Collective bargaining in Europe 2002–2003

Summary report

European Trade Union Institute (ETUI)

The summary report presented here has been compiled by freelance journalist Kate Holman on the basis of the contributions to the full version of *Collective Bargaining in Europe 2002–2003*, edited by Emmanuel Mermet and Grigor Gradev and to be published in summer 2003 by the ETUI.

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Foreword

This summary of the book *Collective bargaining in Europe 2002* sets out to achieve two aims: first, to present the information contained in the full version more concisely to those whose need is for a general grasp of developments rather than detailed information on every country; and second, to provide early access to this information in advance of the detailed, book-length version, which will be published in early summer 2003 (although this second aim is already served by the availability of the individual country reports online <www.etuc.org/etui/Cbeurope>).

The summary mirrors the general structure of the national chapters and covers the same countries as the full version. Twelve EU countries are included (that is, all current members except Denmark – not yet translated at the time of drafting this summary – Luxembourg and Sweden), as well as Norway and Switzerland and nine accession countries, namely Bulgaria, North Cyprus, the Czech Republic, Hungary, Lithuania, Poland, Slovakia, Slovenia and Romania.

In line with the structure of the full version of the report, the following aspects are included:

1. a general introduction outlining major developments in the economy;
2. wage developments;
3. working time;
4. europeanisation of collective bargaining and employment strategy;
5. the gender dimension;
6. flexibilisation of working conditions and the reform of pension systems;
7. conclusion: trends in 2003.

For more detailed information on specific national situations, readers are referred to the full version of the report. It is our hope that, with this summary version and its subsequent translations into French, German and Spanish, we will facilitate access to and exchange of information on the main collective bargaining developments in Europe, not only for trade unionists but for anyone with an interest in this subject.

Emmanuel Mermet (ETUI)
Brussels, April 2003

Chapter 1 Introduction: an overview of 2002

The collective bargaining climate in Europe in 2002 was characterised by disappointing productivity growth, coupled with a loss of patience on the part of trade unions in some countries. Workers were tired of watching the record growth rates of the late 1990s fail to produce corresponding gains in wages and conditions for the labour force.

In others, unions were struggling to defend the existing rights and benefits of their members. Major strikes and protest action took place in **Italy, Spain** and **Portugal**, for example, in response to government proposals for labour market reform.

Despite predictions to the contrary, the pattern of falling productivity gains seen in 2001 was repeated, dropping from 0.9% in the eurozone (1.1% across the European Union) to just 0.2% in the last quarter of 2002, according to the European Commission.

GDP growth of 0.4% in **Italy**, for example, fell far short of government predictions of 2.5%. In **Germany**, the eurozone's biggest economy, the hoped-for recovery failed to materialise, with growth at 0.6%.

The international climate inevitably had a strong influence on Europe. The ongoing fallout from the 11 September terrorist attacks in New York, the impact of a sudden contraction in US GDP in late 2001 and the end of the longest period of US expansion in post-war history, and worldwide nervousness about spreading conflict in the Middle East and the impact on oil prices, all took their toll on levels of confidence.

The year was also a stormy one politically, with the rise of extreme right-wing parties, albeit it temporarily, in countries like **France** and the **Netherlands**, and the election of governments less sympathetic to the labour movement. In **Portugal**, the March 2002 polls brought an end to the Socialist government and its support for social dialogue, and the start of a campaign to roll back workers' rights.

In October 2002, EU enlargement moved a step nearer to reality as 10 countries were approved for membership in 2004. Throughout the Central and Eastern European Countries (CEECs), industrial relations are largely regulated by statutory Labour Codes, which have been revised in recent years to bring them into line with EU legislation. In **Romania**, for example, the Collective Labour Agreement (CLA), first passed in 1991, is renegotiated and updated every year: a legal instrument in permanent transformation.

Productivity has held up reasonably well in most of the candidate countries, although the majority have lower employment rates than the EU average. **Slovenia** is the most economically developed, and has showed steady growth of 3–5% since 1995. However, the continued weakness of the social partners in some of these countries poses a major challenge to European coordination of collective bargaining after enlargement, especially if the new members join the eurozone. In **Lithuania**, for example, just 13% of the workforce is unionised.

Table 1: GDP growth (forecasts Spring 2003)

	2001	2002	2003	2004
BE	0.8	0.7	1.2	2.3
DK	1.4	1.6	1.5	2.2
DE	0.6	0.2	0.4	2
EL	4.1	4	3.6	3.8
ES	2.7	2.0	2.0	3.0
FR	1.8	1.2	1.1	2.3
IE	5.7	6.0	3.3	4.5
IT	1.8	0.4	1.0	2.1
LU	1.0	0.4	1.1	2.7
NL	1.3	0.3	0.5	1.7
AT	0.7	1.0	1.2	2.0
PT	1.6	0.5	0.5	2.0
FI	0.6	1.6	2.2	2.9
SE	1.1	1.9	1.4	2.7
UK	2.1	1.8	2.2	2.6
EU-15	1.6	1.1	1.3	2.4
EUR-12	1.5	0.9	1.0	2.3
US	0.3	2.4	2.4	2.5
JP	0.4	0.3	1.5	1.3

Note: 2003 and 2004 are forecasts.

Source: European Commission, European Economy, Spring 2003 Forecasts.

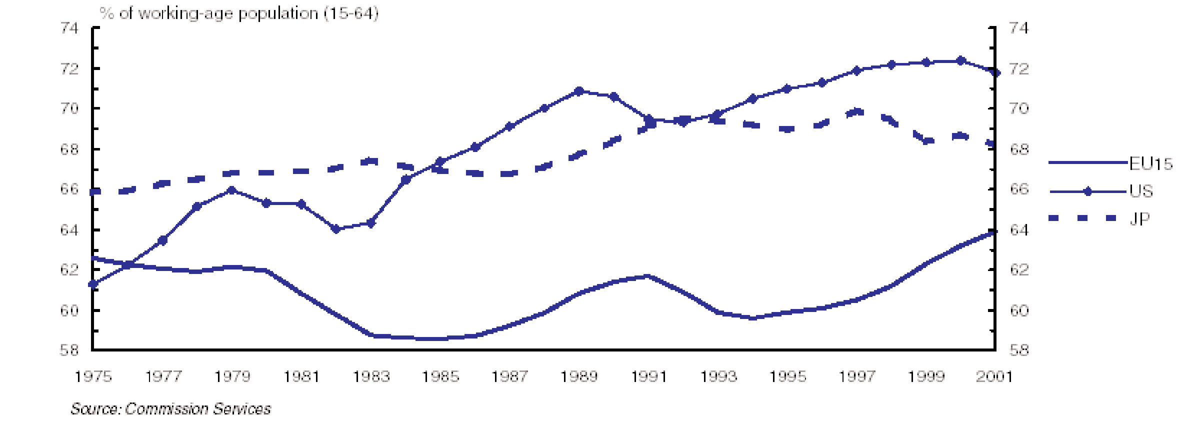
Employment growth in the EU also slowed, after several years of substantial job creation and falling unemployment. By December 2002, unemployment had crept up to 7.8% (8.5% in the euro area), with jobs lost in manufacturing and less rapid expansion in the services sector.

2002 was the year when the euro arrived in people's pockets, with the distribution of the new coins and notes throughout the 12 eurozone countries[1] on 1 January 2002. This undoubtedly had an impact in enabling workers to make more direct comparisons with their counterparts' earnings in other Member States, and increasing the pressure for closer EU-wide coordination of bargaining objectives. There was a noticeable increase in reported activity at a European level in 2002.

A study by the European Industrial Relations Observatory (EIRO) found that, on average, 80% of workers in the EU-15 were covered by collective bargaining structures, ranging from 98% of private sector employees in **Austria**, to 39% of the workforce in the **UK**. The figure is some five times higher than in the USA, and four times higher than in Japan.

[1] Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal and Spain.

Figure 1: Employment rates in the EU, USA and Japan, 1975–2001



This summary includes information on nine EU candidate countries – a more comprehensive picture than the previous report in 2001 – covering eight CEECs plus **Cyprus**. Since 1975, the island has been split between the Turkish sector in the north and the Greek one, recognised by the international community, in the south. The data relate to the north of Cyprus.

It is not possible to describe in full the different bargaining structures, which may be new to readers, in all nine countries, but more information is available from the individual country reports on the website: http://www.etuc.org/ETUI/CBEurope/Creports/default.cfm

Chapter 2 Wages and purchasing power sustain their value in general

In 2002, trade unions in some EU countries began to show signs of frustration after years of 'responsible' pay demands, and the failure of wage levels to reflect productivity gains. According to the German Institute for Economic Research, for example, wage restraint over recent years means unit labour costs in **Germany** have hardly risen since 1995.

The 2002 bargaining round brought more industrial conflict over wages and salaries than for many years, but resulted in significant real pay rises.

Nominal[2] wage rises across the EU were over 3% – similar to 2001 figures and higher than the late 1990s.

In the candidate countries, 2002 settlements varied a good deal. In the **Czech Republic, Slovakia** and **Hungary**, for example, workers gained a considerable increase in purchasing power, whereas in **Poland** and **Bulgaria** they struggled to maintain the value of earnings.

[2] The 'nominal' wage refers to the wage received by the worker; the 'real' wage indicates the nominal wage minus inflation.

Table 2: Evolution of wages and comparison with inflation and productivity in 2002

	Compensation	HICP	Real compen-sation	Produc-tivity	Real compen-sation/ produc-tivity
BE	4.1	1.6	2.5	0.8	1.7
DK	3.4	2.4	1	2.3	–1.3
DE	1.6	1.3	0.3	0.8	–0.5
EL	6.7	3.9	2.8	4.1	–1.3
ES	4	3.6	0.4	0.7	–0.3
FR	2.9	1.9	1	0.6	0.4
IE	6.5	4.7	1.8	4.6	–2.8
IT	2.4	2.6	–0.2	–0.7	0.5
LU	3	2.1	0.9	–2.3	3.2
NL	5.5	3.9	1.6	1.1	0.5
AT	2.2	1.7	0.5	1.4	–0.9
PT	5.3	3.7	1.6	0.3	1.3
FI	2.5	2	0.5	1.4	–0.9
SE	4.1	2	2.1	1.8	0.3
UK	3.6	1.3	2.3	1.1	1.2
EU-15	3	2.1	0.9	0.7	0.2
EUR-12	2.7	2.2	0.5	0.5	0
US	2.6	1.6	1	3.1	–2.1
JP	–1.5	–0.9	–0.6	1.6	–2.2

Notes:
Real compensation as compensation minus HICP (inflation rate)
Real compensation minus productivity is an approximation of Real Unit Labour Costs change
Source: European Commission, European Economy, Spring 2003 Forecasts, own calculations.

The pay gap continues to concern trade unions throughout Europe. According to the European Commission, women's gross hourly earnings are on average 16% lower than men's across the EU, with the wage gap narrowing very slowly. However, the situation varies widely from country to country, and in some the gulf is widening. In **France**, for example, a July 2002 report stated that pay inequality between men and women had grown from 15% in the 1970s to 22% in the 1990s. Women's pensions were 42% lower than those of men. In **Austria**, the ÖGB trade union federation put the 2002 pay gap at 31%, possibly due to the increasing number of women in low-paid, atypical jobs.

In **Italy**, the gender wage gap of 20% – and higher among older age groups and in the south of the country – shows little sign of movement.

Women's pensions are some 40% lower than men's. In common with the rest of Europe, large proportions of women work in low-paid, insecure jobs, and they are under-represented in medium and large companies where trade unions can secure better wages. Despite women's higher educational achievements in recent years, many still fall back on occupations they can reconcile with family responsibilities, even if they are overqualified. And paradoxically, the earnings gap appears to widen as qualifications increase.

2.1 European Union

The different wage bargaining structures in operation across the EU Member States vary from centralised, tripartite systems with strong government involvement in settlements to autonomous local negotiations at factory level. Within the eurozone, Belgium, Finland and Ireland have the most centralised, intersectoral systems. In **Belgium**, trade unions and employers conclude biennial agreements within the general framework of the 1996 law on competitiveness, which provides for maximum wage margins for sectoral deals linked to rates in three neighbouring states: France, Germany and the Netherlands. In 2002, the social partners negotiated a new intersectoral deal for 2003–4 – but with difficulty. The unions were looking for greater flexibility in applying the wage norm at sectoral level, while employers sought a trade-off against abolition of Belgium's automatic pay/prices indexing mechanism. The new 'mini' agreement accepted rises in wage costs over the next two years and set an indicative norm of 5.4%.

In 2002, wage costs per hour rose by around 4%, with price indexing adding 2.3% to incomes. Real wage growth under the 2001–2 agreement went up from 0.8% in 2001 to 1.5%. Wage drift and other factors brought a marginal 0.4% increase.

The 2001–2 Incomes Policy Agreement (IPA) governed pay in **Finland**. Nominal wages went up by 3.3%, including a 2% rise in negotiated wages. With modest inflation, this produced a 1.7% increase in real wages. In recent years, pay in Finland has risen faster than in most other EU Member States, but Finnish firms are among the most profitable in the world and the labour share remains low in comparison.

A new IPA will apply in 2003–4, and real wages are expected to rise by 2%. In response to a claim by the Central Organisation of Finnish Trade Unions, SAK, it again includes an equal pay adjustment of 0.3% in the first year, applied to industries with a largely female workforce.

In **Ireland**, workers received the final phase of increases agreed under the 2000–2 *Programme for Prosperity and Fairness* (PPF) national agreement. This provided for 4% on basic earnings, or a minimum of 11.43 euros a week. The continuing reduction in the previously high growth rate was coupled with increased inflation of 4.6% in 2002, with prices of food, household goods and accommodation all mounting steeply. Average annual wage increases ranged from 4.9% in the public sector to

12.3% in construction, with white-collar insurance and computing staff suffering earnings cuts. Overall, average pay rises were much lower than in 2000 and 2001. Months of hard-fought negotiations produced a new three-year tripartite agreement, *Sustaining Progress*, with an interim 18-month pay deal offering a 7% increase in three phases.

The social partners in **Greece** concluded a new National General Collective Labour Agreement in April 2002, covering workers without sectoral deals. It provided for a two-stage increase of 5.4%, and guaranteed rises at least 1% over the official rate of inflation. The harmonised consumer price index showed an annual increase of 3.9%, up 0.2% on 2001. Nevertheless the real minimum wage rose by 1.8% over inflation, maintaining workers' purchasing power. The objective of trade unions in Greece is to bring wage levels more into line with the rest of the EU, and increase the labour share in the context of strong GDP growth (4%).

In the **Netherlands**, the contract wage rose by 3.75% in 2002, down from 4.5% the previous year and below the trade unions' 4% claim. Consumer confidence fell to its lowest level since 1985, and the launch of the euro currency and tax reforms in 2001 contributed to an inflation rate of 3.5%, producing an increase in workers' purchasing power of just 0.25%. Central coordination of wage mutation took on greater importance, with social partners and government concluding a national agreement in November 2002 to put a 2.5% ceiling on pay rises in 2003 (equal to the forecast rate of inflation) in return for tax cuts.

Sectoral agreements, negotiated annually or biennially, remain the pattern in many EU countries, despite widespread attempts by employers or governments to break down bargaining structures.

Government moves to weaken the collective dimension in labour relations in **Portugal** in 2002 were coupled with a fall in the number of workers covered by agreements. Negotiations were slow and hard for the trade union side, and the resulting delays tended to increase the duration of deals. Inflation fell from its 4.4% level the previous year to 3.6%, but this still had the effect of eroding nominal pay rises of around 3.8% – down 0.2% on 2001 – so that real wages went up by just 0.2%. The poor economic outlook made employers unwilling to offer increases over and above agreed levels.

Pressure from employers in **Italy** to dismantle the traditional structure of two-yearly sectoral deals linked to tripartite agreement on inflation forecasts continued in 2002, with some members of the government also pushing for more individual bargaining. Collectively agreed pay rises averaged 2.5% in 2002, a 0.2% increase on the previous year, and with inflation at around 2.2% this meant that real wages maintained their purchasing power – an improvement on 2001.

National sectoral agreements affecting some 7.5–8 million workers come up for renewal in 2003, and negotiations in some areas, including the public sector and public transport, started in 2002. The unions' priority is to maintain purchasing power, with independent inflation estimates of 2–2.2% well in excess of the government's unrealistic 1.4%.

Austrian unions also resisted government attempts to transfer collective bargaining to company level. The average wage increase from collectively agreed settlements reached 2.1%, down 0.6% compared with 2001. Inflation settled at 1.8%, leaving a small increase in real earnings. However, this was considerably lower than the 1.2% increase in productivity. Trade unions and women's groups were unsuccessful in their demand for a monthly minimum wage of 1,000 euros, which would be of special benefit to female workers.

In **Spain**, 4,214 collective agreements were signed in 2002, covering almost 8 million workers. The average pay settlement was 3.03%. The unions made good progress in winning pay review clauses linked to inflation, which proved to be very important when inflation rose to twice the original 2% estimate. The final pay rise for all workers covered by agreements concluded in 2002 amounted to 4.1%.

The initial average pay settlement for the 800,000 workers covered by company-level agreements was lower (2.59%) than that of the majority of workers – over 7 million – covered by sectoral agreements (3.09%).

For **German** workers, it was a year of major pay disputes. A large number of biennial deals signed in 2000 expired, and after two years of wage restraint, unions were aiming for more substantial awards. Almost every industry was involved in wage bargaining in 2002, and some negotiations dragged on for many months. Serious disputes took place in the metalworking, electrical goods, construction, banking and retail sectors, with warning strikes in the public sector and other industries. The average settlement level was 4.5% (4.3% in western Germany, 5.5% in the east).

For the first time for several years, the year-on-year increase of 2.7% matched the inflation (1.3%) plus productivity-gain formula, and offered a worthwhile increase in real earnings.

In **France**, where settlements in large enterprises plus the national minimum wage dictate pay trends, unions continued to focus on wages after several years when financial claims were sacrificed in favour of deals on shorter working hours. Manual workers' earnings rose by 3.5% over the year, and those of white-collar staff by 2.5%. The consumer price index showed a 1.7% rise between September 2001 and 2002, with inflation arriving at 1.8% by the end of the year. In July 2002 the government increased the minimum wage by the legal minimum of 2.4%.

The **United Kingdom** remained outside the eurozone in 2002, and earnings in general continued their pattern of relative stability. The average increase by mid-2002 was 3.6% – 0.7% down on the previous year in the context of lower inflation (RPI rate[3] = 1.7% across the year). As in 2001, this meant an increase in take-home pay for most workers.

However, average earnings continued to rise more rapidly in the public sector than in private industry, and 2002 saw a number of bitter pay disputes, for example among local government staff and firefighters.

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[3] Retail Price Inflation, used as the reference point for collective bargaining negotiations

Paper and printing is the only industrial sector in the UK still largely governed by multi-employer deals, and the 2.5% median settlement was in line with several other sectors, but well below the 5% average in construction firms.

2.2 Outside the EU

All major collective agreements came up for renegotiation in 2002 in **Norway**. Despite fears of conflict, and an actual strike by nurses in January of that year, the partners reached settlements relatively peacefully. In recent years, wages have grown faster in Norway than among its main trading partners. In 2002, despite a continuing fall in growth to 1.1%, annual wage rates increased by 5.5%, compared with 4.8% in 2001 and 4.5% in 2000. At 1.3%, inflation was down on the previous year.

In **Switzerland,** trade unions entered the 2002 pay bargaining round looking for an overall rise of 3%. Their demands, as in previous years, focused on four points:

- Routine adjustments for inflation;
- Real wage increases of 1–2%;
- Across-the-board rather than individual rises;
- A monthly minimum wage of 3,000 francs.

Although the economic downturn made it hard to achieve 3% in many sectors, overall the rise in nominal pay was 2.5%, which with 0.5% inflation brought a 2% gain in purchasing power.

2.3 Candidate countries

Bulgaria is not among the EU candidate countries approved for membership in 2004 but, like Romania, must wait a bit longer to be judged ready for accession, probably in 2007. Real wages amount to just half their 1990 level. The trade unions' long-term aim is to bring pay closer to rates in EU and other candidate countries, demanding raises of some 20% a year. The unions are weak at enterprise level, and in the absence of a national incomes policy the IMF has a major influence on wage mutation. In 2002 the minimum wage went up by 8.6%. Inflation over the year averaged 5.8%. Real growth in average earnings was minimal, at 0.6%.

By contrast, in the **Czech Republic**, trade unions have seen a 10% increase in the number of collective agreements with pay clauses since 1999. Since 2000, the government has been gradually raising the minimum wage above subsistence levels, and 8% of collective agreements achieved further increases. Czech GDP grew by 2.7% in 2002, labour productivity by 1.7%, and gross nominal pay rose by an estimated 6.4% (taking account also of small businesses), contributing to an increased labour share in the Czech economy. Inflation fell from 4.7% in 2001 to

1.8%, producing a significant boost for real earnings. However, net monthly wages still stood at 52% of those in Germany.

Hungary saw the decline of a period of strong growth in 1996–2001, when workers nonetheless failed to benefit fully from economic success. In 2002, trade unions set out to win 10–13% pay rises, but bipartite negotiations brought a recommendation of 8–10.5% for the private sector, which the government accepted.

Election promises before the national poll in spring 2002 led to wage increases of 50% for teachers and health workers. As inflation decreased sharply to 5.3%, this meant that real wages in the public sector rose by 27%. Average gross wages grew by 13% in real terms, outstripping both GDP (3.4%) and productivity (3.2%).

Although government and employers are tightening their approach in the next round of pay adjustments, proposing a 3% nominal pay rise, in 2002 the trade unions found themselves in the strange situation where government awards exceeded their demands, making it hard for them to demonstrate how they were serving members' interests.

A new Labour Code in **Lithuania** provided the legal framework for wage negotiations between employers and workers. However, in practice, only 10% of the workforce is covered by collectively negotiated agreements. The government sets a legally binding national minimum wage, which has a strong influence on overall trends. A considerable proportion of the population, both employed and jobless, lives below the minimum subsistence level, surviving by what they produce on domestic holdings. However, inflation has been falling in recent years, and in 2002 averaged just 0.4% on the previous year. GDP growth rose by over 5%, and 2002 also saw progress in reducing unemployment.

Hopes of an economic upturn in **Poland** in 2002 did not come to fruition. Inflation was down to 0.8%, but this was set against GNP growth of just 1.3% and unemployment at a new peak of 18.1%. The government introduced labour law amendments supposedly aimed at boosting jobs, but at the same time attacking union rights and making social dialogue tense and difficult. In private companies, for the most part, employers set their wage rates unilaterally. The average monthly gross salary increased by 3.4%. The national Tripartite Committee for Social and Economic Matters sets the framework for public sector pay, but here indexation was firmly restricted. Only the low level of inflation maintained the value of purchasing power.

2002 saw a split between trade union confederations in **Romania**, with a part refusing to join negotiations with employers on a new Social Agreement. The agreement, signed in March, foresaw an annual inflation rate of up to 22%, productivity up 4.5%, and set a real wage increase of 4%. The minimum national wage went up by 25% from 1 March. Nominal wage increases ranged from 65% in banking and finance to 20% in agriculture. The final inflation figure was 20%, so that, in higher paid sectors like finance, telecommunications, tourism and construction, workers' purchasing power improved.

All the trade unions refused to take part in negotiations on an agreement for 2003, in protest at failure to implement measures already approved.

Slovakia, on the other hand, enjoyed its most successful year economically in a decade. The country achieved steady growth of over 4% and relatively low inflation, around 3%. The only gloomy note was the high unemployment rate, which reached 18.2% in the first three-quarters of the year. Average wages increased, and civil and public servants secured collective agreements for the first time. Across the economy, nominal wages were up 8.8% on the previous year by the third quarter of 2002. Consumer prices remained relatively stable, and the real wage increase was estimated at just over 6%.

Slovenia's bargaining structure is far more centralised than that of other candidate countries, and almost the entire workforce is covered by collective agreements. Average pay rates are higher than in any of the other EU candidate countries apart from Cyprus, and comparable to some existing Member States, although lower than most. Gross wages increased by an estimated 2% in 2002, but inflation was expected to total 7.6%, down from 8.4% in 2001. During the year, the Economic and Social Council agreed on a new incomes policy including pay indexation. It introduces different mechanisms for the private and public sectors. The policy aims to even up the existing imbalance in favour of public sector earnings, and to maintain workers' existing purchasing power.

In northern **Cyprus**, a statutory minimum wage applies in all sectors, and can be upgraded three times a year. Increases in 2002 amounted to 19%. According to social insurance records, most private sector employees are paid the minimum wage, but evidence suggests employers actually pay more 'informally' to qualified staff. There are 52 collective agreements in force, but only four involve private companies. A Cost of Living Allowance (COLA) system applies to civil servants and most workers with agreements. Inflation in 2002 was 25.4%.

Chapter 3 Slow change in working time

In many EU countries, shortening the working week is a long-term trade union objective but, as in 2001, it did not figure high on the bargaining agenda in 2002. **France** has been alone in pioneering a major reduction in the working week through the Aubry laws of 1998 and 2000. Since then, working hours throughout the country have become more personalised, and the great majority of staff continue to express satisfaction with shorter work time, although some say they experience greater pressure.

In the CEECs, statutory Labour Codes have been – or are being – adjusted to set a working week of 40 hours, although actual hours worked tend to be longer.

3.1 European Union

In 2002, working time in **France** continued to decline, and by the third quarter reached 35.7 hours a week, compared with 36.1 a year earlier. Some 80% of full-time employees were working less than 36 hours a week.

Under the legislation, the social partners negotiated at enterprise level on how the 35-hour week should be implemented. Since 1998, employers and trade unions have concluded deals covering millions of employees and companies have radically reformed their production processes. Therefore, the new right-wing government elected in 2002 found it hard to attack the measure directly. Nevertheless it loosened the rules governing small companies – due to introduce shorter working hours in 2002 – and authorised some staff to receive pay in lieu of time off not taken. The move did not win the unanimous backing of employers, who feared it might distort competition between large and small businesses.

In **Belgium**, a statutory 38-hour week came into force, plus a remodelled time credit scheme. According to the National Bank, average working time fell by 0.2%, but this took account of part-time working and temporary unemployment schemes.

However, in **Portugal,** trade unions were fighting to defend the status quo. The government's new Work Code proposed to extend the 'normal' working week to a maximum of 60 hours, under a system of so-called 'adaptability' and to redefine night work to start at 22h00 instead of 20h00. After talks, the UGT agreed an amendment imposing a 50-hour average limit in a two-month period, but all unions maintained their opposition to the code in principle.

Greece's working week is one of the longest in the EU, totalling an average of 48 hours in hotels, 45 in retailing and 42 in manufacturing. The GSEE trade union confederation renewed its demands for a reduction, without loss of pay, but in the absence of compromise on the part of employers the issue is now in the hands of a bipartite committee. Banking was the exception, and here the OTOE reached agreement on a 37-hour working week. Single parents with a child aged 12 or under won an extra six days' annual leave.

In **Ireland**, average weekly work hours in industry dropped from 40 to 39.7, due to reductions in overtime. In the **Netherlands**, average working hours – *including part-timers* – fell to 30.5 because of an increase in part-time employment. But long-term statistics counter the view that working time is increasingly flexible. Between 1995 and 2000 the number of people working normal office hours rose. **Austria** too expected a rise in the number of people working part-time, especially women. Whereas 30% of female workers were part-timers, the rate among men was only 3.5%. In 2001, weekly working time for all employees averaged 35.3 hours.

Trade unions in several Member States have tried to secure more worker-friendly flexibility for their members, for example through

Table 3: Working time in collective agreements in Spain

Working time calculation basis	% of agreements	% of workers covered
Annual working hours	46%	52%
Weekly working hours	17%	7%
Annual and weekly	37%	41%

employee ‘time banks’. The new IPA in **Finland** sets up a working group to examine such options.

In **Italy,** the introduction of time banks and flexible contracts reduced overtime working in 2002. Collective agreements in some big firms in the metalworking and textiles sectors brought formal working hours down to 35 hours or less, through greater flexibility and more intensive usage of machinery.

The 2002 Agreement on Collective Bargaining in **Spain** contained guidelines to ensure agreements include provisions for integrated working time management, to achieve a balance between the interests of workers and employers. Both sides welcomed this move as a means of boosting productivity and making full use of equipment. The agreement also made two recommendations: (i) deals based on annual working hours should detail the working arrangements available, and (ii) overtime should be limited.

Over 30% of collective agreements signed in 2002 included a reduction in working time, compared with 13% in 1997. However, at 1,756.77 hours per year per worker, negotiated working time remains high in Spain, and the unions continue to aim for a 35-hour week.

Average collectively agreed working time across **Germany** remained steady at 37.7 hours per week (39.2 hours in the east), or 1,656 hours per annum. At the end of the year, 3.1 million workers secured an additional 1.7 days off each year – a popular way of cutting working time in industries such as mining and seafaring.

Long hours remained the rule for full-timers in the **UK** in 2002, with millions of workers putting in more than 48 hours a week. The only real movement was in the transport sector, where the government started consultations on implementing the extended EU Working Time Directive. An inquiry into working conditions for teachers in England and Wales followed the introduction of a 35-hour week for teachers in Scotland, and by the end of 2002, negotiations between the government and unions were on track for a substantial cut in working hours.

According the Labour Research Department, 42% of collective agreements in the UK (covering 40% of workers) provide for a 37-hour week, and 21% of deals (27% of workers) lay down a 39-hour week.

3.2 Outside the EU

The standard working week in **Norway** remained 37.5 hours in 2002. Annual leave was extended by two days, as agreed in the 2000 negotiating round, bringing it up to 25 days (for employees covered by appropriate collective agreements). The average weekly work time for all employees stood at 34.8 hours, and there was a slight increase in part-time working. Workers in a wider range of sectors (including wholesale and retail) acquired paternity leave entitlement following the 2002 wage settlement.

In **Switzerland** the working week remains around 41 hours. Some minor collective agreements included reductions in working time, but the trade unions focused their efforts on a political campaign to win support for a referendum on a 36-hour week. The SGB was unable to convince the Swiss public that a shorter working week would relieve stress and lead to a fairer distribution of jobs between men and women, and the petition for a referendum was lost by a margin of four to one.

In the 2001–2 bargaining round, Swiss unions achieved agreement on early retirement, at 60, for construction workers. Employers' failure to implement this provision in early 2002 led to the biggest national strike in the building industry for over 50 years, and secured a change of heart on the employers' part. The early retirement scheme is now going ahead.

3.3 Candidate countries

Bulgaria's Labour Code established a 40-hour, five-day working week in 2003. The overwhelming majority of jobs are still full-time, although the proportion of part-timers increased very slightly in 2002 from 2.89% to 3.46% of workers. In practice, the average number of hours worked rose marginally for both men and women in full-time work. However, the informal sector plays a major role in Bulgaria's economy, constituting an estimated 28–35% of GDP. This creates obstacles to drawing up accurate labour market statistics and challenges for trade union collective bargaining. It also means that, although overtime is strictly limited by the Labour Code to a maximum of 150 hours a year, violations of the law abound. Employees are entitled to at least 20 days paid annual leave.

The Labour Code also lays down a maximum 40-hour working week in the **Czech Republic**. Collective agreements can set shorter hours, and 95.6% of settlements in 2001–2002 included clauses reducing working time, setting an average agreed working week across the Czech Republic of 38 hours.

Workers in the public sector are entitled to five weeks' annual paid leave, but collective agreements in private companies can extend the minimum provision. In 2002, 77.5% of settlements included one extra week of leave, but only 0.3% secured two extra weeks.

In **Hungary**, like Bulgaria, part-time work is limited: non full-time employees comprised 7% of the workforce in 2002. The basic working week is 40 hours. Following big increases in the minimum wage in 2001 and 2002, trade unions were anxious that employers would attempt to convert low-paid full-timers into part-timers. Trade union pressure led to the Parliament changing some controversial clauses on working time in the 2001 Labour Code.

Lithuania's new Labour Code sets a statutory maximum 40-hour week and strict limits on overtime, which must not exceed four hours in two successive days, or 120 hours per annum. Administrative officials' extra working hours are not defined as overtime, but their tasks must be defined by collective agreement or internal regulation.

Under legislation approved in **Poland** in 2001, the working week was cut to 41 hours on 1 January 2002, with a further one-hour reduction, without loss of pay, to come into force in 2003. The measure also established a five-day week – a demand dating back to 1980 that played a part in the birth of the Polish trade union movement. Employers greeted the move with hostility, even though up to 70% of the workforce was already doing a 40-hour week under collective agreement or company regulations. They wanted to retain working time as a bargaining issue that could be traded for other concessions. In response, in July 2002, the government passed a law giving employers more freedom to organise workers' time, increasing permitted overtime hours and cutting overtime pay.

The 40-hour working week in **Romania** can be varied by collective agreement within enterprises, within a 36–44 hours a week range, up to a maximum of 10 hours a day (up to 48 hours/12 hours a day for seasonal work). Both employers and trade unions felt a need for regulation of atypical working hours, so the new national Collective Labour Agreement – renegotiated every year – includes a chapter on partial working time, establishing that both individual employees and unions at enterprise level must consent to supplementary working hours.

In **Slovakia**, the new Labour Code (in force from April 2002) cut the standard working week from 42.5 to 40 hours, but with little practical impact, since the 40 hours now exclude meal breaks. Sectoral collective agreements for civil servants and the public sector signed in 2002 reduce weekly hours to 37.5, and as low as 35 hours for shift workers. The Labour Code permits a maximum of 58 hours' work in one week, including overtime.

The 40-hour week also applies in **Slovenia**, with an eight-hour per week limit on overtime (20 hours per month/180 hours a year). Basic annual leave, as in Slovakia, is now four weeks – increased to bring the country into line with EU standards – while maximum overtime has also been reduced by two hours a week.

Although Northern **Cyprus** operates a 40-hour week, revision of the labour law in September 2002 defined Saturday as a normal working day (whereas previously the weekend holiday started at 13h00 on Saturday). Duration of annual paid leave depends on the number of years worked, ranging from 13 days for up to five years, to 24 days after 15 years' work experience, although young workers under 18 receive a minimum of 18 days. Civil servants are entitled to 42 days' leave a year.

Chapter 4 Europeanisation of collective bargaining and putting the European Employment Strategy into practice

Three years on from the ETUC's first recommendation and guideline on the coordination of collective bargaining, the Executive Committee adopted a resolution at its November 2002 meeting reaffirming the importance of cooperation between European trade union organisations in preventing wage dumping and securing the upward convergence of living and working standards in the EU and candidate countries. The ETUC stressed the importance of collective wage frameworks in improving workers' remuneration and implementing the EU's Lisbon strategy. The guideline's pay formula, based on productivity growth plus inflation, sets out to increase the proportion of labour productivity gains allocated to wages, and counter arguments for pay 'restraint'.

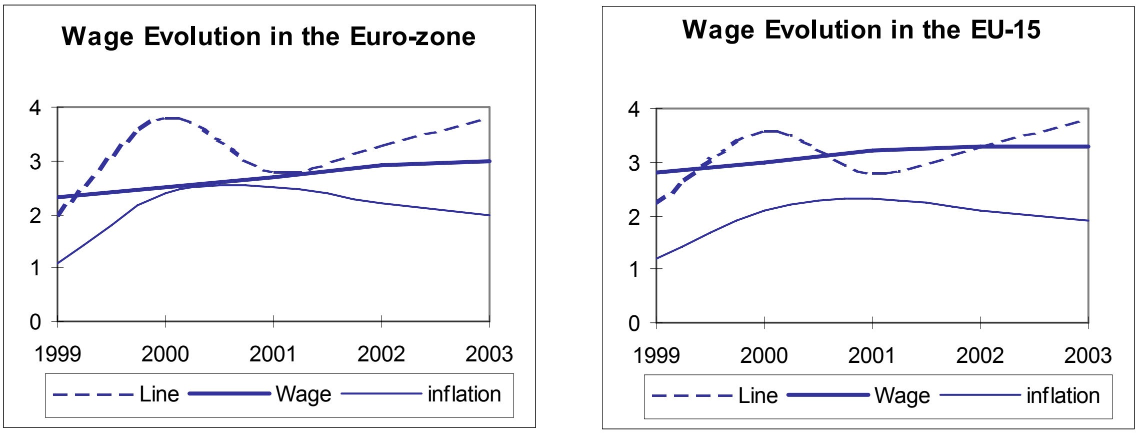
Final figures showed that nominal pay rises in 2001 were close to the guideline within the eurozone, and marginally above across the whole EU, due to lower than expected productivity increases. The *Third Annual Report on the Coordination of Collective Bargaining in Europe*, compiled by means of a questionnaire to ETUC affiliates and submitted to the Executive Committee in November 2002, noted that, whereas at the beginning of 2002 wage settlements were expected to drop back below the guideline, by the autumn a continuing fall in productivity gains from 1.1% to 0.4% meant they would once more rise above it. "The guideline has certainly had an effect on negotiations, especially as regards the margin for manoeuvre given by inflation and productivity," added the report.

Progress on the qualitative aspects of the guideline, covering broader elements of the wage bill such as gender equality, job creation, retirement and training, was mixed.

The ETUC's 2002 questionnaire showed that all respondents regarded training as a priority. At the EU's Barcelona Social Summit in March 2002, the European social partners adopted a detailed *Framework of Action for the Development of Lifelong Competences and Qualifications*, to be implemented at national level through negotiations between trade unions and employers and monitored across Europe.

Initiatives within Member States and candidate countries varied widely. In **Ireland**, the Task Force on Lifelong Learning called for the accreditation of workplace learning and the establishment of a National Adult Learning Council. In **Austria**, workers in the paper and wood industries negotiated the right to one week's paid training leave per year, and more employees – almost 90% of them women – took up the option of three to 12 months unpaid leave for educational purposes.

Figure 2: Wage evolution



Notes:
Data: Inflation: Harmonised Index Of Consumer Prices (HICP)
Productivity: GDP per worker
Wages: remuneration (total wage costs per worker)
Line: sum of inflation plus productivity
Source: European Commission, own calculations.
Available on the ETUI website:
http://www.etuc.org/ETUI/CBEurope/EurActiv/CBCEN02.pdf

A newly established, tripartite Vocational Training Council in **Lithuania** advises the government on strategic vocational training policy issues. Its expert council helps to develop labour market education, training and consultation, and to improve relations between the social partners in this area.

In northern **Cyprus**, civil servants can undertake Open University courses within working hours without loss of pay, but this right is not extended to the private sector.

4.1 European Union

Besides taking part in ETUC-wide efforts to coordinate collective bargaining, trade unions in **Belgium, Germany, Luxembourg** and the **Netherlands** also form the Doorn Group, set up in 1997 as a forum for close liaison on wage demands and policy priorities. Negotiators meet every year to compare strategies and results. In October 2002, the group met at Aerdenburg in the Netherlands. In their conclusions, the participants stated:

- The Doorn Group is alarmed at the deteriorating economic situation, particularly since September 2001. There is an increasing risk that economic policy measures are weakening the position of workers (income, social security). The participants are to meet again at management level in Germany in 2004.

- In the coming year too (2003) the countries belonging to the Group will not compete with each other on wage agreements. Extra caution is needed to prevent the importance of sectoral-level collective agreements from being undermined, and with regard to underbidding by foreign companies which find ways to avoid complying with the collective agreement applicable to the country or region concerned.
- Emphasis is placed on the fact that collective agreements must also be used as an instrument to achieve qualitative settlements on employability/training, working time/working hours (a benchmarking strategy is to be developed by the group of experts), and pensions.

Trade unions in **Finland** were among those that followed bargaining developments in other eurozone countries more closely in 2002. The Finnish Metalworkers' Union, for example, gave special scrutiny to wage negotiations in Germany. Finnish unions already adopt norms close to the ETUC guideline in setting demands, and would thus have little difficulty in following this formula. However, since the labour share is currently too low, it would not be in the unions' interest to preserve the wage formation *status quo*.

In **Austria**, the level of europeanisation varied from sector to sector. The metalworking industry plays a leading role in setting standards adopted by other sectors, and the metalworking and textile union GMT is active both in the European Metalworkers' Federation (EMF) and in a coordination network comprising unions in Austria, Germany, Slovakia, Slovenia, Hungary and the Czech Republic (http://www.metaller.at/), spanning the EU/candidate country border in a bid to prevent wage dumping. The construction and woodworkers' union GBH is also a member of the relevant European Industry Federation and has a cooperation agreement with sister unions in Germany and Switzerland. Networks of this kind allow for exchange of industry-specific data, where productivity differences between sectors may be very wide.

Spanish unions reported slow progress towards European collective bargaining in 2002, but drew attention to related developments. With the number of European Works Councils growing, they called for a stronger trade union presence on EWCs and for their powers to be extended to cover collective bargaining issues. An EWC study group, set up by the Catalan branch of the CC.OO. with international partners, and EU and ETUC support, has been looking at ways to improve the existing legal framework. The Spanish social partners signed up to the 2002 European framework Teleworking Agreement via the Interconfederal Agreement on Collective Bargaining.

European coordination had little impact in **France**, where national labour regulations are often more demanding than EU measures, and unions see the EMU stability pact as a mechanism for limiting wage rises. The **Irish** trade unions' main priority was to preserve real incomes in the context of higher-than-average inflation. In **Italy,** the unions' strategy of protecting purchasing power through national negotiations and leaving productivity gains to local bargaining was not entirely successful.

As for the **UK**, it witnessed little cross-border bargaining activity, partly as a result of remaining outside the eurozone, and also because its highly decentralised plant-based bargaining structure is hard to compare with national and sectoral systems in many other Member States.

Europeanisation also has an impact on bargaining through EU legislation and policies. The European Employment Strategy (EES) was launched at the special Luxembourg 'jobs summit' in 1997. It based itself on four 'pillars' or objectives: employability, adaptability, entrepreneurship, and equal opportunities for women and men. The Lisbon summit of 2000 adjusted the focus to full employment, better quality jobs, lifelong learning, and integrating women, older and inactive people into the workforce. It set medium and long-term targets, with participation rates of 70% overall, 60% for women and 50% for 55 to 64-year-olds by 2010. Each year the EU issues employment guidelines, which Member States implement through National Action Plans (NAPs).

In **Belgium**, employment policy at regional level is increasingly geared towards these objectives. In 2002, the social partners in Flanders and the Flemish government agreed to create 2,000–5,000 new jobs for immigrants each year, to equalise their activity rate with that of native Belgians by 2010. The 2003–4 intersectoral agreement extends the 'Rosetta Plan', whereby firms with more than 100 workers have to recruit at least 3% young people, to take account of immigrants and disabled workers. In **Ireland**, one of the 10 special initiatives outlined under the *Sustaining Progress* agreement pledges support for long-term unemployed and low-skilled people.

In the **Netherlands**, a growing number of collective agreements since 1997 have included provisions relating to employability, including job-related training (96% in 2001) and paid leave (71%), career interviews (11%), and personal development plans (26%). However, since 1999, the trend has tended to stagnate.

The EES underwent a major mid-term overhaul in 2002. In September, the European Commission proposed streamlining coordination of the EU's annual economic and employment policy cycles – with a tripartite social summit taking place each spring – and prioritising social cohesion, sustainable growth and building a knowledge-based society. It also called for better governance and a wider partnership with employers, workers, and other representatives of civil society in implementing the strategy.

In 2002, levels of involvement varied. In the **Netherlands**, the social partners' input was limited to reacting to the draft NAP. In **Greece**, both employers' organisations and trade unions protested at lack of consultation in the preparation and implementation of the plan. The government ignored most of the proposals they made during the dialogue process.

In **Austria**, the social partners have traditionally played a pivotal role in implementing and monitoring the plan, and continued to do so in 2002 despite attempts by the extreme right-wing Austrian Freedom Party – which formed part of the ruling coalition until the end of the year – to weaken the trade unions.

4.2 Outside the EU

Wage developments in the EU continued to have a strong influence on pay rates in **Norway**, with incomes policy guided by the principle that national wage growth should be comparable to that of main trading partners in the Union.

The country is not bound by European employment guidelines, but a national dialogue on developments in working life, launched in 2000, enables the government to consult the social partners about issues on the EU employment agenda and European directives.

4.3 Candidate countries

In the candidate countries, activities designed to apply the *acquis communautaire* (EU law) in the field of employment, and ready the social partners for EU accession, have intensified as 2004 approaches. In the **Czech Republic**, these preparations have had a strongly positive impact on social dialogue at all levels. The tripartite Working Team for European Integration, established in 1997, enabled the social partners to be represented on government working groups during accession negotiations. In 2002, the CMKOS trade union federation initiated an expert study on *The social and economic consequences of the integration of the Czech Republic to the EU – Economic convergence, competitiveness and social cohesion*. Trade unions are actively involved in preparation of the National Employment Plan, which reflects EU employment policies, and are responsible for aspects of its implementation in areas such as education and training.

In **Hungary**, trade unions expressed their general aim of catching up with the lower levels of EU pay rates within five years, at national and branch bargaining level. They believe the government's influence in collective bargaining is too great, compared with EU Member States. After elections in 2002, however, the new social-liberal coalition reconstituted the tripartite Interest Representation Council (IRC) and the social partners expect to have a more positive role in employment policy formulation as a result.

May 2002 saw the merger of two **Lithuanian** trade union organisations to form the Lithuanian Trade Union Confederation (LPSK): the largest and most representative body with 100,000 members. The LPSK adopted a resolution *Regarding social partnership and collective bargaining*, recognising social partnership as "a significant tool which ensures the unity of society, long-term guarantees for employees in the labour market, and also most favourable integration of Lithuanian employees to the European structures." It called for bargaining at sectoral or branch level rather than national or local negotiations.

One problem has been the unpopular EU demand for the closure of the Ignalina nuclear power plant. The trade unions have criticised the failure to protect the interests of the 7,000 or so largely Russian-speaking workers affected.

In 2002, **Poland** brought its own legislation into line with EU rules regarding equality of rights at work; movement of employees; recognition of professional qualifications; and EWCs. However, trade unions have made some criticisms of the way the *acquis* has been interpreted.

In the run-up to accession, the **Slovak Republic** prepared a National Employment Action Plan for 2002–3, in cooperation with the social partners and drawing on the 2002 EU employment guidelines. The trade union federations KOZ SR and AZZZ SR are involved in implementing many of the measures. They include participation rates in line with the Lisbon targets, improving lifelong learning and combating undeclared work.

Slovenia's new Labour Code, approved in mid-2002 to bring the country into line with EU law, raised concerns that it may change the inclusive nature of the country's industrial relations system. In the past, trade unions have bargained on behalf of all workers, not just their own members, who make up 40% of the workforce. This would have the effect of leaving young people and workers in small and medium-sized enterprises (SMEs) more vulnerable.

In northern **Cyprus**, the TÜRK-SEN trade union confederation is affiliated to the ETUC, and has organised workshops and seminars to explain European developments to its members. Although Cyprus is scheduled to join the EU in 2004, no resolution has been found to the bitter division of the island, and this leaves a question mark over the participation of Turkish Cypriots in the Union.

Despite their delayed accession, **Bulgaria** and **Romania** are also actively transposing the EU employment *acquis*. In 2002 Bulgaria adopted a National Employment Action Plan following the principles of the EES, although labour market conditions are still very different from Member States. Bulgaria will also find it difficult to meet the ETUC's collective bargaining coordination requirements while wages are many times lower and labour productivity is discounted in pay settlements. Nevertheless, learning about European social dialogue and collective bargaining practices is very important to the two ETUC-affiliated trade union federations.

Chapter 5 Towards workplace equality for women and men

While most European countries were moving, if slowly, in the direction of improved workplace rights for women in 2002, in **Portugal,** the Association of Portuguese Female Jurists' expert opinion on the new

Work Code found that it did not correspond to the standards laid down by EU law and the Portuguese constitution.

Emphasising the commercial value of good practice, the idea of awarding a ‘quality label’ to companies in **France** that can show they give priority to equality at work will be a topic for negotiation in the future.

The data for 2002 reveal that in the candidate countries in particular, there is still a long way to go to achieve an effective legal framework guaranteeing women’s rights, and to make equal opportunities a priority on the collective bargaining agenda.

5.1 European Union

Although women took 60% of new jobs created in the EU over the last five years (European Commission figures), their participation in the workforce (54.9%) remained much smaller than men’s (73%), with the lowest rates in **Greece** (37.7%), Italy, Spain and Luxembourg. Since women earn lower wages, female workers are a good deal cheaper than men. In Greece the average monthly cost of male labour in 2002 was 15.7% higher, with a difference of almost 20% in the primary sector of the economy.

There was a significant step forward in **Spain**, with the new Agreement on Collective Bargaining including, for the first time, a formal commitment by the employers to achieving equal opportunities for women and men. This was extremely significant in setting the framework for sectoral and company-level negotiations. It laid down specific goals for collective agreements, including actions to close the gender pay gap, improving women’s access to a wider range of jobs and training, the use of fixed-term contracts to cover for workers on parental leave, and time off to care for family members. By July 2002, the number of agreements with equal opportunities clauses had risen to 17%, covering 41.8% of workers.

An amendment to the Workers’ Statute now specifies that employers must offer equal remuneration for work of equal value. To avoid any indirect pay discrimination in collective agreements, trade unions have recommended the negotiation of additional pay increases for the lowest-paid workers, increased benefits for pregnant women taking time off on risk grounds, and the use of gender-neutral job evaluation criteria.

The UGT union coordinated a transnational project under the EU’s Community Framework Strategy on Equal Opportunities for Men and Women (2001–2005) with the FNV in the Netherlands, UIL in Italy, the DGB in Germany and DETHI in Greece. The outcome was the *Final Report and Best Practice Guide for Equal Pay in Collective Bargaining.*

In **Finland**, the parties negotiating the 2003–2004 IPA issued a joint recommendation that collective bargaining by individual trade unions should take account of the gender implications of the agreement provisions.

The **Belgian** government took steps to improve the employment status of women in some typically female job sectors. For example, from April 2003, home-based childminders gain pension and sickness benefit rights, family allowance and limited unemployment benefits. The trade unions had called for full employment status.

A number of countries introduced measures designed to make work more ‘family-friendly’.

New childcare benefit arrangements in **Austria** aimed to encourage more women to return to work. The duration of benefit entitlement was extended from 20 to 36 months, provided both parents took some time off work, in order to encourage more men to participate in childrearing. However, the Federal Chamber of Labour criticised the new upper earnings limit on benefit entitlement, and the failure to extend protection against dismissal. Trade union demands for means-tested support for low-income families went unheeded.

The **UK** government introduced legislation to enable working parents to request a flexible working pattern from their employer. The TUC regarded this as merely a ‘first step’ towards more family-friendly workplaces. There were new laws also to improve maternity and paternity rights and introduce two weeks’ paternity leave with a guaranteed minimum payment. Trade unions aimed to improve on these statutory minima through collective bargaining, backed by the TUC’s *Changing Times* initiative seeking a better work–life balance.

In **Ireland**, the social partners completed a two-year Family-Friendly Initiative to identify and encourage good workplace environments, which led to the publication of a *Family Friendly Working and Work–Life Balance Tool Kit for Trade Unions* and *Training Manual.* There has been little progress in the provision of adequate, affordable childcare, and this will be a priority over the next three years. A review of maternity leave legislation put forward recommendations for further negotiation. Under the Employment Equality Act, an Equal Opportunities Framework Committee involving employers, trade unions, government departments and other agencies has worked on initiatives to promote equality at work. The Act is now under review, with the possibility of an amendment to ban workplace discrimination on grounds of trade union membership.

Belgium’s Minister for Employment and Labour initiated moves to get more women involved in joint negotiating bodies. The social partners agreed to draw up a programme to address the problem and set specific targets for women’s participation. In **France**, following the 2001 parity law, the social partners must reduce the gap between numbers of women and men on lists of candidates for the labour courts by one third – to be reviewed in 2003.

5.2 Outside the EU

Negotiations in **Norway** brought significant wage increases in female-dominated jobs in, for example, the health and social sectors. Parliament adopted amendments to toughen up the Gender Equality Act in April 2002, obliging private companies as well as public bodies to promote equality in working life and report back annually. The new measures also ban sexual harassment at work, in education and in voluntary organisations, in line with the EU's revision of the 1976 Equal Treatment Directive.

In March, the government approved measures to increase the proportion of women on the boards of private and public companies. At least 40% of board members of state-owned companies must be women within one year. Private firms have until 2005 to fill the quota voluntarily, before it becomes a statutory requirement.

5.3 Candidate countries

Many CEECs still lack an effective legal framework to ensure equal treatment for women at work. The **Bulgarian** parliament rejected a proposed Equal Opportunities Bill, and a substitute Discrimination Act has yet to be adopted. As a result, employers are able to offer women less favourable conditions in terms of pay, working time and conditions. In September 2002, women's average wages were 80.1% of men's, with even wider gaps in sectors such as mining, and in education and health, where 57% of the workforce is female. In small, private sector firms in particular, where they are not protected by trade unions, women often work long hours in dangerous conditions, without job security or social insurance, and subject to physical, sexual and psychological harassment.

The **Czech Republic** has laws on equal opportunities, but they have not brought an end to discrimination. Unemployment among women is on the increase, while the pay gap remains around 25%. Gender issues are not prioritised in collective bargaining.

The main problem in **Hungary** is women's low participation in the labour market (49.7% in 2000). The retirement age is slowly being raised to 60 to equal that of men. The Labour Code outlaws discrimination, in theory, but the 2002 pay gap stood at 18.5% – a 0.5% improvement on the previous year.

By contrast, **Slovenia** has a traditionally high – and growing – female participation rate of over 60%.

Romania's 2002 Collective Labour Agreement reinforced protection for women in the workplace, including greater flexibility for mothers with young children. However, because of recent job cuts, many women were fearful of making use of these provisions. Other measures covered health and safety for pregnant workers, equal pay, job security for mothers, and provisions aimed at encouraging women to report sexual harassment. Parents also qualified for a special payment on the birth of each child, designed to increase the birth rate.

In **Slovakia**, equal opportunities were a core topic of the 2002–3 National Employment Action Plan, with provisions for implementing equality at work, monitoring vulnerable groups, closing the gender wage gap, support for women after maternity leave, and special aid for Roma people. However, evaluation revealed that these measures were not all put into practice, and that sectoral agreements paid little attention to gender rights. In a 2002 survey, 24% of women said they had suffered unequal treatment at work during the last three years, most frequently in relation to pay and redundancy. Only 3% complained of sexual harassment. Estimates put women's wages at around 74% of men's.

The situation for female workers is slightly better in **Lithuania**, where a new law on equal opportunities came into force in June 2002, authorising positive action to promote gender equality and introducing the concept of indirect discrimination. However, women are still concentrated in certain jobs and sectors such as health and education (29% of the female workforce). Although they achieve higher educational levels and occupy more professional and technical posts, their pay was 20% lower than men's. The Programme for Increasing Employment for 2001–4 proposed a number of measures including training and awareness-raising seminars for the social partners, and better childcare facilities.

Chapter 6 Flexible working conditions and trends in bargaining levels

Governments' and employers' attempts to undermine collective bargaining structures in a number of European countries, noted in the 2001 report, continued in 2002.

At EU level, in July 2002, the European social partners signed an agreement designed to improve employment conditions for some 4.5 million teleworkers. It was the first 'autonomous' deal of its kind to be concluded under the EU's social dialogue programme, and will be implemented and monitored nationally by the employers and unions themselves.

6.1 European Union

In Germany, the 2002 pay round took place in the context of ongoing controversy about the future of the industry-level collective bargaining system. Industrial disputes intensified the calls from conservatives and free-market advocates for a more flexible policy with company-level regulation of working conditions. At federal level, the opposition launched attempts to water down the binding nature of collective agreements, articulated in the Collective Agreements Act and the Works Constitution Act (whereby locally agreed provisions must be in the employees' favour). The DGB and trade unions opposed these moves as an attack on the very essence of free collective bargaining.

Government attempts to introduce a law preserving Collectively Agreed Standards for workers in the award of public contracts failed, despite a show of public support on the streets of Berlin, but the states of Lower Saxony and North Rhine Westphalia subsequently passed their own legislation.

Another significant development was the report of the Hartz Commission on *Modern Services in the Labour Market*, which led to major legislative reforms affecting temporary agency work. From 2004, agency workers will receive the same pay as staff in the company they are hired out to, but some other restrictions on the use of such workers were abolished. All this signalled a change of attitude on the part of the German unions, which had for years resisted the principle of temporary agency work. In February 2003, after lengthy negotiations, they reached an agreement with the Association of Temporary Employment Agencies on pay and working time.

In July, the right-wing **Portuguese** government put forward a draft Work Code designed to increase flexibility in work relations, give more disciplinary powers to employers and weaken the trade unions' position in collective bargaining. The two trade union confederations UGT and CGTP rejected the project, and in October and November tens of thousands of workers took protest action. In the face of continuing government intransigence, the two organisations then adopted different strategies, with the CGTP calling a general strike on 10 December, while the UGT opted to continue negotiations. Despite some minor concessions on the part of the government, the trade unions still oppose the code, and if it comes into force as scheduled in January 2004 it will have a major impact on collective bargaining in Portugal.

Conflict between the government and unions in **Italy** over moves to replace the longstanding *concertation* model of industrial relations, and in particular to amend Article 18 of the Workers' Statute to make it easier to sack employees, also brought a serious rift between the three main trade union confederations, CGIL, CSIL and UIL. Despite initial across-the-board opposition, CSIL and UIL agreed to negotiations with Berlusconi's government, while CGIL refused to talk while the Article 18 reform was on the table, and organised a protest demonstration in March attended by some 3 million people. In July, CISL and IUL reached agreement on the 'Pact for Italy', claiming that it preserved the practice of *concertation* and included other government concessions. CGIL remained strongly opposed to the deal. The intensity of the inter-union rivalry caused concern in Italy that such disunity could weaken the influence of the trade union movement.

After the **French** elections in mid-2002, the employers' association MEDEF renewed calls for reform of bargaining conditions, launched in 2001 under the banner of 'moving collective bargaining forward'. It proposed six themes for discussion, and talks on UNEDIC, the body responsible for unemployment benefits, started at the end of the year. The Minister for Labour put forward further proposals in January 2003, and the debate is ongoing.

Private sector bargaining in **Austria** – apart from a few major companies – has always taken place at sectoral or industry level. Thus the bid by employers, backed by sections of the right-wing ruling coalition, to transfer collective bargaining to the company level were quite unprecedented. But by the end of 2002, the role of the social partners was reinforced and the traditional negotiating system strengthened, partly due to political pressure from the unions and their members, and partly because the coalition partners were unable to agree among themselves and fell back on the established bargaining structures. However, a new 'redistribution option' allows employers to reallocate pay rises unequally among their workforce. In July, the government reformed the law to allow women to undertake night work, in line with EU policy.

The **Spanish** government introduced the *decretazo*, a decree designed to reform the labour market by, among other things, enabling companies to make redundancies more easily, curtailing workers' benefits, and attacking social dialogue. The CC.OO. and UGT called a general strike in June, supported by more than 10 million workers. In the face of unrelenting union opposition, the government eventually amended its proposals. Following the 2002 Agreement on Collective Bargaining – a package of indicators, guidelines and recommendations for negotiators – more collective agreements were concluded in 2002 than in the previous two years. A new Agreement on Collective Bargaining was signed in January 2003.

For **Finland**, one of the eurozone countries with an established, central tripartite collective bargaining system, 2002 was a 'normal' year. However, local bargaining has become more important in the last decade, focusing in particular on working time arrangements and profit-sharing schemes. In **Ireland** too there were no major changes in bargaining arrangements, although the *Sustaining Progress* deal sets out to ensure closer local compliance with agreed pay terms, following substantial wage drift in 2000–1. Employers have the right to plead inability to pay a nationally agreed wage rise if their companies are in financial difficulties, and the agreement provides for the Labour Court to make binding rulings in such cases.

The social partners in **Belgium** concluded a 'gentleman's agreement' in March 2002, setting out an approach to industrial disputes, simplifying employment promotion schemes, and harmonising the status of blue- and white-collar workers. Employers accepted the right of workers to strike, while unions agreed to avoid 'wild cat' action.

In the **Netherlands**, moves towards decentralisation are slower than in some other EU countries. The trade unions try to make maximum use of opportunities to improve on sectoral deals at company level. Each year a few collective agreements give scope for supplementary settlements. For example in 2002, the agreement on higher vocational training set aside 1.15% of average gross pay for local deals on issues such as parental leave, childcare and support for elderly people, target groups and teleworking.

Regular full-time employment still applies to the bulk of the **Greek** labour market, covering at least 80% of the wage-earning population.

Part-time work remains low – about 4%. Seasonal and fixed-term contract labour is the most widespread form of temporary work, although the proportion of people employed in this way fell from 12.9% to 11.3% in 2002.

6.2 Outside the EU

The Confederation of **Norwegian** Business and Industry (NHO) called for increased flexibility and the decentralisation of collective bargaining. It also opposed central pension reform, arguing that occupational pension arrangements should be decided at company level. There was similar pressure in the public sector, with a weakening of the 'Solidarity Alternative' underlying incomes policy. In 2002, pay rises for academics in the municipal sector, for example, were completely determined at the local level.

In **Switzerland**, the individualisation of pay settlements has slowed since 2000, and in one case even been reversed. At the chemical company Novartis, the GBI secured the first collective agreement since 1997, following an active campaign on the part of the union.

6.3 Candidate countries

2002 marked a new stage in the evolution of industrial relations in **Bulgaria**, with the Labour Code bringing an end to all collective agreements concluded before 1 March 2001. A period of intensive negotiation resulted in 58 new sectoral, branch and national collective agreements. The majority (65%) last for two years – only 19% have no set duration. The agreements covered issues such as working time, job security, restructuring, training and health and safety. Over 85% extended annual leave beyond the Labour Code provisions. On the other hand, collective bargaining at enterprise level slowed down, due partly to resistance from the employers and lack of experience among union negotiators.

Branch-level agreements diminished slightly in importance in **Hungary**. In the private sector around 50% of workers were covered by sectoral, cross-company and/or company deals. With reference to the European Employment Strategy, the new government elected in spring 2002 announced a 1 billion HUF fund to help SMEs develop distance working.

A similar proportion of workers come under collective agreements in **Slovakia**, where sectoral or branch bargaining is widespread and stable. A new Labour Code in April 2002 abolished earlier limitations on the scope of negotiations in the public sector. The 2002–3 National Employment Action Plan adopted four new policies related to adaptability, including implementing modern forms of work organisation and flexible working time adapted to employers' and employees' needs. Only around 2.5–3% of employees work part-time, and some 35% of the workforce was expected to apply for more flexible working patterns in 2002.

Company-level negotiations continued to dominate the collective bargaining landscape in the **Czech Republic**, following a gradual withdrawal by government and employers' representatives since the early 1990s. Most agreements included provisions for flexible working, which the trade unions do not oppose. Members tend to prioritise higher pay over shorter work time.

The local and national levels predominate in **Poland**, with little activity at sectoral level. In the private sector, the absence of trade union organisation and employers' representative bodies underlies the lack of industrial bargaining. Changes in labour law undermined sickness benefits, raised overtime, simplified redundancy procedures and diminished protection for trade union representatives. Moves to set up worker representation structures outside trade unions, and without legal protection, could undermine the establishment of a collective bargaining system of the kind that operates in most of Europe.

The new Labour Code in **Lithuania** enables workers in non-unionised enterprises to elect their own works council to represent them. However, it also aims to develop a more positive collective bargaining framework, with training in negotiating for the social partners, and enhanced information and consultation for the workforce. The Code also allows for a broader range of employment contracts, while stating that fixed-term contracts should not be used for permanent work. Amendments to the Law on the Legal Status of Aliens in January 2002 mean that EU nationals can now work freely in the country.

Romania's collective labour agreements at national and branch level set the context for enterprise bargaining, but the structure has broken down when national negotiations have taken so long that local deals have been concluded in the meantime.

While there were no changes in **Slovenia's** centralised bargaining system in 2002, movement is likely in 2003 in the context of EU accession, tending to give more weight to sectoral and branch negotiations. Research suggests that over the last decade Slovenia has achieved its steady economic growth, with GDP close to that of some EU Member States, because the labour force has been prepared to intensify its work rate.

6.4 Older workers and pension systems

A number of countries saw changes in retirement and pension regulations. **Finland** has set itself an ambitious overall employment rate target of 75% by 2010, and meeting it may mean people starting work earlier in life and finishing later. Moves to extend working life and ease the future pressure on welfare resources caused by a growing pensioner population led to major legislation to reform the pension system. Changes will come into force in 2005. In the **Netherlands**, 15% of 60 to 64-year-olds had jobs in 2002, compared with 11% in the mid-1990s, with the number of older women in work growing faster than men.

In **Austria**, 2002 saw the introduction – by collective agreement – of new part-time working arrangements for older people, in sectors such as oil and chemicals, wood-processing, tobacco, textiles and electronics. By December 2002, 22,750 people were employed in this way, costing the government 230 million euros.

Under **Greece's** General Collective Labour Agreement, older workers gained priority in all in-house training and retraining programmes, with incentives for including redundant older people in job creation schemes and measures to combat long-term unemployment.

In a number of countries, trade unions' demands reflected concern about the ability of pension schemes to meet their commitments to retiring workers. In **Norway**, unions failed to secure a centrally agreed occupational pension scheme for the private sector, but the social partners did agree on guidelines for company-level talks.

Since February, unions and government in **France** have been in conflict over two questions: the duration of pension contributions and the funding of schemes. The unions aim to maintain pay-as-you-go systems.

The issue also arose in the candidate countries. In **Bulgaria,** the collection of contributions started for the universal pension funds, designed to be a supplementary income for insured individuals born after December 1959. **Lithuania's** pension reform debate has gone on for nearly 10 years, with little firm action, and is likely to feature in the 2004 general election.

Chapter 7 Conclusion and outlook for 2003

European forecasts for 2003 gave few grounds for hope of a rapid economic recovery. Consumer confidence at the beginning of the year reached the lowest level since 1992, when the EU was entering recession. The European Commission predicts that recession can be avoided this time round, foreseeing growth of 1% in the eurozone across the year, starting slowly and picking up, with a 2.3% improvement in 2004.

Observers hope that geopolitical tension will fall in the wake of the Iraq war, but the international situation remains tense and volatile. In Germany, in particular – often key to the whole euro-area economy – the situation is expected to remain bleak for much of the year. A number of German trade unions, for instance in the metalworking, construction and banking sectors, are likely to be pleased in hindsight about having signed two-year collective deals that will guarantee pay rises in 2003.

Many trade unions will continue to focus on increasing the labour share of GDP and boosting workers' purchasing power. The battle over bargaining structures is also set to continue, with the danger of trade union organisations adopting diverging approaches. In Italy, for example, CSIL and UIL are more sympathetic to moves towards decentralisation than CGIL, which regards national bargaining as a priority.

In countries where the collective bargaining system is under attack, like Portugal, a worst-case scenario foresees the collapse of the existing system, or – little better – the abandonment of wider measures to improve working conditions. And as 2004 approaches, the danger of wage dumping in the new Member States will be of growing concern.

In the face of all these challenges, building coordination and mutual bargaining support among trade unions in the existing and future EU Member States assumes more importance than ever.

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