Nevertheless, strike action might be justified by an overriding reason of public interest, such as the protection of workers, provided that the restriction was suitable for ensuring the achievement of the legitimate objective pursued and did not go beyond what was necessary to achieve that objective. In the *Laval* case (C-341/05), the ECJ held that the posted workers directive was to be interpreted as precluding a trade union from attempting, by means of collective action, to force a provider of services established in another Member State to enter into negotiations with it on rates of pay on more favourable conditions than those resulting from relevant legislative provisions (EU0706029I, EU0801019I).

## Social dialogue

A report from the European Commission, *Industrial relations in Europe 2006*, highlighted that the decentralisation of collective bargaining, together with a decline in trade union density levels, was forcing trade unions to become more actively involved in the European workplace. However, this did not mean an abandonment of sectoral and branch-level collective negotiations. Instead, trade unions were increasingly required to develop new employee representative strategies, usually either directly or through their association with workplace bodies such as works councils, playing an active role in company restructuring and supporting the development of plant and company-level negotiations (EU0702039I). As part of the EU's 50th anniversary, the Commission held a special conference to celebrate social dialogue, 'European social dialogue – Working together for results'.

## Agreement to combat harassment and violence at work

In April 2007, the Framework agreement on harassment and violence at work was signed by the general secretaries of the European social partner organisations: ETUC, the Confederation of European Business (BusinessEurope), the European Association of Craft, Small and Medium-Sized

Enterprises (UEAPME), and the European Centre of Enterprises with Public Participation and of Enterprises of General Economic Interest (CEEP). The agreement acknowledges that harassment and violence can take many different forms, such as physical, psychological and/or sexual harassment. For example, the experience may entail one-off incidents or more systematic patterns of behaviour, and may occur among colleagues, between superiors and subordinates or even involve third parties such as clients, customers, patients or students. Furthermore, the problem can include a range of actions, from minor cases of disrespect to more serious acts of harassment or violence, including criminal offences. The agreement included the following declared objectives:

- enterprises should have a clear statement outlining that harassment and violence at the workplace will not be tolerated and specifying the procedure to be followed if problems arise;
- responsibility for determining, reviewing and monitoring the appropriate measures rests with the employer, in consultation with workers and/or their representatives;
- provisions should be put in place to deal with cases of violence by third parties, where appropriate.

This was the sixth framework agreement to be signed by the social partners since the beginning of European social dialogue 20 years ago (EU0705019I). It was also the third voluntary and autonomous agreement to be concluded, following the agreements on telework in 2002 (EU0207204F, EU0611029I) and work-related stress in 2004 (EU0410206F).

#### **Consultation with social partners**

Article 138 of the EC Treaty provides for the consultation of social partner organisations at EU level on a range of issues concerning employment and social affairs, as set out in Article 137 of the treaty. Consultation occurs in a two-stage procedure, generally with six weeks between the launch of the consultation and the receipt of responses. In 2007, consultation occurred on the issues detailed under the following subheadings.

#### **Active inclusion of people furthest from labour market**

Second-stage consultation on the active inclusion of those furthest from the labour market was launched on 22 October 2007. In the first-stage consultation, social partners had emphasised the role that they played in the design and monitoring of active labour market policies and in negotiations on the minimum wage. However, they did not support any legislative options at EU level for active labour market inclusion, but rather favoured a strengthening of the existing Open Method of Coordination, as well as a more integrated approach.

#### **Reconciliation of professional, private and family life**

Second-stage consultation was launched on the issue of work–life balance on 30 May 2007. The response of the social partners in the first-stage consultation acknowledged the importance of the issue and that further action was needed. However, the employee organisations favoured action at all appropriate levels including EU level, while employer organisations felt that action was necessary at national, sectoral, regional and/or company level, but not at EU level.

### **Protecting European healthcare workers from blood-borne infections due to needlestick injuries**

Second-stage consultation was launched on this health and safety issue on 20 December 2007. In the first-stage consultation, social partner organisations had varying views on the best approaches for effective preventative measures, with employer organisations generally opposing any Community legislative initiative, instead favouring the effective application of existing legislation. Conversely, employee organisations would welcome a Community initiative in the form of legislation.

### **Cross-border transfers of undertakings or parts of undertakings or businesses**

First-phase consultation on the issue of cross-border company transfers was launched on 20 June 2007.

### **Reassessing regulatory social framework for more and better seafaring jobs in the EU**

First-phase consultation on the need to reassess the regulatory social framework for seafaring jobs in the EU was launched on 18 October 2007.

### **Carcinogens, mutagens and reprotoxic substances**

Second-phase consultation on the problem of carcinogens, mutagens and other substances toxic to reproduction was launched on 16 April 2007. In the first-stage consultation, all social partners had confirmed the importance they attached to protecting workers from the health risks associated with exposure. However, in general, employee organisations were more in favour of a Community initiative to amend Directive 2004/37/EC on the protection of workers from the risks related to exposure to carcinogens or mutagens at work, whereas employer organisations were less supportive of this approach.

### **Musculoskeletal disorders**

Second-phase consultation on musculoskeletal disorders (MSD) was launched on 14 March 2007. In the first-stage consultation, all social partner organisations confirmed the importance of tackling work-related MSD. However, differences arose as to the appropriate strategies to adopt, with employer organisations less in favour of additional legislative routes, while employee organisations preferred the idea of new legislation.

### **International framework agreements**

In July 2007, three international framework agreements were signed between Suez – an international group operating in the field of water, waste and energy – the French trade unions and ETUC, represented by the European Federation of Public Service Unions (EPSU). The first agreement covered profit sharing, which allowed for the free distribution of about two million bonus shares. The second agreement dealt with forward planning of job and skill requirements. This stipulated that the company had to ensure improved management of employment and skills, as well as the anticipation of future developments in occupations, work and growth. The third agreement concerned equality and diversity targets, producing an initial text on diversity and equal opportunities. Accordingly, Suez agreed to provide an overview of the situation with regard to equality and diversity. At the same time, management and the employee representatives agreed to devise a series of targets, indicators and objectives (EU0709049I).

In the same month, the International Federation of Journalists (IFJ), the European Federation of Journalists (EFJ) and the German-based Westdeutsche Allgemeine Zeitung Media Group (WAZ Mediengruppe) signed a Framework agreement on the defence and the promotion of press freedom, quality journalism and sound industrial relations in companies of the WAZ Media Group. It was the first such agreement in the media sector. The agreement aimed to foster the supply of high-quality, professional and ethical media and information services. Furthermore, the agreement emphasised the value of internationally accepted labour relations and human resources practices and made specific reference to these in the description of its core principles and their implementation.

### Flexicurity guidelines

In October 2007, the major European actors agreed a set of flexicurity guidelines in a text entitled 'Key challenges facing European labour markets: A joint analysis of European social partners'. The guidelines included the following measures:

- labour law and contractual agreements for labour market accessibility, facilitating both the hiring and firing of workers;
- effective and high-quality active labour market policies, by investing in people as a means of helping them adapt to change;
- lifelong learning policies aiming to improve the general employability of workers, recognising the ongoing need to keep their qualifications and skills up-to-date;
- efficient and sustainable social protection systems to retain a 'social net' to support employees made redundant and help them to re-enter the labour market;
- social dialogue – the implementation of flexicurity policies with the active involvement of the social partners.

The text was supportive of 'sound macroeconomic policies, a favourable business environment' and the need to promote job quality (EU0711019I).

### Sectoral developments

Table 5 lists the outcomes of sectoral social dialogue in 2007 as documented in the European social dialogue texts database. The database records some 37 new outcomes in 2007.

**Table 5 Outcomes of sectoral social dialogue**

Field of economic activity	Agreements, declarations, joint opinions, work programmes	Trade unions	Employer organisations
Health (hospitals)	Joint declaration on health services	EPSU	HOSPEEM*
Gas supply	Joint declaration on violence at work	ETUC	BusinessEurope, UEAPME, CEEP
Gas supply	Common declaration on ECOTEC study on the impact on employment in the EU25 of the opening of electricity and gas markets, and of key EU directives in the field of energy	EPSU, EMCEF	Eurogas
Unspecified	Framework of actions on gender equality	ETUC	BusinessEurope, UEAPME, CEEP
Maritime	Agreement on the Maritime Labour Convention 2006	ETF	ESCA

Table 5 (continued)

Field of economic activity	Agreements, declarations, joint opinions, work programmes	Trade unions	Employer organisations
Sea fishing	Prevention of accidents at sea and the safety of fishermen	ETF	Europêche
Unspecified	Joint analysis of key challenges facing European labour markets	ETUC	BusinessEurope, UEAPME, CEEP
Civil aviation	Guidelines for consultation arrangements for functional airspace blocks	ETF	CANSO
Agriculture	Rules of procedure in the agriculture sector	EFFAT	GEOPA-COPA
Catering	Rules of procedure in the contract catering sector	EFFAT	FERCO
Food	Common statement on obesity	EFFAT	FERCO
Railways	The concept of employability in the railway sector	ETF, EIM	CER
Road transport	Joint position on articles and aspects of EU Regulation 561/2006/EC requiring clarification and enforcement guidance	ETF	IRU
Performing arts	Strengthening social dialogue and reinforcing capacities of national social partner organisations in the new Member States in the performing arts sector	EAEA	PEARLE
Post	Joint declaration on postal sector evolution	UNI Postal	PostEurop
Civil aviation	Joint statement on a just culture	ECA, ETF, ERA	ACI-Europe, AEA, CANSO
Unspecified	Implementation of the framework agreement on work-related stress – Yearly joint table summarising ongoing social partner activities – 2007	ETUC	BusinessEurope, UEAPME
Sea fishing	Joint opinion regarding the Green Paper on the future EU maritime policy	ETF	Europêche, COGECA
Gas supply	Rules of procedure of the social dialogue committee for the natural gas sector	EPSU	Eurogas, EMCEF
Performing arts	Joint statement on the communication from the Commission on a European agenda for culture in a globalising world	EAEA	PEARLE
Railways	Joint recommendations for a better representation and integration of women in the railway sector	ETF	CER
Road transport	Joint IRU-ETF press release on rest facilities	ETF	IRU
Agriculture	Resolution regarding creation of an 'Agrispass CV'	EFFAT	GEOPA-COPA
Telecommunications	Diversity at work	UNI-Europa	ETNO
Railways	Rules of procedure of social dialogue committee in the railways sector	ETF	CER, EIM
Transport	Joint declaration on internalisation of external cost in transport for an acceleration of Community activities	ETF	CER, EIM
Audiovisual	Joint position on the Green Paper on labour law	IFJ, EURO-MEI UNI, FIA, FIM	ACT, AER, CEPI, EBU, FIAPF
Local and regional government	Joint CEMR/EPSU response to the European Commission's Green Paper on labour law	EPSU	CEMR
Temporary agency work	Joint declaration within the framework of the 'Flexicurity debate' as launched and defined by the EU Commission	UNI-Europa	Eurociett
Personal services	Public consultation on simplification of cosmetics Directive 76/768/EEC	UNI-Europa	Coiffure EU
Cleaning industry	Joint declaration on daytime cleaning	UNI-Europa	EFCI
Performing arts	Joint position of the social partners in the European sectoral social dialogue committee 'Live performance' on the Green Paper on labour law	EAEA	PEARLE
Sugar	Fourth implementation report (2006) on the Code of conduct on corporate social responsibility	EFFAT	CEFS
Performing arts	Comments from the social partners in the European sectoral social dialogue committee 'Live performance' on the Communication on culture 2007	EAEA	PEARLE

Table 5 (continued)

Field of economic activity	Agreements, declarations, joint opinions, work programmes	Trade unions	Employer organisations
Cleaning industry	Agreement on corporate social responsibility (CSR) in the contract cleaning sector	EFFAT	FERCO
Road transport	Joint statement regarding the proposed Green Paper on urban mobility	ETF	UITP
Civil aviation	Joint statement on functional airspace block developments	ETF	CANSO

Note: \* **ACI-Europe** – Airports Council International-Europe; **ACT** – Association of Commercial Television in Europe; **AEA** – Association of European Airlines; **AER** – Association of European Radios; **CANSO** – Civil Air Navigation Services Organisation; **CEFS** – European Committee of Sugar Manufacturers (Comité européen des fabricants de sucre); **CEMR** – Council of European Municipalities and Regions; **CEPI** – European Coordination of Independent Producers (Coordination européenne de producteurs indépendents); **CER** – Community of European Railway and Infrastructure Companies; **COGECA** – General Committee for Agricultural Cooperation in the European Union; **EAEA** – European Arts and Entertainment Alliance; **EBU** – European Broadcasting Union; **ECA** – European Cockpit Association; **EFCI** – European Federation of Cleaning Industries; **EFFAT** – European Federation of Food, Agriculture and Tourism; **EIM** – European Rail Infrastructure Managers; **EMCEF** – European Mine, Chemical and Energy workers’ Federation; **ERA** – European Regions Airline Association; **ESCA** – European Community Shipowners’ Associations; **ETF** – European Transport Workers’ Federation; **ETNO** – European Telecommunications Network Operators’ Association; **Eurociett** – European Confederation of Private Employment Agencies; **EURO-MEI UNI** – European Federation of Media Entertainment International, part of UNI; **Europêche** – Association of the National Organisations of Fishery Enterprises in the European Union; **FERCO** – European Federation for Contract Catering Organisations (Fédération européenne de la restauration collective concédée); **FIA** – International Federation of Actors (Fédération internationale des acteurs); **FIAPF** – International Federation of Film Producers’ Associations (Fédération internationale des associations de producteurs de films); **FIM** – International Federation of Musicians (Fédération internationale des musiciens); **GEOPA-COPA** – Employers’ Group of the Committee of Agricultural Organisations in the European Union; **HOSPEEM** – European Hospital and Healthcare Employers’ Association; **IRU** – International Road Transport Union; **PEARLE** – Performing Arts Employers Associations League Europe; **PostEurop** – Association of European public postal operators; **UITP** – International Association of Public Transport (Union Internationale des Transports Publics); **UNI** – Union Network International.

Source: European Commission, Social Dialogue texts database

In 2007, two new sectoral social dialogue committees (SSDC) were established, one for the gas industry and the other for contract catering. At its first meeting on 15 March 2007, the European gas SSDC was critical of the European Commission’s proposals on unbundling, which were felt to have a negative effect on investment. The social partners also agreed that the impact assessment being undertaken by the Commission fell short of their requirements. The committee agreed to explore further the social implications of the European energy package and to draw conclusions from the study. Working groups were established for this purpose.

An SSDC for the contract catering industry was launched on 9 October 2007, following more than nine years of constructive, though informal, dialogue between the social partners, supported by the European Commission. Formalisation of European social dialogue between the social partners in this field of economic activity demonstrated that the Commission recognised their representativeness and the role that contract catering plays in the EU labour market.

## Employee participation

In 2007, the number of agreements for the establishment of European Works Councils (EWC) continued to grow, with at least 24 agreements being either initiated or renewed. Works councils continue to represent a prominent feature of European industrial relations and two significant

conferences were held, with the involvement of the European Commission, in April and June 2007. In addition, employee participation was an important element of agreements on anticipating change.

### **European company status**

In May 2007, management and employee representatives of the reinsurance SCOR Group concluded an agreement on the constitution of a Common European Companies' Committee and the participation of employee representatives on the board of directors. SCOR was the first French group listed on the stock exchange to adopt the legal form of a European company (*Societas Europaea*, SE). The conversion into a European company took place in accordance with Council Regulation (EC) 2157/2001 on the statute for a European company (SE).

The SCOR case represented a completely new legal form for the company as a total of three SEs were set up in order to encompass the overall Group in Europe and its two subsidiaries: SCOR SE, SCOR Global P&C SE and SCOR Global Life SE. The agreement defined the participation rights at board level and was signed by management and employee representatives (EU0709039I).

### **Agreements on anticipating change**

In July 2007, the electrical distribution and automation company Schneider Electric and the European Metalworkers' Federation (EMF) reached an International Framework Agreement (IFA) on anticipating change, which aims to ensure that change involves the social partners and is not detrimental to employees. Covering all 'legally autonomous entities of Schneider Electric in Europe', the agreement represented an innovative step towards retaining a high degree of competitiveness in a socially responsible way and committing the company to promoting lifelong learning. The agreement states that Schneider's EWC should play a key role in defining 'the group's priorities and major plans' (EU0709019I).

In November, a European partnership for the anticipation of change in the automotive industry was formed by the European Commission, the European Automobile Manufacturers' Association (Association des Constructeurs Européens d'Automobiles, ACEA), the European Association of Automotive Suppliers (Comité de liaison européen des fabricants d'équipements et de pièces automobiles, CLEPA) and EMF. The partnership aims to monitor developments in the industry and to exchange experience on managing restructuring in a socially responsible way. The initiative was announced in October at the first specific automotive restructuring forum devoted to better ways of anticipating change (EU0711029I). The partnership, subscribed to by all of the economic and social players in the sector – including the EU, governments, companies, trade unions and regions – has three main aims:

- setting up a new observatory to study change in the automotive industry and the necessary employment and labour skills;
- collecting and exchanging examples of best practice dealing with socially responsible restructuring;
- ensuring better use of existing support structures such as the European Social Fund and European Globalisation adjustment Fund.

### European works councils

On 10 May 2007, the European Parliament adopted a resolution calling for the strengthening of legislation on the consultation of workers; the resolution raised the issue of the review of Council Directive 94/45/EC on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees. In September, the EESC called for more practical action on the proposals for revision of the directive, following an earlier first-stage consultation in 2005. The European Commission subsequently issued a consultation document on EWCs. It noted that they operate in 820 undertakings, covering some 14.5 million employees and that they are vital to the development of transnational industrial relations, helping to reconcile the economic and social objectives of the Single European Market. The consultation aimed to collect the opinions of the social partners on the content of a possible Community initiative to revise the directive in terms of the following measures:

- to ensure the effectiveness of employees' transnational information and consultation rights;
- to resolve problems encountered in the practical application of the directive and to rectify gaps in legal certainty;
- to ensure coherence of Community legislative instruments in the field of information and consultation of employees.

**Table 6 European works councils established in 2007**

Company name	Works council	Date of agreement	Agreement type	Language
CPI Group	CPI European Works Council	13/12/2007	Installation agreement	German
BASF	BASF SE Works Council	15/11/2007	Renewed or post-merger agreement	Text not yet available
EVN Gruppe	EVN European Works Council	12/09/2007	Installation agreement	German
Kaefer Isoliertechnik	Kaefer European Works Council	11/09/2007	Renewed or post-merger agreement	German
Bilfinger Berger Industrial Services	Bilfinger Berger Industrial Services EWC	30/08/2007	Installation agreement	German
Pfleiderer AG	Pfleiderer European Works Council	09/08/2007	Installation agreement	German
Fresenius	Fresenius SE Works Council	13/07/2007	Renewed or post-merger agreement	Text not yet available
ArcelorMittal	Arcelor-Mittal EWC	09/07/2007	Renewed or post-merger agreement	German, Dutch, Spanish, Italian, Polish, Romanian, Czech, French
Italcementi (gruppo Italmobiliare)	Italcementi European Works Council	04/07/2007	Renewed or post-merger agreement	Italian
Atos Origin	Atos Origin European Works Council	28/06/2007	Installation agreement	French, English
Linde	Linde European Works Council	27/06/2007	Renewed or post-merger agreement	German
Cytec	Cytec European Works Council	19/06/2007	Installation agreement	English
Hager Electro	Hager SE Works Council	25/05/2007	Renewed or post-merger agreement	Text not yet available
SCOR Group	Scor Common European Companies Committee	14/05/2007	Installation agreement (SCOR SE)	Text not yet available
SCOR Group	Scor Common European Companies Committee	14/05/2007	Installation agreement (SCOR Global P&C SE)	Text not yet available
SCOR Group	Scor Common European Companies Committee	14/05/2007	Installation agreement (SCOR Global Life SE)	Text not yet available

Table 6 (continued)

Company name	Works council	Date of agreement	Agreement type	Language
Oracle	Oracle European Works Council	22/04/2007	Letter	English
CEZ Group	CEZ European Works Council	03/04/2007	Installation agreement	English
Laiki Group	Laiki EWC	14/02/2007	Installation agreement	English
Surteco	Surteco SE-Works Council	13/02/2007	Installation agreement	Text not yet available
UniCredit Group	UniCredit Group European Works Council	26/01/2007	Renewed or post-merger agreement	English, Italian
Converteam	Converteam European Works Council	24/01/2007	Installation agreement	French, English, German
Outokumpu	Outokumpu Personnel Forum	09/01/2007	Installation agreement	English
Arkema	Arkema European Works Council	01/01/2007	Installation agreement	French

Source: European Trade Union Institute for Research, Education and Health and Safety (ETUI-REHS), Database on European Works Council agreements

## Equal opportunities for women and men

As noted earlier, 2007 was ‘European Year of Equal Opportunities for All’, and promoting the employment of women was an important focus of the activities towards equality during the year.

In May, a European Alliance for Families was established on the initiative of the German Federal Ministry of Family Affairs (German EU Presidency press release, 30 May 2007). The alliance will act as a platform for the exchange of knowledge and experience between Member States on the best ways to support families through policy and other measures (EU0706039I).

Also in May, the ETUC Congress decided not to present a new equality plan, but to adopt an ETUC Charter on gender mainstreaming in trade unions. The charter calls ‘for a stronger commitment to better implement the previous plans’ and promotes the following practical tools and measures:

- the principle of ‘shared responsibility’;
- the gender mainstreaming of all proposals in discussions on European social policy;
- the provision of ‘good and comparable data’ on women’s participation and representation;
- the strengthening of the role of women in their member organisations.

This initiative had a double purpose: first, to strengthen the commitment to gender equality, by stipulating that the charter had to be signed by each member organisation; secondly, to ‘spread the burden of adjustment more evenly to women and men’ by using gender mainstreaming, as a concept that clearly regards women as being equal to men.

A survey report by the European Trade Union Institute for Research, Education and Health and Safety (ETUI-REHS) revealed that less than half of the respondents had some form of equality plan in place. The ETUC Executive Committee published a ‘Position on the mid-term review of the ETUC equality plan 2003–2007’ in June 2006, drawing certain conclusions from the survey findings.

In July 2007, the European Commission published a Communication on gender-based pay disparities in the EU, entitled ‘Tackling the pay gap between women and men’. The communication outlined analysis and policy on the matter, and included an extensive annex containing remarks on the legal framework, the methodology used in measuring the pay gap, and some statistics. The Commission

showed that, despite the adoption of a number of measures aiming to promote gender equality, little progress had been made in bridging the gender pay gap (EU0708049I).

The communication identified four areas of action to inform future policies of the European Commission:

- exploring ways to improve the legislative framework and its implementation;
- exploiting fully the European strategy for growth and jobs;
- encouraging employers to respect equal pay;
- supporting the exchange of good practice at Community level.

The rights of women at work were also strengthened in the case of *Kiiski v Tampereen kaupunki* (C-116/06). The ECJ ruled that a woman had the right to defer a period of parental leave already granted, in circumstances where she was again pregnant and entitled to maternity leave under Council Directive 92/85/EEC on the introduction of measures to encourage improvements in the safety and health at work of pregnant workers and workers who have recently given birth or are breastfeeding. This ruling confirmed that workers on parental leave remain in an employment relationship and that pregnant women do not need to be exposed to an occupational risk to gain entitlement to maternity leave.

## Other developments

### Promoting solidarity between generations

In May 2007, the European Commission adopted a Communication on *Promoting solidarity between the generations* (COM(2007) 244 final) as part of the follow-up to its earlier Communication on *The demographic future of Europe – from challenge to opportunity* (COM(2006) 571 final). The 2006 document had set out five areas to meet the demographic challenge: the promotion of demographic renewal; more jobs and longer working lives; higher productivity; integrating migrants; and sustainable public finances. In relation to the reconciliation of work, private and family life, the 2007 communication points to the following:

- financial support to cover family-related costs;
- high-quality care services for children and dependent older people;
- flexible working hours with appropriate leave arrangements.

The communication aims to assist Member States in meeting the demographic challenges of an ageing population and the need to ensure that European workers achieve a better work–life balance, so that families can combine work with their childcare commitments. The Commission also supports the calls for flexible working time, with appropriate work schedules and leave arrangements, stating that those Member States which promote such measures generally have higher birth rates and a higher proportion of women in the labour market (EU0706039I).

### Day of action

In May 2007, EMF and the European Employee Forum (EEF) of General Motors Europe (GM Europe) organised a joint European day of action for all of the company's European plants. The initiative was in protest against the group's plans concerning the distribution of production volumes which would negatively affect employment levels at the Antwerp plant in northern Belgium. Employees at 15 GM Europe sites in eight countries participated in the industrial action (EU0706019I).

# European Directive on information and consultation

This chapter, based on contributions from the EIRO national centres, examines the impact of the European Directive establishing a general framework for informing and consulting employees in the European Communities. It looks at the extent of changes required to existing systems of information and consultation and workplace representation in the 27 EU Member States and Norway. Finally, it examines the impact of the national measures taken to give effect to the directive on industrial relations practice in the countries concerned.

## Introduction

In March 2002, *Council Directive 2002/14/EC* was adopted which established a general framework for informing and consulting employees in the European Community. The extent of changes required to existing systems of information and consultation and workplace representation in the 27 EU Member States and Norway has varied considerably between countries. In some countries, the directive has had few, if any, implications, particularly in those countries with longstanding statutory works council systems; in others, it has prompted only limited amendments. However, in a number of countries, the directive has driven extensive legislative reform, for example in Ireland and the UK, where a 'voluntarist' industrial relations tradition predominates, and in many of the new Member States. Moreover, the transposition process has generated intense debate in some countries, in particular on the nature of the employee representatives through which information and consultation takes place. At the same time, it seems that national measures which give effect to the directive have, as yet, had little or no impact on industrial relations practice in the countries concerned, or that it is too early for their effects to be fully assessed.

## Main points of directive

The directive aimed to establish a general framework setting out minimum requirements for employees' right to information and consultation.

Information and consultation are defined as taking place between the employer and employee representatives. The directive requires:

- information on the recent and probable development of the undertaking's or establishment's activities and economic situation;
- information and consultation on the situation, structure and probable development of employment, and on any anticipatory measures envisaged, in particular where there is a threat to employment;
- information and consultation, with a view to reaching an agreement, on decisions likely to lead to substantial changes in work organisation or in contractual relations.

Employers may require employee representatives to treat information as confidential, and they need not inform or consult where to do so would seriously harm or prejudice the undertaking or establishment.

The directive is drafted in fairly broad terms and allows Member States considerable flexibility regarding the practical arrangements for implementing its provisions.

### **National implementation of directive**

Member States were granted a deadline of 23 March 2005 to adopt the laws, regulations and administrative provisions necessary to comply with the directive's provisions, or to ensure that management and labour introduced the required provisions by way of agreement. However, countries with 'no general, permanent and statutory system of information and consultation of employees, nor a general, permanent and statutory system of employee representation at the workplace allowing employees to be represented for that purpose' were allowed to adopt the directive's requirements on a phased basis.

The directive's transposition timetable applied to the 'older' 15 EU Member States (EU15) at the time of the directive's adoption, the 10 new Member States that joined the EU in May 2004 (EU10) and Iceland, Liechtenstein and Norway. Bulgaria and Romania were obliged to have implementing measures for the directive in place when they joined the EU on 1 January 2007.

### **Transposition process**

Three EU Member States – Austria, Germany and Slovenia – considered that their national legislation already met or exceeded the terms of the information and consultation directive and that no new measures were required to comply with its requirements; Slovenia, nevertheless, later adopted legislation with the stated purpose of transposing the directive, which made some amendments to existing provisions. Of the remaining 22 EU countries covered by the directive's implementation deadline of 23 March 2005, only eight – Finland, France, Hungary, Lithuania, the Netherlands, Portugal, Slovakia and the UK – had clearly taken measures for its transposition. Cyprus, Denmark, Latvia and Sweden joined these countries during 2005 – as, from outside the EU, did Norway.

At the time of writing, the social partners in Belgium finally reached agreement on the implementation of the European Directive on the information and consultation of employees, after five years of disagreement concerning the level of application (see section below on 'Key transposition issues' and BE0802039I). Luxembourg, however, has still not implemented the directive.

Bulgaria and Romania both had transposition measures in place when they joined the EU on 1 January 2007.

Of the countries that have so far transposed the directive, all but one have taken the legislative route, rather than leaving the matter mainly to agreement between the social partners. It should be noted, nevertheless, that this legislation was in some cases based wholly or partly on agreements between the social partners. In Denmark, a 'dual' approach to transposition was taken, as has been the case with many EU employment directives in recent years. Accordingly, the central social partner organisations in the private, public, finance and agriculture sectors amended their existing 'cooperation agreements' – on which information and consultation arrangements are based – to comply with the directive; at the same time, the government enacted legislation to apply virtually the same arrangements to the 15% or so of the workforce not covered by collective agreements.

### Nature of transposition

The extent of the reforms to existing information and consultation systems and workplace representation required by the directive's implementation have ranged from no change to major change – as indicated by the findings shown in Table 7.

**Table 7 Nature of national measures required to implement Directive 2002/14/EC**

Extent of change to existing arrangements	Countries
No change or virtually no change	Austria, France, Germany, the Netherlands, Portugal, Slovenia
Minor change	Czech Republic, Denmark, Finland, Greece, Hungary, Latvia, Lithuania, Norway, Slovakia, Sweden
Major change	Bulgaria, Cyprus, Estonia, Ireland, Italy, Malta, Poland, Romania, UK

Source: EIRO, 2007

As noted above, Austria, Germany and Slovenia considered that no new measures were required to comply with the directive – a view that the European Commission has not disputed – although, as mentioned, Slovenia in 2007 introduced several amendments that it attributed to the directive. France, the Netherlands and Portugal can also be included in this group of countries whose national information and consultation legislation already met or exceeded the terms of the directive, as the changes required for the purposes of transposition were very minor and in most cases essentially technical. Austria, France, Germany, the Netherlands and Slovenia have existing widespread and comprehensive statutory information and consultation systems through works council-type bodies, while Portugal also has a statutory works council system, although this is not reported to be as extensive in practice.

In the Czech Republic, Finland, Greece, Hungary, Latvia and Lithuania, which already had in place a relatively general, statutory system of information and consultation, transposition involved fairly minor adjustments to existing provisions on matters such as: the issues subject to information and consultation, the definitions of information and consultation, confidentiality and the role of collective agreements in this area. Some of these changes were more substantial than others: for example, the Hungarian transposition legislation strengthened appreciably the nature of the obligation on employers to consult employee representatives. Finland's 2005 implementing legislation amended provisions on choosing employee representatives in some circumstances, employers' responsibilities for information provision, information and consultation on staffing and training plans, and enforcement procedures. However, it should be noted that a more substantial reform of information and consultation rules was enacted in 2007, notably reducing the workforce-size threshold to undertakings with 20 rather than 30 employees.

In a number of Nordic countries – Denmark, Norway and Sweden – transposition measures mainly sought to adapt systems based on collective agreements and trade union representation, to ensure that they apply to all employees, including those not covered by such agreements or not belonging to particular trade unions. These changes were generally relatively minor in terms of their practical effect, given the high levels of bargaining coverage and trade union membership in these countries. Nevertheless, the changes may appear more important in formal terms: for example, in Norway, the directive's implementation meant establishing, for the first time, a statutory basis for information and consultation arrangements that already existed on the basis of collective agreements. In Denmark, the amendments were somewhat more substantial: more specifically, the implementation

measures widened the representation of cooperation committees – the existing information and consultation structures – and extended information and consultation to employees not represented on these committees; at the same time, they gave greater weight to local cooperation agreements and provided for a clearer timescale for information and consultation.

In Italy also, implementation largely meant extending and giving legal force to an existing information and consultation system based mainly on collective agreements. Therefore, no new structures or representation channels have been created – with information and consultation conducted through existing worker representatives – and collective bargaining maintains its key role. The legislation, however, has added considerably to the content and coverage of existing information and consultation rights and may be considered to imply a major change.

In Estonia and Slovakia, amendments were required to the structure of existing statutory systems and especially the relationship between union and non-union based channels of information and consultation. In Slovakia, these changes can be categorised as relatively minor, but in Estonia they were more significant.

In Bulgaria, Cyprus, Ireland, Malta, Poland, Romania and the UK, the directive's transposition has essentially meant the establishment, for the first time, of a general, statutory system of information and consultation. In Bulgaria, this was entirely new, while in Cyprus, Ireland, Malta and the UK, statutory information and consultation rights were previously limited to specific circumstances, notably transfers of undertakings and collective redundancies. In Poland and Romania, statutory information and consultation arrangements were in place, but these were limited to trade unions and a restricted range of issues and circumstances.

Cyprus, Ireland, Malta, Poland and the UK took up the option provided for in the directive for countries with no existing general and statutory system to apply its requirements for smaller undertakings or establishments on a phased basis.

### **Key transposition issues**

As mentioned, the information and consultation directive incorporated a number of 'flexibilities' for Member States in drawing up their national transposition measures. Particular issues left to Member States' discretion concerned the following aspects:

- whether the law applies at establishment or undertaking level;
- the identity of the employee representatives;
- whether information and consultation is mandatory or dependent on employee initiative;
- the scope for agreement-based information and consultation, departing from the statutory provisions;
- the enforcement procedures and sanctions used.

### **Level of application**

The only countries where the establishment is the primary level at which the information and consultation legislation applies are Austria and Germany. Indeed, this particular flexibility in the

directive was essentially introduced to accommodate the two countries' establishment-focused works council system. Elsewhere, the vast majority of Member States' information and consultation measures apply at undertaking level. In a number of countries – namely, Bulgaria, Greece and Portugal – the information and consultation legislation is applicable to both undertakings with at least 50 employees and establishments with at least 20 employees.

In terms of workforce size thresholds for the application of information and consultation requirements or the establishment of works councils, 13 Member States have set the threshold for undertakings at 50 employees, matching that of the directive. Most of the other countries set lower thresholds, and in some countries – for example, Latvia, Lithuania, Slovenia and Sweden – the information and consultation legislation applies irrespective of the size of the undertaking. In Belgium and Luxembourg, controversy over the issue of lowering existing thresholds of 100 and 150 employees, respectively, for the establishment of works councils contributed to the delay in implementing the directive in those countries.

In some countries, few enterprises reach the required employment thresholds and the potential coverage of the information and consultation legislation is therefore low. The Greek national centre, for example, reports that only 3% of Greek enterprises employ over 20 employees – the threshold for the right to establish works councils if there is no trade union within the enterprise. For this reason, some of the new Member States have introduced lower thresholds than those put forward by the directive: for example, Estonia and Cyprus have both set the threshold at 30 employees.

### **Identity of employee representatives**

Member States' national provisions identify a range of employee representatives as the participants in the information and consultation process, with works councils or elected employee representatives forming the largest category. In a number of countries – including Cyprus, the Czech Republic, Finland, Greece, Hungary, Lithuania, Malta, Norway, Romania, Slovakia and Sweden – information and consultation takes place through workplace trade union structures. In most of these cases, there is provision for information and consultation to involve works councils or other elected representatives in enterprises where no trade unions are present. In a number of countries, including Estonia and Poland, trade unions perceived the introduction of new types of employee representation mechanisms for the purposes of information and consultation as a potential threat to their own position in the workplace.

In Ireland and the UK, the law allows for enterprise-specific agreements to determine the identity of the employee representatives involved, as well as allowing for agreed direct information and consultation methods. However, legislation also establishes statutory fallback provisions to apply in the event that employees trigger negotiations with their employer about information and consultation arrangements, but where these fail to produce an agreed outcome. In Ireland, the statutory fallback is an elected or appointed information and consultation forum, to include representatives from trade unions that represent at least 10% of the workforce. In the UK, the statutory fallback is for the election of information and consultation representatives.

In some cases, for instance in the Czech Republic and Estonia, the law stipulates that employers must inform and consult employees in the absence of designated representatives.

### **Whether information and consultation is mandatory or dependent on employee initiative**

National approaches differ as to whether information and consultation requirements are mandatory on all relevant employers or whether employees have to take the initiative to trigger their information and consultation rights. Member States fall into three broad groups:

- countries in which information and consultation by employers is mandatory, irrespective of whether employee representatives are present. This is the position in a range of countries, including Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Italy, Latvia, Luxembourg, Malta, the Netherlands, Norway, Portugal, Romania, Slovakia, Spain and Sweden. In Estonia, employees have a direct right to receive specific types of information, but need to take steps to initiate consultation. A similar situation applies in Hungary;
- countries in which information and consultation is mandatory where works councils, trade unions or other forms of employee representation exist. This is the case in Austria, Germany, Lithuania, and Slovakia;
- countries in which employees have to take the initiative to establish information and consultation arrangements. The national provisions of Bulgaria, Germany, Greece, Ireland, Poland, Slovenia and the UK fall into this category.

### **Scope for agreement-based variation**

A majority of Member States reportedly take up the option included in the directive of allowing the social partners to reach agreements on information and consultation which establish arrangements that differ from the directive's requirements. However, in a number of cases, national legislation stipulates that such voluntary arrangements must at least meet the minimum statutory requirements and may not constitute a downward deviation from the law in terms of the extent of workers' information and consultation rights. This latter approach has been adopted in, for example, the Czech Republic, Lithuania, Malta, the Netherlands and Slovenia.

### **Enforcement procedures and sanctions**

A variety of enforcement procedures and sanctions are used by Member States to encourage compliance with their national information and consultation measures. In several countries, there is provision for complaints to a labour inspectorate, including Bulgaria, the Czech Republic, Lithuania, Norway, Romania and Slovakia. Arbitration is used in Denmark, Norway, Slovenia and the UK. Provision exists for disputes to be referred to labour courts or other specialist tribunals in Germany, Ireland, Malta and the UK and to the ordinary courts in the Netherlands. Where applicable, the level of fines that can be imposed on defaulting employers varies considerably.

### **Views of the social partners**

#### **Involvement in transposition process**

Except in those countries where no, or only very minor, transposition measures were considered necessary – notably, Austria, Germany, the Netherlands and Slovenia – the national social partners were involved in the directive's implementation process in all cases; these include countries where transposition has yet to be completed. The nature of the social partners' involvement varied in line with national practices and legislation.

In many countries, employer organisations and trade unions made an input to draft implementing legislation through consultation exercises – as seen, for instance, in Denmark, Ireland, Luxembourg, Sweden and the UK. In other countries, they contributed through bipartite or tripartite national consultative structures of various kinds – as found in Hungary, Lithuania, Malta, Poland, Romania and Spain – or through involvement in working parties or committees drafting the legislation – as observed in Bulgaria, Cyprus, Lithuania and Norway.

In a number of countries, the social partners' input to formal consultation procedures extended to agreement between themselves on all or some of the provisions of the national transposition legislation.

### **Extent of national debate**

The extent to which the directive's transposition was a significant issue for debate among the social partners varied considerably; generally, but not in all cases, this was in line with the extent of the changes required to existing provisions.

Little or no specific debate is reported on the subject in countries such as Austria, Finland, France, Germany, Greece, Latvia, Lithuania, the Netherlands, Norway, Portugal, Slovakia, Slovenia and Sweden. However, in Austria, Germany and Slovenia, some trade union disagreement arose with the government's view that existing legislation met the directive's requirements on all points. Although the directive's implementation involved the introduction of new information and consultation structures or processes in Bulgaria, Cyprus, Malta and Romania, it appears that debate on the issue was muted. Debate, while it occurred, was arguably less than high-profile in the Czech Republic, Denmark, Hungary, Luxembourg and Spain.

The largest amount of debate was prompted by the directive's transposition in Belgium, Estonia, Ireland and the UK – and to a lesser extent in Poland. In Ireland, Poland and the UK, this was because its transposition introduced general information and consultation rights that were previously unknown. In Estonia, where trade unions organised protests against the government's initial legislative proposals, transposition was controversial due to its implications for the relationship between trade union and non-union channels of representation. In Belgium, the question of transposition reignited a long-running debate on worker representation in small and medium-sized enterprises (SMEs).

### **Outcomes**

In Belgium, Bulgaria, Denmark, Italy, Norway, Poland and the UK, through various routes, the social partners have reached a full or partial agreement on transposition that was taken up by the government – or which will be, as mentioned above, in the case of Belgium. Therefore, the social partners can be said to have clearly influenced the implementation process. Trade unions and employer organisations in these countries generally seem to be fairly content with the final implementing legislation, although to varying degrees and in some cases involving a number of caveats.

Outside the countries where agreement was reached, the extent to which the social partners' views influenced the final shape of the legislation varied and is not always easy to discern. In Finland, France, Greece, the Netherlands, Portugal and Sweden, transposition was something of a non-event,

with few comments being made by the social partners. In Latvia, Lithuania and Romania, an apparently high degree of consensus among the social partners resulted in a similar lack of comments and demands.

Elsewhere, trade unions and employer organisations obtained some relatively minor concessions during the preparation of implementing legislation – as observed in countries such as Cyprus, the Czech Republic and Hungary.

Debate was most heated, and discontent with the final legislation greatest, among trade unions or employers, or both, in Estonia and Ireland. Following a protest campaign, Estonian trade unions won concessions in the final legislation on several of their key complaints (see previous section). Most importantly, where a trade union is present in an undertaking, both employee trustees and trade union representatives may participate in information and consultation – in other words, dual-channel representation has been preserved. Estonian employers, although they won concessions on training for employee representatives, are unhappy with the legislation. They believe that the legislation favours trade unions over employee trustees, giving them preferential rights; they also object to a lower workforce-size threshold than that specified in the directive.

In Ireland, despite some reservations, employer organisations seem basically content with the implementing legislation, which arguably takes the minimalist approach to transposition that they had lobbied for. Trade unions, by contrast, are highly critical. The Irish Congress of Trade Unions (ICTU) has accused the government of expressing a ‘pro-business sentiment’ in its approach to transposition and called the legislation ‘untenable in its current form’.

### **Impact of directive on industrial relations practice**

Not surprisingly, in most countries where the directive has prompted no, or only minor, legislative change, little if any impact on established practice is reported. This is the case, for example, in Austria, France, Germany, the Netherlands, Portugal and Slovenia.

Elsewhere, given the relatively recent implementation of the directive, or in some countries its non-implementation to date, most EIRO national centres report that it has as yet had little or no impact on industrial relations practice in their countries – as seen, for example, in Finland and Latvia – or that it is too early for its effects to be fully assessed – as observed, for instance, in Cyprus, Estonia, Greece, Italy and Poland. Moreover, only few legal cases are reported to have arisen.

Among the countries where only minor legislative change has occurred, in Sweden, it is reported that the amendments have had no noticeable impact, but do have particular implications for companies not covered by a collective agreement where all employee organisations now have the right to information. Similarly, in the Czech Republic, the issue of information and consultation was, to a large extent, covered by national legislation before the directive’s implementation, and the detailed amendments that have been introduced have not resulted in fundamental changes in practice.

In Denmark, changes to the Cooperation Agreement have meant that information and consultation now applies to all employees in companies affiliated to the Confederation of Danish Employers

(Dansk Arbejdsgiverforening, DA), and occupational groups not represented on the cooperation committee may now be offered special seats. There is greater scope for local agreements to deviate from the Cooperation Agreement and tighter provisions regarding the timeframe for information and consultation, as confirmed in two recent arbitration cases.

In Latvia, it is reported that information and consultation procedures formally adopted by employers are often circumvented in practice, and that employees have not been actively seeking to use the legislation. This situation reflects the low levels of trade union organisation and possibly a lack of awareness about their statutory rights. The Latvian EIRO national centre reports that most employees are not able to exercise their right to information and consultation in practice, because fewer than one third of employees have functioning representatives – whether trade unions or works councils – through which the legislation requires that information and consultation takes place.

In Hungary, although the directive has resulted in a requirement for more extensive consultation than was previously the case, anecdotal evidence suggests that this has not succeeded in ‘shaking up’ the consultation practice of most employers.

In Slovakia, the directive’s implementation is reported to have contributed positively to the application of employees’ rights to information and consultation at enterprises and workplaces where trade unions do not operate. According to the available information, works councils have been established in only a relatively small number of companies to date – amounting to ‘hundreds rather than thousands’ of companies, compared with the many thousands of local trade union organisations operating in the country. However, the 2003 legislation which implemented the directive established ‘a more competitive environment’ for employee representation in Slovakian enterprises, enabling employees to establish works councils regardless of whether trade unions already operate within the organisation (SK0308102F). In some companies, trade unions are seeking a cooperative relationship with the works council and, in certain cases, trade union representatives have been elected as members of the council.

Among the countries where the directive has prompted more extensive legislative change, Romania’s recent information and consultation legislation has reportedly been reflected in the introduction of new provisions concerning information and consultation procedures in the single national collective agreement for the period 2007–2010 and in collective agreements at other levels. In addition, ongoing legal action is being taken under the information and consultation legislation by employees of Electrica Oltenia, which is part of the Czech energy group CEZ. Electrica Oltenia’s employees claimed that a recent restructuring of the company was not the subject of adequate consultation. In Poland, the EIRO national centre reports that employee councils are likely to become an important vehicle for social dialogue, especially given that the majority of enterprises in Poland do not have any form of social dialogue whatsoever. However, the number of councils is still too small to enable their impact in practice to be assessed.

In Italy, the recent (March 2007) legislative decree has yet to be taken up in collective bargaining agreements. The Italian national centre notes that the ‘application of the decree will require a lengthy and complex implementing phase, with the purpose of clarifying how and with what frequency firms must disclose information to the worker representatives’. Significantly, trade union proposals for the renewal of the national collective agreement in the metalworking sector included a claim for

information and consultation rights regarding decisions concerning employment and organisational change.

In Cyprus and Malta, the numbers of enterprises meeting the relevant employment thresholds for the applicability of the legislation is small. According to the Malta Employers' Association (MEA), the directive did not prompt any significant institutional innovation, as most of the larger companies already had information and consultation arrangements in place, although a few non-union organisations – such as Vodafone Malta – have had to take action to come into line with the regulations. Employees in some companies, especially in the construction sector, were reportedly reluctant to participate in elections for representatives.

In Bulgaria, it is reported that elected information and consultation representatives exist in some companies. However, other than the state railway infrastructure company, these are mainly subsidiaries of multinational corporations in the building, energy and food industries.

Even in Ireland and the UK, where the directive has resulted in particularly significant legislative innovations in an area of industrial relations which was previously largely unregulated, the new legislation does not appear to have driven widespread institutional innovation. The Irish EIRO national centre reports that the only major information and consultation agreements that have come to light are those at the foreign multinationals Tesco and Hewlett Packard, whose consultative forums both pre-dated and pre-empted the requirements of the Irish legislation. The limited impact of the legislation on the ground may be attributable, argues the Irish national centre, to its perceived 'minimalist' nature, along with a lack of awareness among workers of its existence and apathy, or at least more pressing priorities, on the part of the social partners.

In the UK, the 2004 Workplace Employment Relations Survey (WERS 2004) showed that the prospect of information and consultation legislation had not resulted in an upturn in the proportion of workplaces with consultative committees and that the previous downward trend had continued. However, a number of more recent, albeit less comprehensive, surveys suggest that the UK's legislation has prompted increases in the incidence of formal information and consultation arrangements and modifications to existing arrangements, particularly in the UK's operation of multinational companies. While little litigation has yet arisen under the regulations, a leading case – namely, that between *Amicus and Macmillan Publishers Ltd* – demonstrates the scope for employees and trade unions to use the law effectively against defaulting employers (UK0603039I, UK0706069I, UK0708039I). In October 2007, the UK government published a research report examining the establishment and operation of information and consultation arrangements in a range of organisations, in light of the UK's recent legislation. The report found that their influence on company decisions is often limited, but that they are taken seriously by management and that consultation practice is evolving.

## **Conclusion**

Council Directive 2002/14/EC is the first EU measure to impose a general obligation on employers within the EU to inform and consult their employees on a range of issues. As such, the directive represents a substantial step towards the establishment of a pan-European standard for employee information and consultation as a key element of the European social model.

The extent of the changes to existing systems of information and consultation and workplace representation, required in order to implement the directive, has varied considerably, with countries falling into three broad groups – although a few fall outside or between these groups:

- in the first group of countries, existing arrangements were considered to meet the directive's requirements in Austria, Germany and Slovenia, as were those in France, the Netherlands and Portugal following only minor amendments. Longstanding 'continental' statutory works council systems – such as those in Belgium and Luxembourg, where the issues delaying transposition relate essentially to workforce-size thresholds rather than the substance of information and consultation – have thus been largely unaffected by the directive;
- in the second group, changes to the respective countries' information and consultation systems were required to conform to the directive, but not to reform them radically and/or create significant new structures. Most of the countries in this group fall into two sub-categories. The first sub-category comprises a number of Member States with relatively general, statutory information and consultation systems of comparatively recent origin, which have had to strengthen these systems in certain areas in order to fulfil the directive's requirements: these are mostly new Member States in central and eastern Europe (the Czech Republic, Hungary, Latvia and Lithuania), in addition to Greece. The second main sub-category is made up of Nordic countries (Denmark, Norway and Sweden) with systems based largely on centralised – intersectoral or sectoral – collective agreements and trade union representation, which have needed to extend these systems to cover all relevant employees;
- the third group consists of those countries that have had to make major changes in response to the directive. In some cases, this has been for specific reasons: for example, Italy has had to extend and give legal force to a model based mainly on collective agreements, while at the same time significantly strengthening its content and coverage; Estonia has had to restructure the relationship between trade union and non-union based channels of information and consultation. However, for most countries in this group – including Bulgaria, Cyprus, Ireland, Malta, Poland, Romania and the UK – a general, statutory system of information and consultation has had to be introduced for the first time. In legislative terms, the impact of the directive has been greatest in countries with no works council tradition, owing to a combination of elements, such as a history of largely voluntarist industrial relations, the primacy of trade unions as a representation channel, and the relatively recent adaptation of industrial relations systems to EU 'norms'.

Moreover, it needs to be underlined that the directive is intended to establish minimum standards for information and consultation and not to bring about the harmonisation of national regimes in this area. It thus leaves considerable latitude to Member States to tailor its implementation to national traditions and policy concerns. As shown by the earlier comparison of the approach taken by Member States on key transposition issues left to their discretion, considerable variation emerges between national provisions in areas such as employment thresholds for the application of the legislation. The directive also appears to have generated institutional diversity in terms of which employee representatives are designated as the proposed channel for information and consultation. This has been a problematic issue in many of the countries which have had to introduce or modify legislation to meet the directive – particularly those countries where workplace representation has traditionally been provided for primarily through the trade unions, as in many of the new Member States – often leading to the adoption of new institutions or types of representative, or mixed systems. In some countries, compliance with the directive has resulted in the creation of a secondary channel of workplace representation alongside the trade unions, sometimes in competition with a union.

In other areas where Member States have options under the directive, they exhibit a range of approaches as to whether information and consultation is mandatory or dependent on employees taking the initiative, whether the social partners can agree on information and consultation arrangements which differ from the statutory provisions, and the enforcement procedures and sanctions underpinning the right to information and consultation.

It is generally where the changes required have been greatest and/or the debate most intense that the social partners have played the biggest role in shaping national transposition measures – although this has also occurred in countries such as Denmark and Norway, reflecting national industrial relations practices rather than necessarily the importance or contentiousness of the changes required. This has occurred through two routes. The first route has involved reaching agreements on all or some of the implementing provisions, which have been taken up by the government, as has occurred in Belgium, Bulgaria, Italy, Poland and the UK. The second, more conflictual route has involved unilateral lobbying and campaigning. The clearest example of this can be seen in Estonia, where trade unions won important concessions in the final legislation following a protest campaign. In Ireland, trade unions believe that employers' lobbying has had a similarly profound effect on the country's transposition legislation.

Finally, it should be highlighted that it is still very much 'early days' in terms of attempting to assess the practical industrial relations impact of the information and consultation directive. The directive's implementation deadline was March 2005 – only two-and-a-half years ago at the time of compiling this report. Furthermore, of the 28 countries examined, one has still not taken the necessary measures to implement the directive at the time of writing, while five did not do so until 2007 and four did so in 2006. In addition, a number of countries with no existing general and statutory information and consultation system took up the option in the directive to phase in application of its requirements for smaller undertakings or establishments over the period up until March 2008.

Thus, it is not surprising that most EIRO national centres report that national measures giving effect to the directive have, as yet, had little or no impact on industrial relations practice in their respective countries, or that it is too early for its effects to be fully assessed. Moreover, little is reported by way of case law under Member States' implementing legislation. This picture may reflect not only the relatively recent implementation measures in most Member States, but also factors such as trade union ambivalence towards the information and consultation legislation, the need for employees to take the initiative in a number of countries – which may well be difficult in undertakings without trade union organisation – and a possible lack of awareness among workers of both their rights and the enforcement mechanisms.

Clearly, it is far too early for a measured assessment to be made of the overall impact of the information and consultation directive. However, if a persistent 'implementation gap' emerges between the statutory framework and actual practice on the ground, the European Commission may eventually face calls for the adequacy of the directive's approach to promoting information and consultation to be re-examined.

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