THE COORDINATION OF COLLECTIVE BARGAINING IN EUROPE

Annual report 2002

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Summary

Introduction
Three years of coordination

In December 2000 the European Trade Union Confederation (ETUC) adopted the first resolution on the coordination of collective bargaining. The result of several years' work by the Collective Bargaining Coordination Committee and the European Trade Union Institute (ETUI), this move aimed to launch a process for the exchange of information and coordination through the ETUC, building on the coordination initiatives taken by European Industry Federations and in other trade union circles (Doorn, ITUCS, etc.). The intention was not to replace these initiatives but to provide an overview of strategies and a common framework to boost coordination in the future.

Thanks to this initiative, there is a new basis for the debate on wages in other forums (the macroeconomic dialogue, Broad Economic Policy Guidelines, dialogue with the European Central Bank, etc.) Seeking not least to revise the notion of *wage restraint* to promote an increase in wages which generally fail to reflect real productivity, the Resolution aimed at stepping up the proportion of labour productivity gains allocated to wage rises. To implement this ambitious strategy Europe-wide, and to counter any forms of wage dumping against the background of the single currency, the ETUC developed a system for exchanging information as the first stage in a strategy to coordinate collective bargaining. The introduction of the euro, the full effects of which are yet to be assessed, may well increase pressures on collective bargaining, and coordination is one of the ways of avoiding negative consequences.

To this end, this Annual Report presents the results of a questionnaire on the coordination of collective bargaining sent out at the beginning of summer 2002. It was agreed, when the Executive Committee adopted the Resolutions on the coordination of collective bargaining in December 2000 and 2001, that the ETUC would collect information annually, with the help of the European Trade Union Institute, on wage movements and other qualitative aspects of national negotiations. This data would subsequently be compared with the guidelines. This makes it possible for trade unions to share information about national bargaining rounds, and for the ETUC to speak with more authority in the Macroeconomic Dialogue and other European discussions.

As in previous years, the report provides a comparison of replies regarding the determining factors with respect to the guideline, wage developments and quality aspects. Now that the coordination strategy has been in place for three years, we also thought it would be helpful to provide graphics for each country showing how wages were moving in the context of the guidelines. Both the questionnaire and the Report refer primarily to the macroeconomic level, in terms of national and European averages. Sector-by-sector information is assembled by the Federations themselves (one section of the Report presents a summary of their activities). Before introducing the graphics showing wage developments, the Report presents the initial conclusions which may be drawn from these three years of coordination.

Main conclusions after three years of coordination

1) *All trade unions* in the European Union provided answers to the questionnaire within the deadline. However, improved national coordination is necessary in some countries to avoid multiple divergent responses. *Quantitative aspects* were well documented, but the replies regarding *qualitative aspects* were insufficiently detailed and sometimes entirely lacking.

2) We already have a number of sources of general information on quality aspects of the situation (EIRO, CEDEFOP, ETUI, Eurostat, etc.) but what we would like to know is what trade union strategies have been favoured during these three years, and what initiatives have been taken in the area of quality, in order to better develop a European strategy.

3) The Guideline, *inflation plus productivity*, is a long-term objective for the balanced distribution of the wealth created by workers and businesses and should not be regarded as a ceiling - since there may be annual variations in the guideline - but rather a general orientation which takes account of the new situation introduced by the euro, including price stability. If in the long term the guideline were to be exceeded in a sustainable fashion, this would lead to a rise in real unit wage costs and in the share of wages in the GDP: *it is worth reflecting further on how this strategy can be achieved without endangering economic growth and creating inflationary tensions, and whilst maintaining an improvement in the quality of work.*

4) As regards inflation, our discussions confirm that the annual report should continue to use national inflation figures observed in previous years based on consumer price indices. It is not possible, given the current differences in national inflation levels, to use a European average. However, it is clear that during negotiations trade unions take account of national inflation forecasts. In some countries this will mean that trade unions accept inflation estimates which are lower than actual inflation, on the understanding that the difference will be made up the next year, although not all workers may receive the difference.

5) For productivity (i.e. labour productivity), the figure used is overall average national productivity. This contributes to maintaining solidarity between sectors in negotiations (normally identical to the national strategy), and to avoiding differentials between sectors (which would put upwards pressure on all wages to catch up with those in the sector where productivity was highest, and could lead to an inflationary spiral). It should be noted that the European Metalworkers' Federation opted for average productivity, even though there have been marked increases in productivity in the sector.

6) As regards the other determinants of the guideline, it is clear that employment and unemployment questions cannot be ignored when evaluating wage developments.

7) The year *2001 was an exception in most countries*: a sharper than anticipated fall in productivity increases, combined with a rise in inflation, greatly restricted the margin for negotiation. As a result, *nominal wages rose more than the guideline* (inflation plus productivity). However, *2002 should mark a return to the 2000 situation*[1]: wage rises below the sum of inflation plus productivity, at around one percent. No country will continue to remain above the guideline, according to Commission and trade union forecasts. The increase that was observed in wages should return below the guideline (if growth forecasts prove accurate), leaving margins for manoeuvre which should be used to promote qualitative aspects. Furthermore, this situation is evidence of considerable responsibility on the part of the trade unions in the stability of wage developments.

8) *At the European level, the analysis confirms the general position observed nationally,* with wages close to the guideline (in the euro zone) or above the guideline (EU15) in 2001. Wages are likely fall below the guideline in 2002 and 2003, however. Nevertheless, there has been a sharper rise in nominal wages than previously, around 3% as against below 3% at the end of the 1990s. Although well within a sustainable framework, this greater increase in wages took place in a context of more robust economic growth (2000 and 2001). We should add too that the Guideline has certainly had an effect on bargaining, especially as regards the margin for manoeuvre given by inflation and productivity.

9) Although the differences between observed and negotiated wages are slight, it is nevertheless interesting to continue to analyse these data, which reveal the difference between what is negotiated by trade unions and wages developments which may be influenced by changes in non-negotiated aspects (performance payments, bonuses, etc.), by wage drift (possibly partly negotiated within the enterprise) and by changes in social security contributions. In the countries for which the figures are available, negotiated wages are generally a percentage point behind observed wages.

10) Replies regarding *qualitative* aspects were uneven. Only the Nordic countries put a figure on the cost of these, at between *0.3% and 0.8%* in 2001. It would be interesting to know more abut how this is done. In terms of content, responses suggested that *training was an important factor for all respondents.* The Collective Bargaining Committee underlines the importance of strengthening this aspect of the guideline.

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[1] EC Autumn Forecasts, released after this report was finalised, indicated that the situation prevailing in 2001 (i.e. wages slightly above the guideline) should be reproduced in 2002 because of a fall in productivity gains from 1.1 to 0.4%.

11) *Equal pay for women and men* and *low pay* has provoked insufficient interest to date: no country has adopted a programme with quantified targets in this area. It would appear that in some countries there are difficulties in grasping the ETUC strategy on wage equality. The lower number of low-paid workers in certain countries may also explain the low number of responses (e.g. from the Nordic countries). After the major changes during the 1990s in Europe and in the year 2000 in France, *developments in* working time reduction were limited.

12) The national *collective bargaining round*, from a European perspective, generally took place in *spring*, and, to a lesser extent, *autumn*.

13) As regards the candidate countries, we have not so far drawn any conclusions, although an initial seminar held in Gdansk in April 2002 revealed the need to step up research into the wages position in these countries. This situation differs very considerably from one country to another and it would be useful to provide a country-by-country analysis. We would like the applicant countries to play a full part in future years. Enlargement poses long-term challenges to our strategy for coordinating collective bargaining. In particular, the continued weakness of industrial relations structures, especially of employers' organisations, in these countries must be overcome in order that the applicant countries play a full part in the coordination strategy, especially in the event of early entry into the euro zone.

14) Finally, the Guideline and past wage developments have shown considerable responsibility on the part of the social partners. It is clear that in the EMU all economic policies are closely linked. Although the ETUC guideline is essentially a tool for monitoring past developments, it has also had an impact in shaping wage developments. This means that the different actors involved in the "policy-mix" should take account of this wage stability in macro-economic decision-making.

Answers to questionnaire

All trade unions in the European Union replied to the questionnaire within the deadline. This is the first time in three years that the questionnaires were returned at the same time and thus provided comparable data.

Table: Questionnaire replies received

EU Countries	Contact person	Organisation	Joint answer	Answer on qualitative aspects
AUSTRIA	Franz Friehs Peter Korecky	ÖGB GÖD/FSG (public service)	No	Yes
BELGIUM	Rafael Lamas Ronald Janssen	FGTB CSC	Yes	Yes
DENMARK	Christian Soe	LO-DK	--	No
GERMANY	Reinhard Dombre Thorsten Schulten	DGB HBS	Yes	Yes
GREECE	Georges Dassis	GSEE ADEDY	Yes	No
FRANCE	Laurence Laigo Marie France Boutroue	CFDT CGT	No	Yes
FINLAND	Saraa Lautala	STTK SAK AKAVA	Yes	Yes
IRELAND	Tom Wall	ICFTU	--	No
ITALY	Walter Cerfeda Franco Lotito	CGIL UIL	No	Yes
LUXEMBOURG	Nico Clement	CGT-L LCGB	Yes	No
NETHERLANDS	Erik Pentenga	FNV	--	Yes
PORTUGAL	Fernando Marques Ana Paula Bernardo	CGTP-IN UGT-P	No	Yes
SPAIN	Olatz Alberdi P. San Cristobal, E. Gutierrez Fernando Puig Samper	ELA UGT CC.OO.	No	Yes
SWEDEN	Mats Morin	LO-S	--	No
UNITED KINGDOM	Iain Murray Nadja Salson	TUC TUC Brussels Office	--	Yes

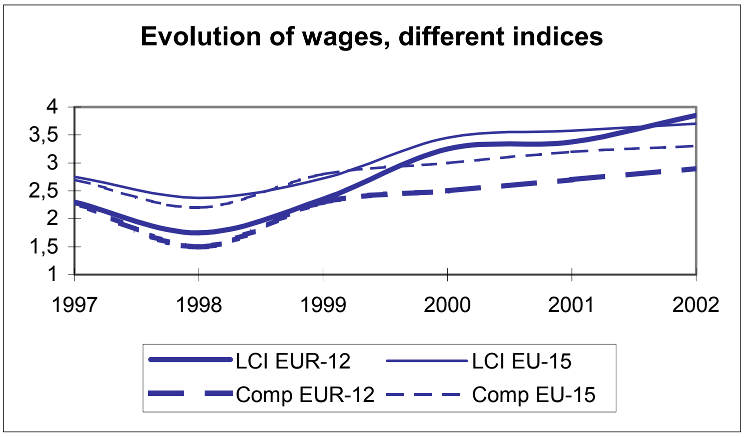
Countries outside EU	Contact person	Organisation
Norway	E. Horneland	LO-N

Candidate countries	Contact person	Organisation
Cyprus	Ch Karides	SEK
Czech Republic	Jaroslav Zavadil Jana Valesá	CMKOS Health Trade Union

I. Analysis of results over three years

1.1. A European perspective on wage developments

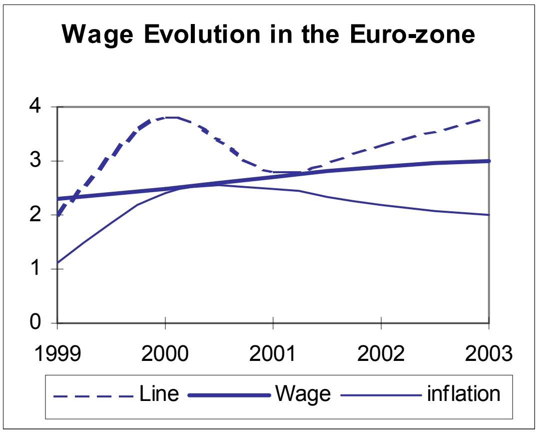
The different indices available at the European level present a picture of highly variable developments. In 2002 there was a disparity of more than one percentage point between the maximum and minimum. It should be noted that labour cost indices are expressed per hour, whilst wages are expressed per worker. However, leaving aside quarterly developments, the annual averages indicate an underlying trend: a general rise in wages since the lowest point at the end of the 1990s. Wage increases appear to have returned to a level of 3-4% after the 1990s when they rose by around 2-3%.

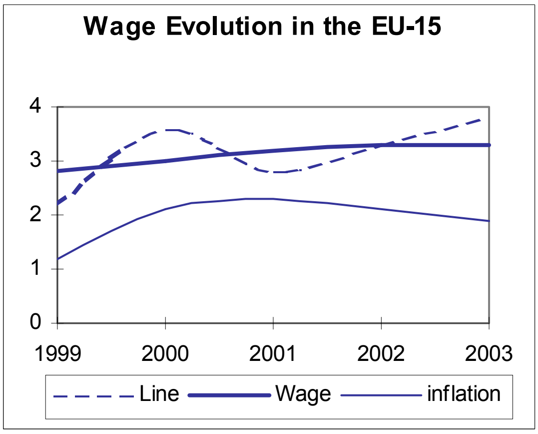


LCI: labour costs index (rise in total wage costs per hour), Eurostat.
Comp: Remuneration (rise in total wage costs per worker), European Commission.

The presence of data from three years of observation means that we are already in a position to compare wage movements (total nominal wage rise) and those of negotiated wages with inflation and the basic guideline of inflation plus productivity. However, the period concerned includes the year 2000, a year of strong economic growth, with a strong rise in productivity per head (because of a greater rise in GDP than in employment) and a corresponding contraction in the productivity gains. This led to a strong downturn in the guideline adopted in the 2000 Resolution, defined as inflation plus productivity (the fine curve in dashes)

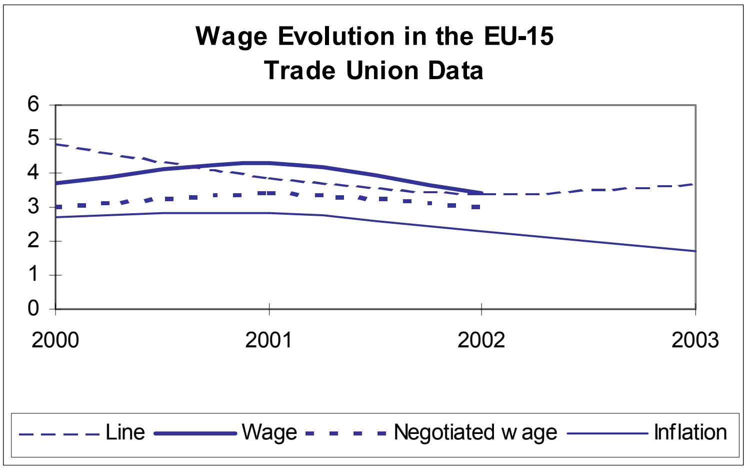
At the same time, inflation represents the lower limit for the guideline, the 2000 Resolution having stated that wages should rise faster than inflation. This lower limit (inflation) caused it to rise in 2001 under the impact of oil prices and the fall in the value of the euro. The curves representing the lower limit (inflation) and the guideline (inflation plus productivity) are therefore closer together for most countries. The European example shows this development clearly. For 2002, it is anticipated that per capita productivity will rise again, due to renewed growth in GDP and contracting employment. By contrast, the inflation rate is falling towards the 2% target set by the European Central Bank. This widens the gap between the graph lines representing the lower limit (inflation) and the guideline (inflation plus productivity) and provides a greater margin for wage bargaining. However, wage bargaining is likely to focus on the employment situation.





Source: European Commission, own calculations
Data: Inflation: Harmonised Index of Consumer Prices (HICP)
Productivity: GDP per worker
Wages: remuneration (total wage costs per worker)

In the euro zone, the European Commission's data indicate that pay (the heavy curve) has increased and will increase below the guideline (inflation plus productivity). Wages are thus not having any inflationary impact, and remain more than moderate (a proportion of productivity is not used, particularly in 2002 and 2003). In the EU as a whole, wages are above the guideline only in 2001, because of a fall in productivity. It is interesting to note that the medium term-trend is towards a stable rise in wages of between 2-3% in the euro zone and in EU15. This contrasts with variations in other indicators, such as inflation and productivity, a fact which will emerge once more in the case-by-case studies of national results.



[1]

The trade union figures bear out the European Commission's observations (graphics above). Wages rose above the guideline figure (inflation plus productivity) in 2001, catching up the ground lost in 2000, and appear to return to the guideline level in 2002. There is a downturn in the line for 2001 under the combined effect of higher inflation and lower productivity. The

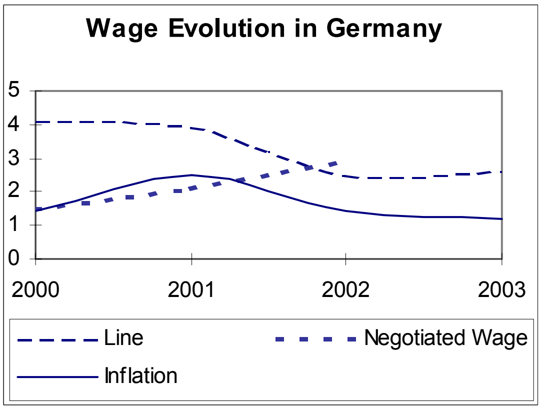
[1] The data used to calculate this non-weighted average are provided by national affiliates, and are not all truly comparable. However, the average indicates a long-term tendency which is worth noting. For comparable figures, affiliates should refer to the Commission's data.

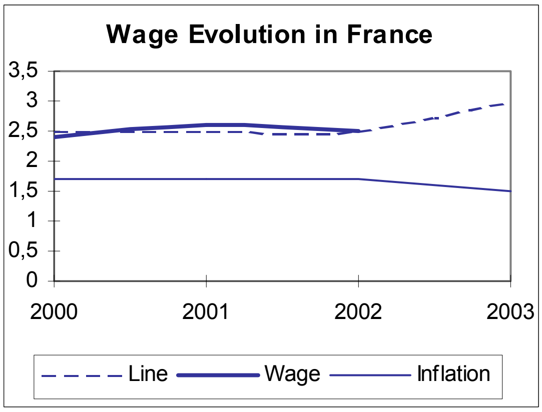
trend for 2002 and 2003 marks a new extension of the guideline. It is interesting to note that negotiated wages are consistently a percentage point lower than observed wages.

1.2. A national perspective on wage developments (source: trade union figures)

The year 2001 was an exception in most countries: the sudden contraction in productivity gains, combined with a rise in inflation, strongly restricted the margins for manoeuvre in negotiations. As a result, nominal wages rose more than the basic guideline (inflation plus productivity) in most countries. However, 2002 should mark a return to the 2000 situation: wage rises below the sum of inflation plus productivity, at around one percent. No country will sustain a rate above or in line with the guideline.

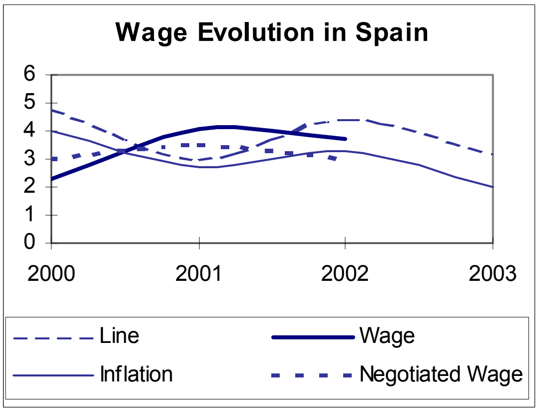
The situation is the same at the European level, with 2001 wages close to the guideline in the euro zone or above the guideline (EU15). Wages are generally likely to fall below the guideline in 2002 and 2003, however.

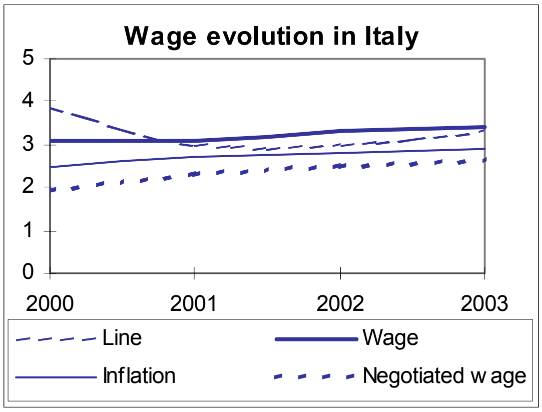




The German figures show that negotiated wages were below the guideline in 2000 and 2001, and actually below the inflation rate in 2001. It should also be noted that wages have risen even more slowly since the questionnaire was returned, with a rise of 1.8% as against the 2.1% negotiated in 2001, with a corresponding serious loss of purchasing power. However, these same negotiated wages exceeded the inflation plus productivity guideline in 2002 to recover the accumulated ground lost in the preceding years. We should point out that in 1999 wage increases were above the Guideline. The average then for the four years is close to the Guideline.

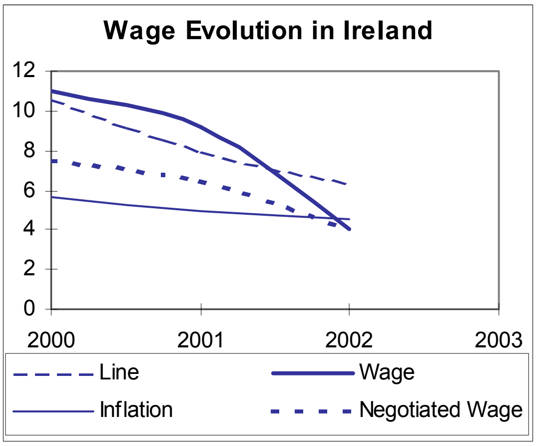
In the case of France, the average rise in wages is in line with the guideline, among other things because of the reduction in working time which has reduced productivity per worker (partly because the number of jobs has increased). The impact of wages on inflation is therefore neutral, and wages are stable as a proportion of GDP. However, the reduction of working time has had a temporary effect on the figures, reinforcing the increase (especially when calculated *per hour*) which will probably be modified in future.

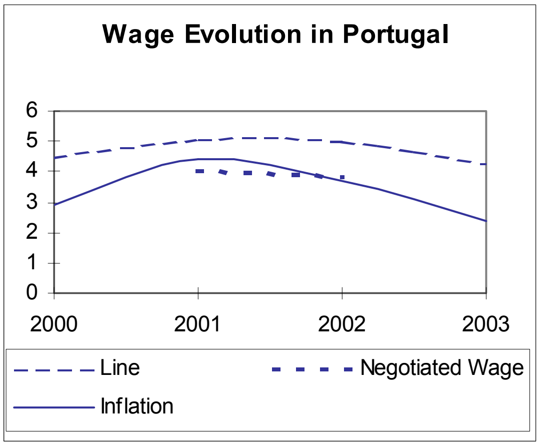




The case of Spain shows that observed wages are rising faster than negotiated wages, and were above the guideline in 2001 but below it in 2002. The slowdown in productivity may explain this position, as well as the adjustments for previous inflation (through inflation clauses applicable the following year). Normally, the annual collective Agreement refers to the terms of the guideline as regards inflation and productivity.

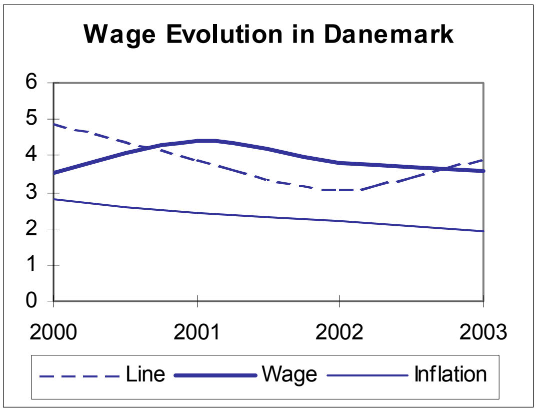
In Italy, it appears that both observed and negotiated wages rose almost in parallel to the guideline in 2000 and 2002. The figure for 2003 is based on forecast inflation of 1.4% which explains the fall in the guideline even though wage developments seem stable at around 3%.

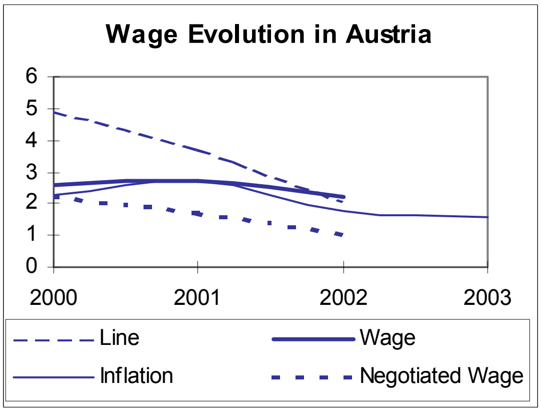




In Ireland negotiated wages rose to a level between the inflation rate and the guideline, whilst observed wages rose above the guideline figure, reflecting a catching up of wages, and an increase in wages as a proportion of GDP. Only 2002 shows a marked slowdown, with wages below inflation, though not all the figures are available. It should be noted that productivity gains fell consistently between 2000 and 2002, and were in line with the European average of 2% in 2002. This may mark the beginning of the end of the cycle of economic catching-up seen in Ireland over the last ten years.

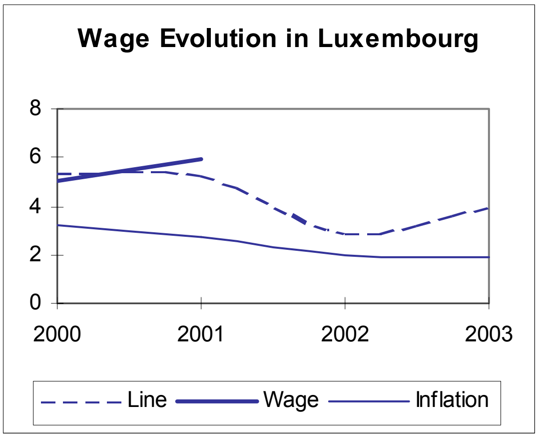
In Portugal, the increase in negotiated wages remained below the level of inflation in 2001 and was at the same level in 2002. Under these conditions, the purchasing power of wages has not been maintained and wages as a proportion of GDP are likely to fall in the long term if this trend continues. However, data for observed wages in 2001 show a rise of 5.7% as against 4% for negotiated wages. This trend would place wage increases above the guideline figure.

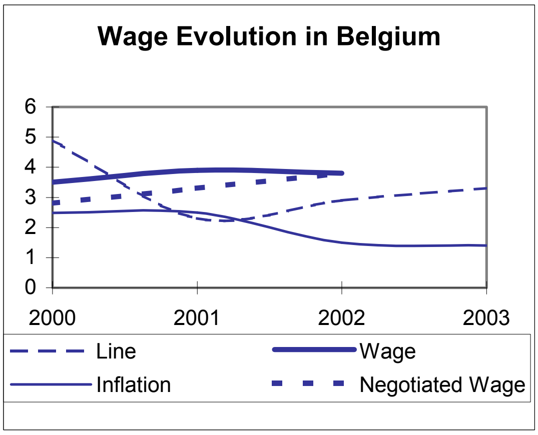




In Austria, observed wages are rising at around the inflation rate, just maintaining purchasing power. However, additional margins of manoeuvre existed in 2000 and 2001. It should also be noted that negotiated wages remained below the inflation rate, and fail to meet the ETUC guideline.

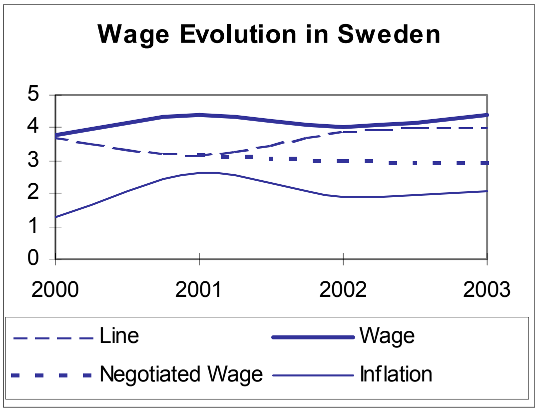
In Denmark, the rise in observed wages remained above the inflation plus productivity line in 2001 and 2001, and should remain in line with it during 2003.

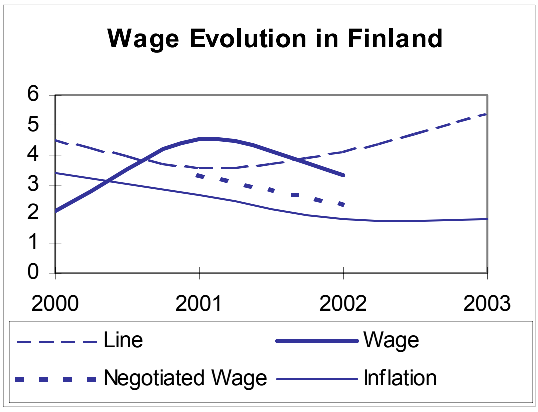




In Belgium, rises in observed wages, below the inflation plus productivity level in 2000 and 2003 (forecast) were above this line in 2001 and 2002, partly because of a fall in productivity in 2001. The average trend for observed wages is actually between 3% and 4%, and is sometimes below the rate for negotiated wages, particularly in 2001. This trend appears stable over four years of observation, unlike the other very variable factors - inflation (reducing) and productivity (erratic).

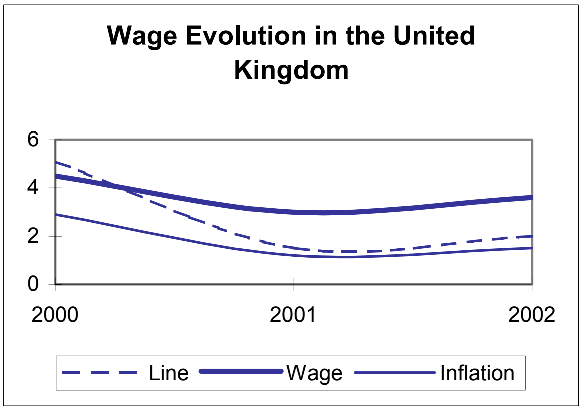
In Luxembourg the trend is higher, with nominal wage increases of 5-6%, in line with inflation plus productivity.

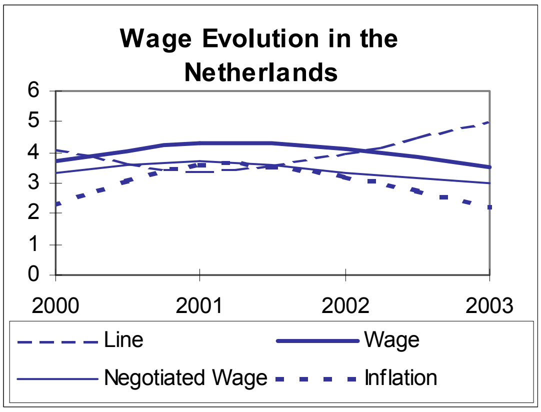




Movements in observed wages rose above the guideline in Finland in 2001, reflecting a catching-up after 2000 when purchasing power appears to have diminished (wage increases below the rate of inflation). In 2002 increases are likely to be below the inflation plus productivity line, but above the inflation rate alone. It should be noted that negotiated wages in 2001 and 2002 were below observed wages (positive wage drift) and are generally around 1% above inflation.

In Sweden observed wages rose above the guideline figure throughout the period, though they remained close to it except in 2001. Negotiated wages remain generally below the guideline, indicating the presence of positive wage drift. Here again, wage increases seem more stable than inflation and productivity (with observed wages rising by 4-4.4%)





In the Netherlands, observed wage movements are generally around inflation plus 0.5%. Negotiated wages are just below the inflation rate. It should be noticed that the fall in productivity seen in 2001 caused a marked reduction in the guideline figure, whereas in other years observed wages are in line with the guideline (2000 and 2001) except in 2003.

In the United Kingdom, finally, wages rose to a level above the guideline in 2002, under the influence of a sharp fall in productivity gains, which are generally weaker than in the rest of the Union.

1.3. Collective bargaining rounds

The major collective bargaining rounds followed by signature of collective agreements take place in spring in seven, and in autumn in three countries; these are usually centralised negotiations. Elsewhere, negotiations are dispersed and reviewed at the enterprise level, giving the impression of a continuous round of negotiations from an overall point of view.

Table: Dates and duration of collective agreements

Country	2000-2001 Data:	2001-2002 Data:
AUSTRIA	One year agreements	April 2000 – December 2002
BELGIUM	1999-2000 Agreement (signed Dec '98) 2001-2001 Agreement (signed Dec 2000)	2001-2002 (private sector) New negotiations in autumn 2002 for 2003-2004 (private sector)
GERMANY	Mainly the first half of 2000 (21.8 months) and 2001 (mostly 12 months)	12 to 24 months
DENMARK	February 1999 - March 2002 (public sector)	private sector: March 2000 (last agreement) Next negotiation in March 2003.
GREECE	2-year agreements Signed 23 May 2000, effective from 1 January 2000	New 2-year agreement on 15 April 2002
SPAIN	Agreements for 3 years on average 5000 negotiations annually	2-3 year sectoral agreements Cross-sectoral agreement on the December 2001 collective bargaining covers 2002 (wage guidelines with minimum inflation guarantee).
FINLAND	Incomes Policy Agreement 2001-2002 Signed in December 2000	Incomes Policy Agreement 2001-2002
FRANCE	One-year agreements	--
IRELAND	Partnership April 2000 - 2003	9 months of 2002 in the Tripartite Partnership
ITALY	Aspects linked to inflation fixed for two years Aspects linked to productivity set at enterprise level.	Inter-confederal agreement until November 2004 (wage guidelines) Sector and enterprise agreements of variable length.
LUXEMBOURG	No fixed dates	--
NETHERLANDS	Different dates and durations.	18 months (average length)
PORTUGAL	One year, renewable on 1 January	One year, usually renewed on 1 January
SWEDEN	April 2001-April 2004	End of Agreement on 31 March 2004
UNITED KINGDOM	Different dates and durations.	Only national agreement: Local Authority National Agreement, April 2001-March 2002 (renegotiated as a 2-year pay deal)
NORWAY	May 2000	April 2002-2004 private sector May 2002-2004 public sector

II. Factors determining the Guideline

The remainder of this paper provides the statistical data from the questionnaire and follows the order of the questions. Each table provides the national figures, and a European average, with commentary.

Factors determining the guideline include inflation, productivity and other factors in accordance with the 2000 Resolution stating that wages should rise at least faster than inflation and try to absorb inflation plus productivity. All the figures are from trade union sources. For the last three years, European sources have been close to the figures provided by trade unions. However the value of the trade union figures is that they come out before the Commission's forecasts, which are generally published in the November after the publication of this report. It is always helpful to have the forecasts for the current year, but as will be seen by comparing the figures for 2001 ex-ante and ex-post in each table, this can sometimes be a perilous exercise. The 2003 data are thus indicative only, for both the European and the national figures provided by trade unions should be treated with caution. The economic situation is particularly unstable at the moment, and these figures - including those for 2002 - will be revised.

We believe that it is thus useful to continue to collect trade union data in order to have a national picture which is more up-to-date than at European level.

2.1. Inflation

The inflation figures clearly demonstrate that inflation in 2001 reached an unexpected peak. The figures suggested ex-ante were lower than those calculated ex-post. Ultimately, it appears that the European average (EU15) was 2.8% in 2001 (with a forecast of 2.66%) as against 2.73% for 2000 and a forecast of 2.31% for 2002. This naturally had an impact on the base level of the guideline, which rose in 2001 contrary to expectations. This must have had a not insignificant effect on collective bargaining.

Table: Inflation 2000-2003, trade union figures

Country	2000	2001 data 2001	2001 data 2002	2002 (forecast source)	2003 (forecast source)
AU	2.3	2.6	2.7	1.7	1.4
BE	2.49	1.92	2.5	1.5	1.4
DE	1.4	2.5	2.5	1.4	1.2
DK	2.8	2.5	2.4	2.2	1.9
EL	3.1	2.9	3.4	3.5	3.2
ES	4.0	3.9	2.7	2.0 (gov forecast) 3.3 (july)	2.0 (gov) --
FIN	3.4-2.6 ex post-ex ante	2.4	2.6	1.8 (gov)	1.8 (gov)
FR	1.7	1.8	1.7	1.7 - 2.0	1.5
IRL	5.6	5.4	4.9	4.5	--
IT	2.5	2.3-2.7 Estimation for inflation	2.7	1.7	1.4
LU	3.2	2.3	2.7	2.0	1.9
NL	2.3 production prices	2.6 production prices	3.6 consumer prices	3.25	2.25
PT	2.9	2.9-3.5	4.4	3.7 (CGTP) 3.3 – 3.6 (gov)	2.4 (CCE) 2.5 – 2.8 (gov)
SE	1.3	1.9	2.6	1.9	2.1
RU	2.9	2.1 (august 2001)	1.2 (HICP)	1.5 (1^{st} quarter)	--
NO	3.1	3.0	3.0	1.0 (forecast)	2.0 (LO-NO)
UE 15	2.73	2.66	2.80	2.31	1.77

2.2. Productivity

Average productivity gains in the European Union (EU15) for the year 2000 rose to 2.43%. The forecasts for 2001 suggested an average of 1.41% in anticipation of the slowdown in the economy (a lower increase in GDP), whereas the rise observed was only 0.96%, due to the worsening of the downturn in the second half of 2001. This downwards movement in productivity contributed towards lowering the basic guideline (inflation plus productivity), whilst inflation raised the lower level, squeezing the margins for manoeuvre in collective bargaining. 2002 should see a slight recovery in productivity gains to 1.18% under the influence of a slight recovery in the economy (this forecast is being borne out). However, recent changes in levels of activity during September 2002 were as yet not sufficient to reduce this figure.

Table: Productivity 2000-2003, trade union figures

Country	2000	2001 Report 2001	2001	2002	2003
AU	2.5	1.1	1.0 / 0.5	1.4 / 0.7	-- / 1.6
BE	2.2 – *2.4 per hour*	1.9 – *2.0 per hour*	-0.2 - *+0.1*	1.4 – *1.7*	1.9 – *2.2*
DE	*2.7*	*0.9*	*1.4*	*1.1*	*1.4*
DK	2.1 – *2.1 per hour*	2.1 – *2.6 per hour*	*1.5*	*1.9*	*2.0*
EL	4.3	3.3	4.2	3.0	2.7
ES	0.8	0.6	0.3	1.1	1.2
FIN	3.8 - 2.3 ex post-ex ante	2.0	1.0	2.3	3.6
FR	0.5 – *2.5 per hour*	-0.5 – *0.5 per hour*	0.8	0.8 – 1.0	1.5
IRL	5.0	--	3.1	1.9	--
IT	1.4		0.3	0.3	0.4
LU	2.2	0.3	2.6	0.9	2.1
NL	3.5 – *1.8 per hour*	2.0 - *-0.25 per hour*	-0.6	0.0	2.25
PT	1.6	2.3	0.3 – *0.7*	1.3 – *1.0*	1.9 – *2.0*
SE	*1.7 per hour*	*1.5 per hour*	*0.6*	*2.0*	*1.9*
RU	2.2	0.9 two first quarters 2001	1.4 – *0.3*	0.4 – *0.5*	--
NO	*1.3 per hour*	*1.9 per hour*	0.7	1.1	1.0
UE 15	2.43	1.41	0.96	1.18	1.83

Italics: hourly productivity

2.3. Other factors?

There have been discussions in the Collective Bargaining Committee on the use of other factors as well as inflation and productivity. After three years, it is surprising that so few countries have provided the additional information. Only three EU countries have submitted examples of additional data taken into account, ranging from employment to the health of a company (profits), for example. Do you think that we should keep other determining factors in the guideline under these conditions, given that the guideline is not defined as a ceiling?

We have also discussed the difference between productivity and growth in GDP. This is why we ask for these figures to be sent to us systematically. Growth is one of the figures used in the calculation of productivity, and partly explains the fall in productivity noted in 2001. The slowdown observed in 2001 by comparison with 2000 will continue to make itself felt in 2002 with very slow rates of growth forecast between 0.5% and 3.0%. Most rates will be in the 1% - 1.7% band. On average, the 2001 slowdown (1.6% growth) seems to be confirmed for 2002 (incomplete figures), with recovery due in 2003 (2.4% growth).

Table: Economic growth and other factors
Trade union figures 2001-2003

Country	GDP Growth			Other factors
	2001	2002	2003	
AUSTRIA	1.0	1.2 - 1.5	2.8 – 2.5	No
BELGIUM	1.0	0.7	2.6	Job creation, unemployment, training etc. Aims: to move from an indicative wage norm to a broader table of indicators.
GERMANY	0.6	0.6	2.0	No
DENMARK	0.9	1.7	2.5	No
GREECE	4.1	3.8	4.0	No
SPAIN	2.7	2.0	3.0	Employment, profits, economic situation, inequalities etc.
FINLAND	0.7	1.6	3.3	Employment, purchasing power
FRANCE*	1.2	2.5	--	Economic health of business, prospects for growth
IRELAND	5.0	3.0	--	No
ITALY**	1.7	1.7	1.4	No
LUXEMBOURG	--	--	--	No
NETHERLANDS	1.3	0.5	1.5	No
PORTUGAL	--	--	--	No
SWEDEN	1.2	1.9	3.2	No
UK	--	--	--	No
NORWAY	1.2	1.2	1.3	Wages with commercial partners, situation in companies
UE -15	1.6	1.6	2.4	--

*government forecast, September 2002

**government forecast from preceding year

2.4. Basic guideline

The guideline was defined in the 2000 Resolution, and confirmed in the 2001 Resolution, as the sum of inflation plus productivity. This is the medium term target for wage rises. By adding the national inflation rate to average national productivity, we obtain the basic guideline, which may be increased by other determining factors. This is not a ceiling, but a medium-term target. It should be noted that the guideline fell sharply in 2001 due to the downturn in activity and the slowdown in economic growth and thus in productivity gains. The guideline thus fell from 4.9% in 2000 to 3.9% in 2001. The slowdown in inflation and the still weak recovery in productivity mean that the figure could fall again in 2002 and 2003 as a European average. However, some trade union figures are still unavailable, making it impossible to produce a reliable forecast.

**Basic guideline:
Inflation plus productivity 2000-2003, trade union figures**

Country	Inflation + Productivity			
	2000	**2001**	**2002**	**2003**
AU	4.9	3.7 ?	2.1 ?	--
BE	4.9	2.3	2.9	3.3
DE*	4.1	3.9	2.5	2.6
DK	4.9	3.9	3.1	3.9
EL	7.4	7.6	6.5	5.9
ES	3.0	3.0	3.3	3.2
FIN	4.5	3.6	4.1	5.4
FR	2.5	2.5	2.5	3.0
IRL	10.6	8.0	6.4	--
IT	3.9	3.0	2.0	1.8
LU	5.4	5.3	2.9	4.0
NL**	4.1	3.4	4.0	5.0
PT	4.5	5.1	5.0	4.3
SE*	3.7	3.2	3.9	4.0
RU	5.1	1.5	2.0	--
NO	4.0	3.7	2.1	3.0
UE-15	4.9	3.9	3.4	3.7

* Hourly productivity

** Producer price

The guideline is calculated using Harmonised Index of Consumer Prices (where possible)

III. Quantitative aspects: wages

After identifying the movements in the guideline between 2000 and 2002, we turn to an analysis of the changes in quantitative aspects, in other words wage movements in each country. Before returning to changes in observed and negotiated wages, a comparison of public and private sector wages and an analysis of changes in the minimum wage, we shall examine the concept of the "total value" of an agreement.

This total value is regarded as the increase in labour costs caused by both wage rises and the cost of qualitative improvements. It is interesting to note that 9 EU countries set a figure on this. However, some have provided a figure corresponding to the rise in negotiated wages, whist others have submitted figures lower that the rise in observed wages. In the case of Spain, the *Labour Costs Index* was submitted, and this may be a close approximation of the total agreement value.

Table: Estimate of total agreement value

Country	2001	2002	2003
DE*	2.1	2.9	
DK**	3.71	3.0	3.32
ES***	4.1	4.0	
FIN**	3.1	2.3	
IRL	9.5	5.0	
NL	4.6	4.4	4.0
SE*	3.2	3.0	2.9
NO*****	5.7	5.0	

* Figures for the rise in negotiated wages
** Figures lower than the rise in observed wages
*** Labour Costs Index
**** Labourers

3.1. Nominal wages

The European average (EU15) for observed wages shows a rise of 3.7% in 2000, against 4.3% in 2001 and a forecast (some countries are not included) of 3.4% in 2002. These figures clearly show an upward trend in 2001 associated with catching up ground lost to inflation, which rose more sharply than expected in 2001. However, the Community average rise in the area of 3-4% annually. This trend continues in the forecasts for 2002 (3.4%). It should also be noted that differentials may be observed, depending on the country. For example, in 2001 the rise recorded (trade union figures) varies between 1.8% in Germany and 9.2 % in Ireland, whilst the great majority of countries registered a rise of between 2% and 4%. These differences ought to reduce in 2002, according to trade union figures, with figures ranging from 2.2% to 5%.

Wages 2000-2003, Trade union figures

Country	Total wage rise (nominal)			
	2000	**2001**	**2002**	**2003**
AU	2.6 / 3.1	2.7 / 2.5	2.2 / 2.5	--
BE	3.5	3.9	3.8	--
DE	1.5	1.8	*2.9*	--
DK	3.5	4.4	3.8	3.6
EL	2.8	3.3	5.34	(inflation + 1%)
ES	2.3	4.1	3.7	
FIN	2.1	4.5	3.3	
FR	2.4	2.6	2.5	
IRL	11.0	9.2	*4.0**	
IT	3.1	3.1	3.3	3.4
LU	5.0	5.9	--	--
NL	3.7	4.3	4.1	3.5
PT	--	5.7 - *4.0*	*3.8*	--
SE	3.8	4.4	4.0	4.4
RU	4.5	2.5 – 3.0	3.6**	--
NO	4.5	4.8	5.0	--
EU - 15	3.7	4.3	3.4	

* for 9 months
** Average weekly earnings
Italics: negotiated rise

3.2. Negotiated wages

The rise in negotiated wages is generally lower than the observed rise. For example, as a European average, the negotiated rise was 3.09% in 2000, as against an overall rise of 3.7% (and for 2002 and 2002 respectively: 3.38% as against 4.3%, and 2.96% as against 3.4%). This demonstrates positive wage drift, or that the impact of social security contributions is increasing, but also that those countries for which we do not have the negotiated figures have a higher wage rise. On the other hand, some countries record an observed rise which is lower than the negotiated increase. This is the case in Germany where the negotiated rise reached 2.4% in 2000 and 2.1% in 2001, but where the observed rise was 1.5 and 1.8% respectively. In most other countries the effect is the reverse, with positive wage drift.

Negotiated wages, 2000-2003, trade union figures

Country	Rise in negotiated wages (nominal)			
	2000	2001	2002	2003
AU	2.2	1.7 / 2.7	1.0	--
BE	2.8	3.3	3.8	--
DE	2.4	2.1	2.9	--
DK	3.2	--	--	
EL	1.1	-0.09 (mini)	1.77 (mini)	1.55 (mini)
ES	3.0	3.5	3.0	
FIN		3.3	2.3	
FR				
IRL	7.5	6.5	4.0	
IT	1.9	2.3	2.5	2.6
LU		--		
NL	3.3	3.7	3.3	3.0
PT	3.5	4.0	3.8	
SE		3.2	3.0	2.9
RU	2.5 / 4.1	2.5 / 4.0	2.0 / 3.5	
NO	1.7	2.7	3.2	
EU - 15	3.09	3.38	2.96	

(min): minimum rise exceeded in sector or enterprise negotiations

3.3. Public and private sector wages

The movement of wages in the public and private sectors shows that, averaged across Europe, the two sectors have remained in step. The two curves on the graph below track each other quite closely over the three years of observation. However, there was a catching up in the public sector in 2001 after a rise which was much lower than in the private sector in the year 2000. This situation may be different in individual countries. The figures submitted often show different rates of increase between the two sectors. In some cases, public sector rises are consistently higher than in the private sector (Belgium, Italy, the Netherlands, Sweden) whilst in other countries (Spain for example) the reverse is true. This information is of interest to the European Federation of Public Service Unions (EPSU), and it may be that the Federation should collect the data itself, in order to have more exact figures.

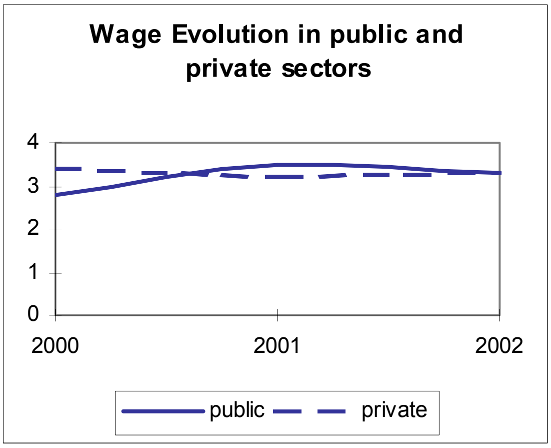


Table: Salary movements in public and private sectors

Pays	2000		2001		2002		2003	
	public	private	public	private	public	private	public	private
AT	--	--	2.3 / 0.8	2.8 / 3.9	1.1			
BE	3.5	2.7	3.2	2.9	4.1	3.7	3.2	2.7
DE	2.2		1.8	2.1	3.0	2.9		
DK	2.8	4.0	--					
EL	2.8	2.8	2.5	neg				
ES	2.0	3.0	2.0	3.7	2.0	3.0		
FI								
FR	2.1	2.8	1.9 / 4.0	3.4	2.1 / 2.4	2.5		
IRL	3.0							
IT			5.8	3.0	5.8	3.1	5.8	3.2
LU								
NL	3.3	3.3	4.4	3.9	4.4	3.9	3.0	3.5
PT	2.5	3.5	3.8 / 5.8	4.0 / 5.7	2.8	3.8		
SE	3.7	3.9	4.6	4.3	4.4	3.7	4.9	4.0
RU	3.8	2.5 / 4.1	4.8	2.5 / 4.0	3.5 - 4	2 - 3		
NO		4.6	4.5	4.5	6.0			
EU-15	2.8	3.4	3.5	3.2	3.3	3.3		

3.4. The minimum wage

Legal minimum wages are found in nine European States. They vary from € 406 in Portugal to €1290 in Luxembourg (Eurostat). The most recent countries to have adopted a minimum wage are Ireland and the United Kingdom. Is there a link between the existence of a legal minimum wage and weak pay bargaining? The legal minimum wage exists in Greece, Spain, France, Luxembourg, Portugal and the United Kingdom. In countries where collective bargaining covers the majority of workers, there is not necessarily a legal minimum wage (except in Belgium, the Netherlands and Ireland). The minimum wage is usually determined by governmental decree, except in Belgium and Greece. In many countries, therefore, increases are not influenced by trade unions. In Spain, France, Luxembourg, the Netherlands and Portugal the views of the social partners are not necessarily taken into account.

Table: Minimum wage in Europe

Country	Level in euro 2001 / 2002	% of average or median wage**	Initiatives 2000/2001	Initiatives 2001/2002
BELGIUM	1163.00* 1209.33 gross 935.28 net	39%*	Rise of 4-5% through 2001 tax reliefs.	2% indexation June 2001 2% indexation April 2002
GREECE	473*	41% * 36.4 – 33.9		Rise of 3.3 (2001), 5.34 (2002) and 3.9 (2003)
SPAIN	516* 433.45 / 442.20 gross 405.92 / 414.,12 net	35.8% 38.9%**	2.0 % in 2000 & 2001 (without taking account of inflation)	2% in 2002
FRANCE	1126* 39h: 1154.57 35h: 1035.90	69% 85%** 62% (35h) 76.5%**(35 h)	+2.2% annual average	
IRELAND	1009*	49%	Introduction April 2000	2001: +6.8% 2002: +6.4%
LUXEMBOURG	1290*	42% *	01/07/2000: +2.5% 01/01/2000: +3.3%	01/04/2001: +2.5%
NETHERLAND	1207*	44% *	2000: +3.3 2001: +4.2	Around 4% in 2001 and 2002 Around 3% in 2003
PORTUGAL	406* 334.19 / 348.00	57% * 52% (2000)	2000: +4.1%	2001: +5% 2002: +4.1%
UNITED KINGDOM	1124* £4.10/h / £4.2/h (€ 6.62) Youth level £3.50/h / £3.60/h	45% 56%**	01/10/2001: £4.10 (10.8% increase) Youth rate £3.50 (9.4% increase)	2001: 10.8% rise 2000: 2.4% rise TUC demand for £ 5 to 5.30

*Source: Eurostat (2001 % of income and 2002 in EUR) ;
** By comparison with the median

IV. Quality aspects

Quality aspects may cover any area, but the ETUC has always requested information regarding four series of initiatives relating to:

- Equal pay
- Low pay
- Training and lifelong learning
- Reduction in working time

This is a part of the trade union strategy for improvement, and not simply the improvement of jobs. It is not necessarily linked to the guideline, though we have had the idea of quantifying these initiatives. This issue falls at a crossroads between the work of the Collective Bargaining Committee and the European Employment Strategy.

These quality aspects have been added to the basic guideline to overcome the inflexibility of a coordination formula based on wage data. This was at the express request of national trade unions and we are therefore very surprised that this year, once again, few trade unions have actually taken the time to explain of what these quality aspects consist. Although all answered the questions on quantity aspects (determining factors and wages), only nine countries gave a complete response regarding the four quality aspects (seven last year). Even where quantified data are required (the reference to quantifiable quality aspects in the Resolution added by the ETUC Executive Committee), we were also asking for practical examples of programmes with quantified objectives and innovative policies, and we hope to receive more answers in this regard in response to future questionnaires.

Article 6 of the 2001 Resolution calls for a specific revision of programmes to reduce gender inequalities in 2002 (at the request of the Resolution), along with the adoption of a quantifiable objective for a reduction in the number of low-paid workers. Article 7 also reiterated the importance of developing continuing training. This is why these areas were covered in the questionnaire which was sent out to member organisations to help achieve these ambitious aims.

Only four countries were able to offer figures to quantify the quality aspects. The table below summarises the countries which submitted figures.

Table : Quantified value of the qualitative aspects

Pays	2001	2002	2003
FIN	--	0.4	--
NL	0.3	0.3	0.5
NO	0.8	--	--
SE	0.5	0.5	0.5

4.1. Equality between women and men

At least nine countries provided a reply giving valuable information regarding wage equality. Many of the answers demonstrated that a revision of wage classifications is much needed. Other initiatives also indicate the problem of the different distribution of female labour in the various sectors, particularly in sectors where wages are below the national average or where trade union representation is less good.

Table: Initiatives relating to wages equality for women and men

Country	Initiatives relating to wages equality for women and men
AUSTRIA	Last discriminations removed from collective agreements. Remaining sources of discrimination: lack of child care; lack of flexibility among employers (part time)
BELGIUM	Cross sectoral agreement 2001/2001 promoting use of analytical systems to equivalents to classify jobs
GERMANY	No major initiatives in this regard
DENMARK	No reply
GREECE	
SPAIN	Legal amendment to the Status of Workers (Article 28) on equal pay between the sexes, covering all aspects of wages and benefits. In the 2000 collective bargaining agreement: establishment of a joint working group to produce a package of recommendations (obstacles to women's employment and wage equality) Equal pay programme in collective bargaining for the EGT-E in partnership with other European trade unions (see Good practices).
FINLAND	Central group to evaluate jobs and the impact on equal pay. Initiatives in 2002 (new bargaining round in the autumn): - Special allowance to improve equal pay - Wage scales based on job evaluations - Monitoring of gender wage differences/ statistics
FRANCE	A matter for the law, but little applied.
IRELAND	No reply
ITALY	All contractual minima and occupational classifications in sectoral agreements use the same wage classification. Inequalities derive more from differences in hours worked and position in the hierarchy.
LUXEMBOURG	No reply
NETHERLANDS	Initiatives to check collective agreements on wage equality. Wage inequalities are mainly caused by differences between sectors with high rates of female employment and other sectors.
PORTUGAL	Objective of the National Plan for Employment, measures to review the occupational categories. CGT-P study as part of the NOW project to collect information for use in collective bargaining.
SWEDEN	No reply
UNITED KINGDOM	Government grant to the TUC to provide training on equal pay for 500 trade union delegates in spring 2002. Government initiative to encourage employers to establish equal pay audits (a voluntary approach, whereas the TUC would like this to be compulsory).
NORWAY	Trade union priority Problems in sectors with high concentration of female workers in the private sector which is poorly covered by negotiation.

Four countries gave no examples of special initiatives in this field. Finally, one country acknowledged that there were no major initiatives in this regard.

It seems that some countries have failed to understand what the equal pay strategy could be. We did not ask for an account of the reasons for the existence of discrimination, but rather what initiatives were being taken to change the situation, which may include a revision of wage classifications but may very well consist of other initiatives such as affirmative action. It is interesting to note that in the course of the European social partners' working programme, UNICE stated that this problem was one for national negotiations. So it would be interesting to know something about these national negotiations!

Examples of good practice

Spain: The UGT, along with the FNV (the Netherlands), the DGB (Germany), UIL (Italy) and KETHI (Greece) has developed a programme on "Equal pay in collective bargaining", the main aim of which is a reduction in wage discrimination. This includes an initial stage of research on collective agreements from a gender perspective in the countries involved. The second stage will lead to the production of a *Guide to Good Practices* at both national and international level.

4.2. Low pay

Few responses were received regarding low pay. Replies frequently mentioned the rise in the minimum wage as one of the means of improving the situation for workers in this category. On the other hand, trade unions also tried to overcome the absence of up-rating of legal minimum rates through collective bargaining. Initiatives relating to tax credits were seldom mentioned, though they may also play a part in improving the position of these workers.

It is obvious that there are more low-paid workers in some countries that in others. For example, Denmark has relatively few low-paid workers, according to Eurostat, while other countries such as Sweden are more egalitarian. The minimum wage also plays a major part in protecting these workers. We were, however, surprised that there were not many examples of strategies to reduce wage differentials in general. Has this objective become a less important part of the trade union agenda?

Table: Low pay initiatives

Country	Low pay initiatives
AUSTRIA	Minimum wage levels in agreements increased more than others. Goal of €1000 for the minimum wage (close).
BELGIUM	Issue considered via the minimum wage, and the reduction of employers' social security contributions on low pay.
GERMANY	No reply
DENMARK	No reply
GREECE	
SPAIN	Trade unions are trying in negotiations to exceed the cross-sectoral minimum wage, which is only rising in line with the inflation level forecast by the government.
FINLAND	Regulation of minimum wage in collective agreements, tax solutions for low pay in the incomes policy agreement, trade union support for foreign workers.
FRANCE	Problem with the minimum wage (SMIC) in relation to the number of hours worked (35 to 39 hours) and the way in which the reduction in working time (RTT) is handled.
IRELAND	No reply (Rise in minimum wage)
ITALY	Trade unions are trying to develop joint agreements between principals and sub-contractors to avoid low pay. Problem with illegal labour.
LUXEMBOURG	No reply
NETHERLANDS	No reply
PORTUGAL	More and more collective agreements are setting both minima and wage rises in euros, rather than as a percentage rise. Government recognition of the fact that the minimum wage should rise faster than average wages, which is not being respected.
SWEDEN	No reply
UNITED KINGDOM	Fixed rate increase for low wages, aimed at increasing them more than others, e.g. the Local Authority Agreement of August 2002, plus active policies on the minimum wage.
NORWAY	No reply

4.3. Vocational training

There were more replies received regarding vocational training than for the other aspects. However, only six responses provided more or less detailed explanations of the measures taken to promote training. It should also be noted that the relevant negotiations have not been completed in France. At the same time, the most detailed examples provide indications as to the best practices for developing training. Only Belgium and Italy indicated targets in terms of a percentage of the total wages bill. In several other countries, answers were restricted to a note of the measures to promote training which had been taken, inter alia in collective agreements. More details could be provided on this subject in the future.

Examples of good practices

Belgium: Two cross-sectoral agreements *set out a specific quantified target for training*. The aim is to catch up with the average in the three main trading partners (Germany, France and the Netherlands) as this appears in the Eurostat surveys. The 2001-2002 agreement aims to increase the total expenditure on training in Belgium from 1.2% to 1.4% of the total wages bill. However, the average among the three trading partners has continued to rise and has now reached 2%. An additional investment of 0.1% is also indicated for *groups "at risk"*.

Other Belgian initiatives:

The *Global training credit* for workers (at least one day's training guaranteed per year) (metal working industry, garages, employees)

Increase in the *allowance* for following additional training in some sectors (oil, wood etc.)

A *percentage of hours worked* reserved for training (food industry, paper and cardboard, etc.)

Italy: All agreements must now include the following provisions:
0.30% of the total Italian wage bill available for training, co-financed by employers and workers.

Rise in the *number of hours available* for training (more than 150 hours).

Portugal: The tripartite agreement of February 2001 established the *right to 20 hours' training annually as from 2003* (for workers moving onto the 35-hour week) and the right to 40% training time for workers aged under 18.

United Kingdom: New statutory rights for "Union learning representatives" as of July 2002 including a right to leave for trade union representatives for training with a view to becoming a specialist union training representative able to inform workers of their rights, carry out surveys of training needs and organise training.

Table: Vocational training initiatives

Country	Initiatives
AUSTRIA	No great progress despite government undertaking
BELGIUM	Target of reaching the average in the three neighbouring countries (France, Germany, the Netherlands) of 1.4% of the total wages bill. (see Examples of good practices) Additional investment of 0.1% for groups in difficulties.
GERMANY	Employment alliance (2001): recommendation for new collective agreements to strengthen training at enterprise level. Metal working sector agreement (Baden Württemberg) authorising employees to determine their training needs in consultation with the employers.
DENMARK	No reply
GREECE	
SPAIN	Collective bargaining councils to include training rights (not only for the most trained).
FINLAND	Incomes policy agreement 20001/2002: includes the promotion and development of continuing training. Possible negotiation in 2002 (next income policy agreement) on a programme to support employment through training, plus a number of incentive measures for staff and employers.
FRANCE	Failure of collective bargaining on this subject
IRELAND	No reply
ITALY	Agreement on 0.30% of the total wages bill in Italy to be spent on training (more in some sectors) (see Good practices).
LUXEMBOURG	No reply
NETHERLANDS	All collective agreements contain training provisions.
PORTUGAL	Social consultation agreement includes training measures, to be applied. Tripartite agreement in February 2002 (see Good practices).
SWEDEN	No reply
UNITED KINGDOM	New statutory rights for "Union learning representatives" as of July 2002 (see Good practices).
NORWAY	No reply

4.4. Reduction in working time

It appears from the answers to the questionnaire that there have been few significant developments in most European countries. Despite the introduction of the 35-hour week in France in 2000, the new government has decided to increase the amount of overtime to maintain a 39-hour week, particularly in small and medium enterprises. Only in Belgium does the reduction in working time continue to move towards 38 hours, whilst the situation is stable in Germany. It should be noted that the replies also indicate a continuing trend towards increased individualisation. In addition, there now exist certain structures for this individualisation or *à la carte* working time (particularly in Belgium and the Netherlands).

We are looking here at the working time of full-time workers. However, the number of part-time workers varies from country to country. Many workers in this position would like to increase their hours.

The overtime position, for both full- and part-time workers, deserved more attention.

Examples of good practice

Germany: *Flexible working negotiated* at a Volkswagen subcontractor:

Based on a 35-hour week

- three-shift system
- maximum of 30 Saturday evenings worked annually, or ten per worker.
- maximum 42 hour week
- a time savings account in which 200 hours may be saved each year and taken in extra free time.

This made it possible to avoid the uncoupling of wages and working time which management had wanted.

Belgium: The *reduction in working time negotiated collectively* in the 2001/2002 cross-sectoral agreement, introduces the right to time credits with the following options:

- career break 1/5th over 5 years
- half-time working or 4/5ths for the over 50s.
- A year's time credit, full or part time, with a minimum length of 3 months per worker (one year's seniority, maximum 5% of company staff)

Sectors may add to and extend the duration of the time credit from 1 to 5 years over the whole career.

Spain: Popular legislative initiative launched by the UGT-E for a law on the 35-hour week, particularly in high-risk sectors as a first step. Some regional pacts already include a 35-hour week for regional employees.

Table: Working time reduction initiatives

Country	**Initiatives**
AUSTRIA	More than 40% work less than a 40-hour week.
BELGIUM	Cross-sectoral agreement 2001/2002: reduction in working time to 38 hours a week (see best practices)
GERMANY	Working time reduction has not been a major issue in recent years. Average 37.7 hours a week.
DENMARK	No reply
GREECE	
SPAIN	Average of 39.3 hours a week. 37% of workers covered by collective bargaining benefited from a working time reduction in 2001. Popular legislative initiative for a 35-hour week (UGT)
FINLAND	Incomes policy agreement 2001/2002: Ascension day = extra day's leave
FRANCE	Working time reduction with set-back in SMEs (increased flexibility with new right government increase in overtime)
IRELAND	No reply
ITALY	Average below 40 hours a week, (37.2 to 39 hours depending on sector). Increase in leave days Use of temporary labour during peaks of production
LUXEMBOURG	No reply
NETHERLANDS	No new agreements However, opportunities for workers to have more influence on their hours (*à la carte* collective agreement: shorter hours, or more leave, or earlier retirement)
PORTUGAL	No working time reductions, but more holidays in some agreements.
SWEDEN	No reply
UNITED KINGDOM	Few changes, the 48 hour opt-out clause (European Directive) is widely applied (4 million workers) TUC campaign to abolish the opt-out (under revision by the European Commission) and reduce excessive working hours. 41% of workers on a 37-hour week, which is most often negotiated (37% of collective agreements), otherwise an average of 43 hours.
NORWAY	No reply

V. Other initiatives for coordination

5.1. Doorn Group

Statement (press release)

Cooperation among trade union confederations of Germany, Belgium, Luxembourg and the Netherlands with regard to collective bargaining. Conference at trade union leadership level on 11 October 2002 in Aardenburg, Netherlands

The trade union confederations of Germany, Belgium, Luxembourg and the Netherlands had been discussing the working conditions and wage policies in those countries since 1997. In 1998 in Doorn (Netherlands), they agreed to work together for measures to boost purchasing power and protect jobs and to refrain from competing with regard to pay and other working conditions.

Since then, the cooperation of the Doorn group has become stronger. A standing committee of experts from the participating trade union confederations studies and analyses changes in working conditions and employment. The group is also involved in organising workshops on specific strategic themes. The Doorn Initiative gave a boost to the discussions within the European Trade Union Confederation regarding harmonisation. The purpose of the discussions is to harmonise policies on working conditions in all the EU countries. In December 2000, the members of the European Trade Union Confederation concluded that the total increase in productivity and prices must henceforth serve as a benchmark for laying down negotiating frameworks.

The annual conference of the working conditions policy representatives of the trade union confederations was held on 11 October 2002 in Aerdenburg, Netherlands. The presidents of most of the confederations also attended the meeting. The discussions tackled, in detail, changes in the economic situation in Europe and the socio-economic policy of the various governments. Two specific themes rounded off the debates: employability (continuing training policy) and training policy and working hours policy.

Decisions

The Doorn group concludes that wage agreements drawn up over the last few years are proof of a sense of responsibility. The deterioration in the economic situation, particularly following September 2001, represents a source of concern for the group. There is a real risk of political and economic measures being taken that undermine the position of employees (income, social security). Faced with this situation, the Doorn group intends to step up mutual cooperation.

In the coming year, the Member States will refrain from competing with each other with regard to working conditions. They will respect the room for manoeuvre based on the sum of inflation and the increase in labour productivity. The representatives of the participating trade union confederations are in agreement about paying more attention to employment aspects in terms of economic policies.

5.2. Federations

- **European Metalworkers' Federation (EMF)**

The EMF's European collective bargaining information network, called eucob@ continued its activity, by publishing this year once again an annual report on the collective bargaining results in the metal industry, emphasising in the first place the wage coordination rule and the other EMF collective bargaining guidelines (working time and vocational training) and providing also, alongside this, rapid information on collective agreements (immediately after signature).

Eucob@ entered this year also a new phase during the German metal negotiations, when the network for the very first time was also used as a daily tool in supporting the strike in the metal industry. The collective bargaining committee and the executive committee decided that, in support of this strike, other countries would not accept strike-work coming out of Germany. This was relatively complicated, since the flexible strike strategy of IG-Metal called for changes in the number and places of the strike. From day to day, the correspondents of Eucob@ received an updated list of the companies that went on strike and were responsible for the distribution of this list in their country.

For the very first time, there was also a special meeting of the Presidents and General Secretaries of the EMF-affiliated trade unions in support of the EMF wage coordination rule with consequent press conference in Frankfurt during this strike. A debated was also held on the principle that the EMF wage coordination rule has to be reinforced and should have more compulsory elements, thus making it a more concrete and real European policy. This debate will be organised at the next meetings of the collective bargaining committee and should be finalised for the EMF Congress of 2003.

Furthermore the EMF collective bargaining committee is currently debating an EMF Charter on sickness pay and on pension systems and/or funds.

- **ETUF : Textile Clothes Leather**

Since the last ETUC report on coordination, ETUF:TCL has:

1) convened its "European Coordination of Collective Bargaining" (CENC) working group on 17 December 2001 to study the first Eucoba TCL report analysing the result of the negotiations for 2000-2001. It appeared that purchasing power in all the Union countries has been maintained. Better still, with the exception of just one country, the EIF standard had been met.

It should be stressed that, on the applicant countries' side, the Bulgarian colleagues stated that this standard had been included in their demands for the next rounds of collective bargaining.

2) convened the Presidium, on 21 March 2002, which indicated its agreement to:
   - the adoption of a third protocol (after working hours on the one hand and pay on the other) relating, this time, to training and equal pay for men and women (cfr. ETUC). In addition, the Presidium accepted the principle of also setting a target figure for the catching-up of wages;

- the idea of formally moving on to holding two CENC meetings a year, one ex ante (examination of forecasts and discussion of objectives), the other ex post (assessment of the results of the negotiations);
- analysis of the Eucoba TCL report;
- exchange of experts.

3) ratified the Presidium's decisions on 10 and 11 September, in its Executive Committee.

4) planned a new CENC meeting for 10 and 11 December to examine the second Eucoba report (assessment of the results of the 2001/2002 negotiations). The three employers' organisations Euratex (textiles-clothing), CEC (shoes) and Cotance (tanning) were invited as observers for a half a day. The European Association of Tanners accepted the invitation and, among other things, is interested in jointly working out indicators and information that are as accurate as possible. A joint follow-up project could come into being.

The initial exchanges among experts should, for their part, take place in spring 2003 when the negotiations are held in Spain / Netherlands and in Germany (shoes).

- **Uni-Europa**

Banking

– Continue co-operation with Social Partners in EU Applicant Countries
– Develop joint guidelines on lifelong learning in the banking sector
– Reach agreement with employers to extend work programme for 2002 to include issues, such as: Mergers & Acquisitions, 'Corporate Social Responsibility' and 'Anticipating and Managing Change'.
– Meeting planned with ECB

Cleaning

– Social dialogue and research co-operation on socially responsible business
– Negotiations on vocational education and training agreement
– Dialogue and co-operation on EU Commission's initiative concerning corporate social responsibility
– Social dialogue and joint research on the changing role of commercial sales representatives
– Follow up to the e-commerce training project
– Promoting social dialogue in countries applying for membership, with round tables in Slovenia and Latvia
– Systematic follow up to previous agreements and statements

Commerce

– Social dialogue and research co-operation on socially responsible business
– Negotiations on vocational education and training agreement

- Dialogue and co-operation on EU Commission's initiative concerning corporate social responsibility
- Social dialogue and joint research on the changing role of commercial sales representatives
- Follow up to the e-commerce training project
- Promoting social dialogue in countries applying for membership, with round tables in Slovenia and Latvia
- Systematic follow-up to previous agreements and statements

Graphics sector

- Meeting between the Presidents of UNI-EG and Intergraf.
- Political pressure from UNI-EG to set up a Social Dialogue Committee (meeting Intergraf with the European Commission)
- Continuing to carry out common projects, particularly on the European passport for vocational training and on the image of the sector.
- Active coordination of collective negotiation with a guideline and an annual report on the evolution of wages.

Hair and Beauty

- Work on the implementation of the code of conduct.
- Carry out the pilot project on exchange programmes for students
- Start the project on health and safety/ working environment: Inventory of available information on H&S of hairdressers and feasibility study of an EU data bank (knowledge centre) on occupational illnesses and working conditions in the hairdressing sector
- Work on level C (management) training certification
- Continue efforts to set up a social dialogue committee for the beauty and well-being branch

Information technology

- Follow closely attempts by at least two employers' organisations to form a European Business Services organisation and to establish contacts with them.
- Improve and deepen the relations with EISA and seek to come up with joint statements on issues concerning the IT industry and IT professionals.

Insurance

- Cooperate with Social Partners in EU Applicant Countries
- Develop joint strategy on skills and training needs in the insurance sector
- Extend agreement with employers to include other issues on the work programme, such as Corporate Social Responsibility

Live performance

- Follow up of the study on "funding of European performing arts"
- Follow up measures on vocational training
- Conference: "skills and actions for upgrading and adapting workers' skills"

Audiovisual sector

- Equal opportunities
- Structural changes
- Training
- Extending the dialogue to private broadcasting organisations

Postal services

- Consolidate the project on Training and skills development, including establishing a joint web-site on experiences.
- Include the postal employers and trade unions from the EU candidate countries in the work of the social dialogue joint working groups.
- Conduct 2 - 3 thematic joint workshops on the EU-Enlargement process and conclude the work at a joint Conference in late 2002 or early 2003.
- An agreement on the European postal policy and liberalisation step(s) should be reached in 2002 that further modify the council of ministers' compromise towards the position of UNI-Europa Postal. Consultations with and lobbying of MEPs and the Spanish presidency are planned.
- Influence the EU Commission study on Employment in the European Postal Sector

Private Security

- Follow-up of the third European Conference (reports, publications, finalisation of the comparative analysis on national legislations governing the sector, translations, dissemination)
- Follow-up of the joint Declaration on the harmonisation of legislations governing the sector – continuation of the discussions - looking for joint positions – dialogue with the European Commission General Directorates concerned)
- Starting of discussions aiming at the adoption of a code of conduct and on ethics for the sector
- Continuation of the dissemination of the public tendering manual – other national round tables (Portugal ?)
- Finalisation and dissemination of the brochure aiming at disseminating the mutual recognition declaration among all the workers of the sector
- Implementation of a comparative analysis on organisation of work in the sector
- Continuation of the dissemination of the training manual on basic guarding.
- Discussion on vocational training – preparation of more advanced training materials (higher qualification levels or specialisations)
- Preparation of a project aiming at preparing a “health and safety” manual addressed to all workers in the sector
- Preparation of projects aiming at organising a concrete follow-up of the joint declaration on the enlargement of the EU

Telecoms

- Develop some coherent objectives for the workers side of the Social Dialogue
- Establish closer relations with ETNO
- Follow-up at national level on the implementation of the agreement on telework
- Follow-up on the issues of the Lisbon Declaration
- Development of European wide standards/guidelines for competency based IT training and certification.
- Organisation of a joint seminar with ETNO on health & safety in the telecom sector
- Establishment of an effective Social Dialogue for the accession countries
- Establishment of effective diversity policies
- Establishment of EWC in Deutsche Telekom, Telia and Telecom Italia

Temporary work businesses (TWBs)

- Code of conduct for TWBs
- Training
- Licensing

- **European Trade Union Committee for Education (ETUCE)**

In 2001, ETUCE conducted a study on the pay determination arrangements and employee/employer organisations, which the national member organisations negotiate and/or deal with at all levels of education, training and research. The study also covered the structure of the national employers' organisations at the European level. The outcome of the study was the theme for analysis and discussion at the first ETUCE Chief Negotiators' Seminar the same year.

In 2002, the Chief Negotiators' Electronic Network was launched with the aim of :

- improving the exchange of information and experience between ETUCE and the Chief Negotiators of the national member organisations;
- supporting the preparation and implementation of policy decisions.

Network participants were invited to a training seminar in 2002, and a second training seminar will take place in 2003.

In collective bargaining and other forms of negotiations, some issues are relevant to all member organisations.

- The development of the knowledge-based society requires massive educational efforts and lifelong learning for all. Teachers are crucial to this development. The status of teachers must be raised and the conditions for teachers and other personnel in education must be improved in order to implement the necessary reforms.
- Teachers, in providing not only knowledge and skills but also universal ethical principles of social justice, tolerance and peace, play an important role in the economic, social and cultural development of society.

- Teachers and other personnel in education must have an adequate working environment, including the technology and resources necessary for their teaching as well as protection in terms of health and safety.
- Teachers must have access to good initial teacher education at university level and professional development within the profession.
- Teachers should have the right, through their organisations, to undertake comprehensive collective bargaining and, where necessary, industrial action.
- Teachers' organisations should have the right to be consulted and to participate in the process of formulation of educational policies.

Other issues for discussion in the electronic network are the recruitment, retainment and development of qualified teachers in situations of teacher shortage, equal opportunities, professionalisation, work organisation, working hours, fixed-term contracts, horizontal and vertical mobility, recognition of qualifications, and pensions.

- **European Arts and Entertainment Alliance (EAEA):**

The EAEA is made up of three co-operating groups, the International Federation of Actors (FIA), the International Federation of Musicians (FIM) and EURO-MEI. The latter group also is part of UNI-Europa. All three groups have a large proportion of freelance members; for instance, almost no actors have permanent staff positions. This means that collective bargaining in Europe is a special challenge but also an opportunity. All three groups both individually and together are increasingly involved in processes which compare national agreements within the EU. In some cases there are already attempts on this basis to extend, if not collective bargaining as normally understood, at least a form of rule-making, throughout the Union. For instance, film production technicians in EURO-MEI have declared a minimum rest between shooting days to be in force throughout the entire EU space.

In more traditional structures of collective bargaining, as in full-time staff areas like orchestras or broadcasting units, the affiliates of the three groups regularly meet and make comparisons of the collective agreements under which they work. The three members of the Alliance last year carried out, together with the ETUC, an in-depth comparative study of the status of media and entertainment workers of all types in each member state of the EU; the resulting cumulative report, plus a joint conference last year to discuss it, has stimulated considerable comparison of collective bargaining conditions, though this was only part of the objective of the exercise as it also covers legal provisions and custom. In this sector legal provisions, custom and formal collective bargaining play a greater overlapping role than in most. The Alliance thus foresees that European standards, when they do arise, will be a result of all three aspects as well.

5.3. Interregional Trade Union Councils (ITUCs)

As part of the ITUC action programme for the year 2000, the ETUC coordinated a project for eight ITUCs with the main aim of establishing joint guidelines to avoid social and wage dumping, tying in with the ETUC's work on the coordination of collective bargaining. The project enabled three ITUCs to produce a study comparing collective agreements in certain sectors.

The "Trois frontières" ITUC (Belgium, France and Luxembourg) produced a study in July 2001 comparing gross and net monthly wages in the borders regions of the three countries. This study, interestingly, shows that in terms of agreed minimum rates, a statutory postman (5 years' seniority) earns a monthly wage of €1450 gross in Belgium, €1250 in France and €2200 in Luxembourg. A team leader in the chemical industry with ten years' experience earns €1550 (B), €1350 (F) and €2600 (L) gross per month. By contrast, in other businesses, a supermarket warehouseman (ten years experience) earns a monthly gross wage of €1250 (B), €1100 (F) and €1250 (L) .

This ITUC has also submitted a project to establish a data bank on the collective agreements applying in the three border regions (Wallonia, Lorraine and Luxembourg).

Also, the Fruili-Venzia-Giulia/Slovenia ITUC compiled a comparative, bilingual database of different employment regulations in the widest sense - from employment contracts to regulations concerning social security conditions - which reflect the specifc situation existing in the cross-border region (see web.www.csifvgslo.org)

5.4. Role of the European Trade Union College (ETUCO) regarding training on coordination

Economic and Monetary Union: Collective bargaining Training for European trade union officers and representatives

a) training courses carried out in conjunction with national confederations

Year	Course	Confederation	Languages	Participants
1997	Economic and Monetary Union and Employment	CISL/CGIL/UIL, LO-S, TCO	EN-IT-SV	27
	Economic and Monetary Union and Employment	CGTP-IN, FGTB, CC.OO.	FR-PT	20
1998	Economic and Monetary Union and Employment	DGB, FO	DE-FR	17
	Economic and Monetary Union and Employment	GSEE, TCO	EN-FIN-GR-SV-	19
1999	Economic and monetary union, collective bargaining and employment	UGTP, SAK	EN-FIN-IT-PT, DE pas	26
	Economic and monetary union, collective bargaining and employment	LO-S, CSC	EN-FR-GR-SV	17
2000	Economic and monetary union and collective bargaining	GSEE, CGIL	EN-GR-IT	18
	Economic and monetary union and collective bargaining	CSC, CC.OO.	ES-FIN-FR-NL passive	12
	Economic and monetary union and collective bargaining	DAG, CGT-P	DE-DK-PT	18
	Economic and monetary union and collective bargaining – distance learning	LO-S, TUC	EN-IT-SV	10
2001	The impact of the Euro on wage bargaining – repercussions for European coordination	UGTE, SAK/STTK/AKAVA	EN-ES-FIN-FR	22
	Supporting the Doorn process	DGB, ACV-CSC/ABVV-FGTB	DE-FR-NL	21
2002	The impact of the Euro on wage bargaining I	UGT-P, LO-D	DE-DK-PT-ES passive	17
	The impact of the Euro on wage bargaining II	CGIL, ACV-CSC	EN-FR-IT-NL passive	Not yet taken place
Total				**244**

Participants by organisation and by year

Organisation	1997	1998	1999	2000	2001	2002	Total
ADEDY		1		2			3
AKAVA		1					1
BNS				1	1		2
Cartel-Alfa			2				2
CC.OO.	6		3	5	2		16
CFDT	2	2					4
CFTC	1	1					2
CGIL	2		1	2	1		6
CGT					1		1
CGTL					2		2
CGTP-IN	5		4	4			13
CISL	6		1	7			14
CITUB				1	1		2
CNSLR-FRATIA						1	1
CNV					2		2
CSC			2	3	3		8
CSDR			1		1		2
DAG	1				1		2
DGB		4	4		6	1	15
EAKL					1		1
ELA-STV			1	1			2
FGTB	4				3		7
FNV					3	1	4
FO		6	1	1	2		10
GSEE		3	5	5			13
GWU					1	1	2
ICTU	2		1	4			7
KOZ SR						1	1
LCGB					2		2
LO-DK				1		1	2
LO-N	1	2					3
LO-S			2	4	1	2	9
LPSS						1	1
MOSz				1			1
ÖGB		1	1				2
SAK		2	3	4	7	1	17
SEK		3	2	1			6
Solidarność	1			2	1	1	5
STTK	2	3	1	1	2		9
TCO	6	2	1	1	1	1	12
TUC	4	2	4				10
UGTE				1	1		12
UGTP	2		4	2		5	13
UIL			1	4			5
Total participants	**45**	**33**	**45**	**58**	**46**	**17**	**244**

b) training courses carried out in conjunction with the European Industry Federations

Year	Course	EIF	Languages	Participants
1998	Collective bargaining and European Monetary Union in the metalworking industry (AFETT)	EMF	FR, EN, DE	32
1999	Technological changes, the global competitive position of the European Union and the repercussions of the single currency in the metallurgical industry (AFETT)	EMF	DE, EN, ES, FR	24
2000	Economic and monetary union and collective bargaining	EMF	EN, FR, DE	21
	Economic and monetary union and collective bargaining	UNI-Europa	EN, FR, DE	15
2001	Economic and monetary union and collective bargaining	EMCEF	EN, FR, DE	12
	Co-ordination of collective bargaining in the tobacco sector	EFFAT	EN, FR, DE	14
	Economic and monetary union and collective bargaining	ETUF:TCL	EN, DE, IT, ES	23
2002	Coordinating collective bargaining at the European level – metalworking sector	EMF	EN, FR, DE	24
	Coordinating collective bargaining at the European level - chemical sector	EMCEF	EN, FR, DE	Not yet taken place
	Coordinating collective bargaining at the European level – transport sector	ETF	EN, FR, DE	Not yet taken place
	Coordinating collective bargaining at the European level - building sector	EFBWW	EN, FR, DE	Not yet taken place
Total	**165**			

Training Materials

Eurotime: Trade Unions and Economic and Monetary Union

The advent of the Euro will have a major impact upon the trade union movement across Europe. This training package has been produced by ETUCO to help trade unionists understand some of the basic issues. The package contains three complementary elements, which can be used separately or together depending on the training situation and the needs of the particular target group. These are:

Video (22 minutes) Four sections:

1. Introduction to the Euro, and trade union perspective
2. Production: new opportunities for bargaining in the manufacturing sector
3. Public Services: the challenge for workers in the public sector
4. A Social Europe: who will benefit from the Euro?

The video is designed to introduce trade unionists to some of the main issues concerning the introduction of the Euro, and its impact upon the workplace. Different sections of the video can be explored in more detail, and used as a basis for comparing the situation in one country or workplace and another.

Available in English, French and German, Italian and Swedish. To enhance the video's usefulness in a training situation, and as a further support for the tutor, the full script of the video is also available for downloading.

Background briefing paper (6 pages). This briefing paper has been designed to provide essential background information under the following headings:

1. The Euro timetable
2. Different perspectives on EMU
3. What are the dangers?
4. What does EMU mean for trade union policy?
5. What does conversion to the EURO mean for trade unions?
6. What's next?

Available for downloading from the ETUCO web site in English, French, German, Italian and Swedish. Please note that the background briefing paper is also available in Bulgarian, Croatian, Estonian, Romanian, Slovakian, Czech, Hungarian, Latvian, Lithuanian and Polish.
Training Module (22 pages)

This is divided into five units which highlight key points for discussion and suggest a range of activities for use with a group by a tutor, or by distance learners working on their own, with the support of the video and the background briefing paper. The five units are:

1. EMU: Concepts and perspectives
2. Collective bargaining and EMU
3. Public services, Women and EMU
4. Employment and Economic and Social Cohesion: the impact of EMU
5. EMU and your workplace

Available for downloading from the ETUCO web site in English, French, German, Italian and Swedish.

VI. Situation in Candidate Countries

This section consists of a summary analysis of the findings of a questionnaire circulated to ETUC member organisations in the candidate countries as well as the European industry federations. It also incorporates a paper prepared by Bela Galgoczi.

6.1. Economic situation

After more than a decade of transition, the performance of candidate countries is quite uneven. Even if we disregard qualitative development indicators and restrict the initial examination to GDP developments in the decade 1990-2000, sharp differences appear among countries.

Level of GDP in real terms in 2000, compared to the level of 1990 (=100,0)

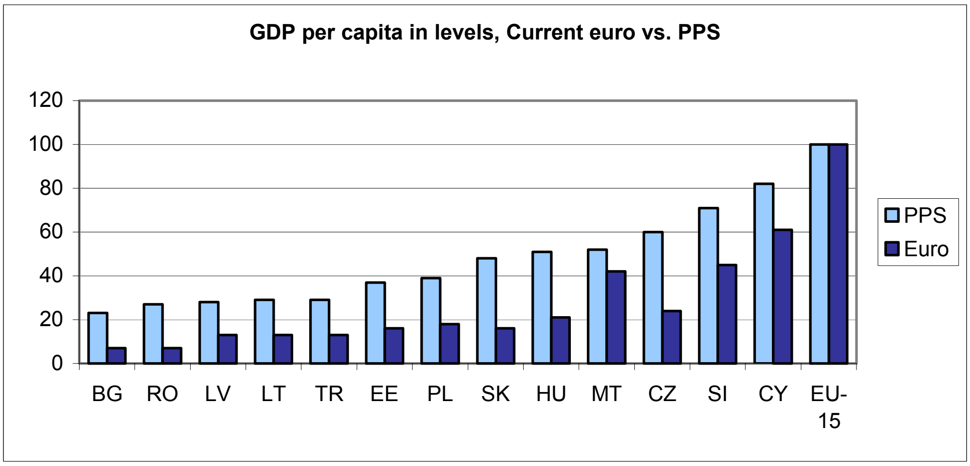
CZ	SK	HU	Pl	Sl	RO	BG	EE	LV	LT
100.3	109.1	109.7	144.0	121.6	84.4	80.1	97.5	62.0	70.1

Source: WIIW database 2001, European Training Foundation 1999, own calculations

By the year 2000, only four countries had managed to exceed their level of GDP in 1990. Poland was in the lead with growth of 44%, followed by Slovenia with GDP growth of almost 22%. Slovakia and Hungary have GDP growth of 10%, while the Czech Republic had just reached its GDP level of 1990 in 2000. Latvia has the poorest record with, in 2000, just 60% of its GDP level of a decade earlier. Lithuania, Bulgaria and Romania still have some way to go in reaching their GDP of ten years ago.

It must be emphasised however that, though a ten-year period may well be long enough to gain a realistic overview of the changes, it is in the nature of transition that these data do not necessarily reflect the real economic performance of individual countries without distortions. The figures for 1990 do not represent the level of pre-transition in all countries, as in some the transformation started earlier, while in other cases it started later. In the case of Poland, for example, the pre-transition GDP level was substantially higher than the level of 1990, so that the 44% improvement of the ten-year period is more moderate if compared to the last year before transformation began. There are also some common features of the GDP development of candidate countries. Each country suffered a dramatic fall in GDP in the first two to three years of transformation. Differences in the pace and duration of recovery were considerable. It is quite natural that each country has gone through periods of structural change and stabilisation when GDP growth was moderate or even negative. It is a decisive factor, however, if countries have managed to enter a phase of sustainable development by the end of the period.

The next graph shows the GDP/capita level of candidate countries in relation to the EU average.



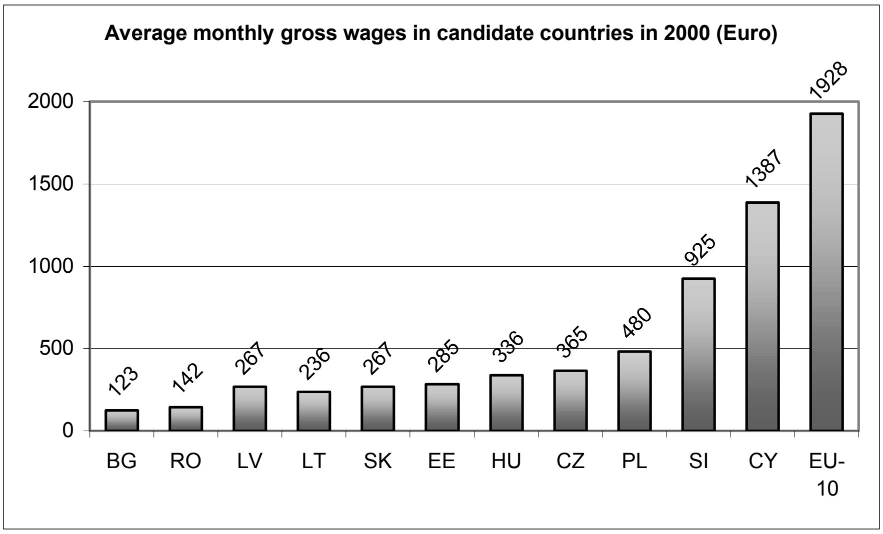
The difference between the GDP/capita of CEE candidate countries compared to the EU average shows an enormous gap if we use exchange rate parities. In this case the differences between individual CEE countries is also great. If data is supplied in the form of purchasing power parities, however, the gap appears much smaller, although individual countries still range between 20 and 70% of the EU average.

According to the Commission, a major continuing challenge for most of the countries will be to achieve sustainable and sufficiently high real economic growth rates in order to allow for real convergence with the European Union. The scenarios regarding economic growth and the forecasts submitted by the candidate countries differ widely, reflecting the diverse starting positions in the respective countries. With the exception of Malta, Poland and Slovakia, all countries foresee an acceleration of growth over the four-year period between 2001 and 2004, as compared to the period 1996 - 2000. For most countries the acceleration is rather slight, and, given the underlying forecast error, not significant. Barring a longer period of stagnation or even a recession in the EU, the WIIW expects, on its side, most CEEC economies to grow by about 3% to 4% on average in both 2002 and 2003. The Commission stresses that, although macroeconomic stabilisation and structural reforms are well advanced in most candidate countries, they are not expected to lead to a sizeable acceleration of average growth trends compared to those that prevailed in the past few years.

6.2. Wage situation

When examining wage development in candidate countries in the past decade, it is important to be aware of several difficulties. As price and cost structures in transition economies still show substantial differences as compared with developed market economies, direct comparison of wage levels at nominal terms expressed in Euro can be misleading. Unequal and disproportionate transformation developments in individual countries can lead to substantial year-by-year shifts in certain economic indicators. The impact of inflation and changing currency regimes, such as stabilisation measures, can produce sudden changes from one year to another. It is important to examine wage developments for the whole period, as data from one particular year are not necessarily characteristic. When trying to demonstrate wage developments in the ten Eastern European candidate countries, two basic approaches will be applied: comparison with EU countries in nominal terms, and taking purchasing power differences also into account.

The first graph shows the levels of average gross wages in manufacturing industry in candidate countries in Euro. By way of comparison, the industrial average for EU-10 countries is also given.



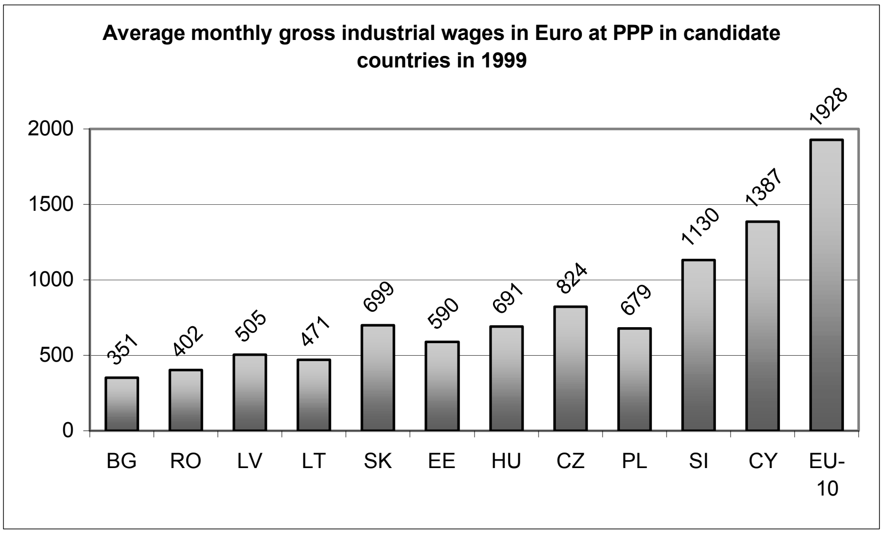
Source: Eurostat, Statistical Yearbook on candidate countries, WIIW, 2001 ; and Earnings in industry and services in the EU, 2000

Note:EU-10 covers DK, DE, ES, FR, IRL, NL, AU, PT, FI, UK in 1998

Monthly average gross nominal wages in the economy as a whole throughout candidate countries range from 123 Euro in Bulgaria and Romania to 480 Euro in Poland, but this excludes two countries with much higher wage levels: 925 Euro in Slovenia (data 2000) and 1387 Euro in Cyprus (data 1999). The monthly average gross nominal wage throughout the European Union ranges from 606 Euro in Portugal to 2997 Euro in Denmark (data 1998).

For example, whereas the EU average monthly wage stands at 1928 Euro, candidate countries (excluding Cyprus) have an average of 345 Euro. It must be added that year-to-year changes in individual countries can be rather substantial depending on exchange rate changes. In Bulgaria, for example, wage increases expressed in Euro amounted to 18.4% for the year 2000, while the increase at PPP was only one per cent due to the currency board arrangement (nominal growth in lev appears the same way in Euro, as well). The situation is somewhat similar in countries like Poland, where PPI measured wage growth was 4.8% versus Euro-based growth of 19% and Hungary where the two figures were –1.7% at PPP and 10.4% in Euro. In the latter two countries, where exchange rates are floating (in Poland since 1996 already, in Hungary the crawling peg regime was abandoned in mid-2001 to have a float within a 15% band width since), this tendency reflects the evaluation of national currencies backed by market forces, which seems to be a strong and lasting trend. Strong wage growth in Euro terms and deteriorating external trade performance in Poland is thus the result of the early abandonment of exchange rate controls and the resulting strong real appreciation of the Zloty.

This all means that if we want to examine the background of wage developments, we need a deeper analysis of economic processes. Overall, the nominal figures appear rather shocking, although wage levels at purchasing power parity offer a somewhat less dramatic view.



Source: Eurostat 2001, Competitiveness of Industry in CEE countries WIIW 2001.

Taking the average of the industrial wages at PPP of the ten Eastern European candidate countries results in a figure of 634 Euro which, compared to the 1928 Euro for the 10 EU countries, gives a more balanced distribution. This indicates only that the gap in living conditions is not as great as would appear from the nominal data and shows that the danger of social dumping is not as threatening as might be thought at first sight. It is also interesting to see that the proportions among candidate countries also show a substantial shift. The case of Poland is quite striking, as it ranked so high on the previous graph but here shows a value quite near to the average for the candidate countries. This is attributable to two factors: industrial wages, on the one hand, are relatively lower in Poland than wages for the economy as a whole, while price levels are also nearer to the European average, leading to relatively lower values at PPP. The strong appreciation of the Zloty, mentioned earlier, is a further factor.

The most important lesson to be learned from the following data is that the development of real wages in the period between 1992 and 2000 is lagging substantially behind labour productivity developments and, in most countries, also behind GDP growth. Exceptions are Lithuania, Latvia and Estonia, where wages have increased close to productivity and by much more than GDP in the eight-year period. In these latter countries wage increases in the eight-year period seem to be in excess of economic performance. Lithuania is the only CEE country where wage increases substantially exceeded both productivity and GDP growth. The trends in all three Baltic countries show that wages grew faster than productivity in the first half of the period and that this trend was reversed only in the last couple of years.

Development of labour productivity, real wages and real GDP in candidate countries (cumulative index, level of 1992=100,0)

		1993	1994	1995	1996	1997	1998	1999	2000
BG	*Productivity*	99.8	115.9	124.4	133.1	129.3	124.3	125.2	145.7
	Wages	91.3	72.6	68.6	53.9	45.0	54.3	58.1	62.3
	GDP	98.5	100.3	103.2	92.7	86.4	89.4	91.5	96.8
CZ	Productivity	98.8	103.8	114.8	124.7	136.2	142.6	145.7	157.4
	Wages	103.7	110.4	119.9	130.4	132.8	131.2	139.1	142.7
	GDP	100.6	103.8	110.4	114.7	115.9	112.8	112.3	115.6
HU	Productivity	113.4	131.2	144.6	158.2	179.8	201.2	222.4	259.5
	Wages	99.5	104.5	95.2	92.7	95.8	99.2	102.8	106.3
	GDP	99.4	102.3	103.8	105.2	109.8	115.5	120.4	126.6
Pl	Productivity	109.7	123.9	131.7	143.7	159.8	167.4	189.2	212.2
	Wages	99.6	100.6	103.6	109.3	116.0	120.0	154.0	158.0
	GDP	103.8	109.1	116.8	123.9	132.4	138.7	144.4	150.2
RO	Productivity	109.0	125.0	142.1	152.7	150.0	138.9	148.8	170.6
	Wages	86.5	85.6	100.2	109.6	85.4	86.1	85.1	85.8
	GDP	101.5	105.4	112.9	117.3	109.2	105.5	102.1	103.7
SK	Productivity	101.8	109.1	113.5	116.3	121.9	133.0	132.0	148.7
	Wages	96.1	100.6	104.6	112.0	119.4	121.4	117.7	111.9
	GDP	96.2	100.9	107.8	115.0	122.4	127.8	130.2	133.1
SL	Productivity	105.8	119.7	127.3	139.0	145.1	152.9	157.7	170.9
	Wages	111.2	116.4	121.4	127.3	131.3	133.4	137.8	140.0
	GDP	102.8	108.2	112.6	116.6	122.0	126.8	133.4	139.6
EE	Productivity	95.2	96.7	91.6	98.9	120.7	127.9	130.6	n.a.
	Wages	102.3	101.9	108.3	110.6	118.9	126.9	132.3	139.7
	GDP	91.0	89.2	93.0	96.7	107.7	112.1	111.3	118.9
LV	Productivity	92.9	97.6	99.3	110.4	121.5	136.2	135.2	n.a.
	Wages	105.0	117.6	117.1	109.8	123.2	130.7	135.1	139.7
	GDP	85.1	85.6	85.1	87.9	95.5	98.9	99.9	106.5
LT	Productivity	87.0.	83.2	87.6	96.4	99.5	104.9	110.9	n.a.
	Wages	75.0	85.6	88.3	91.9	103.4	116.7	123.0	124.3
	GDP	83.8	75.6	78.1	81.7	86.7	90.5	87.0	89.9

Source:WIIW 2001, Eurostat 2001, European Training Foundation 1999, own calculations

It is in the Czech Republic, Slovenia, Slovakia and Poland that wage increases follow productivity developments to some extent and correspond or even outstrip GDP growth. In the Czech Republic productivity over the eight-year period grew 10% faster than wages. Apart from the Baltic states, the Czech Republic is the only candidate country where wages grew substantially more than GDP.

The productivity/wage discrepancy in the case of Poland was 34%, but wage increases were still somewhat higher than GDP growth. The situation in Slovenia is similar to that of Poland. These two countries seem to have been managing a rather proportional development of wages and economic performance.

The same can by no means be said of Romania, Bulgaria and especially Hungary. In these countries wages are lagging far behind economic performance. In Romania the relative level of productivity is twice as high as that of wages for the period of 1992-2000. Wage dynamics are also lagging behind GDP developments. The situation is most dramatic in Bulgaria, where wages are a mere 60% of the 1992 level, while the level of GDP almost reaches the 1992 level and productivity exceeds the value of 1992 by almost 50%.

It is in Hungary, however, that wages are the most depressed in comparison to economic performance, as the level of productivity is almost 2.5 times that of wages, if the level of 1992 is taken as basis. Wages are also roughly 20% behind GDP growth.

It must be emphasised that the situation gives most cause for concern in Romania and Bulgaria, as in these countries not only is the relative position of wages very low, but wages are also very low in absolute terms. In Hungary the very depressed level of wages in relation to economic performance still gives a wage level that is in the upper range of candidate countries. In Hungary a very strong development of productivity contrasts with a very moderate (almost stagnating) wage increase. In Romania and Bulgaria, however, a productivity growth close to the average of CEE countries contrasts with a substantial drop in real wages. The Romanian situation is peculiar, since productivity shows a very uneven development. It is not shown in the above time series for reasons of comparability, but the years 1990-1992 brought a collapse of productivity in Romania by a decrease of some 60% at a time when wages did not drop that dramatically. Thus, if we take a ten-year period of observation, productivity almost stagnated in Romania, while wages dropped by around 25%, which gives a more balanced picture.

6.3. Social dialogue in candidate countries

- Effects of EU enlargement

Two opposed trends regarding the EU's impact on social dialogue can be observed:

- *The most frequent trend seems to be a positive one:*

- Trade unions use EU social norms as a benchmark,
- The *acquis communautaire* has an impact on candidate countries' legislation
- Recognition of ILO Conventions and the European Charter (parts of)
- EU-funded projects to install sectoral social dialogue

- *But a negative trend should not be ignored:*

- Limited effects of the European Social Model on Industrial Relations
- Pressure on working conditions on the pretext of EU harmonisation…

- Discussions with the government on wage issues

Almost all candidate countries' trade unions have discussions on wages in formal *tripartite bodies* (Commissions, Councils, etc.) or informal tripartite meetings. However, these meetings or bodies are essentially focused on the fixing of the minimum wage rather than on the indication of an optimal or maximum wage rise at macroeconomic level.

Guidelines on wage increases at national level exist only in Poland and Hungary. *The wage increase* is negotiated firstly at national level in Slovenia only (although lower-level agreements may exceed the increase decided at national level).

Other top-level discussions also involve trade unions and the government in *civil servants' pay* in most candidate countries.

Issues discussed / negotiated with the government

Country	General wage increase	Minimum wage increase	Civil servants' pay
BG	discussion	✓	✓
CZ	✕	✓	✓
EE	✕	✓	✓
HU	recommendation	✓	✓
LV	✕	✓	
PL	guideline	✓	✓
SL	✓	✓	✓
TR	influence of the State sector		✓

✓ : issue negotiated at national level (either through tripartite body for wages or through bipartite body for civil servants' pay)

✕ : no discussion, no negotiation

- Main types of agreement

Three levels of bargaining can be roughly defined: the national cross-sectoral level (centralised), the sectoral level and the enterprise level (decentralised).

In candidate countries, the main level for bargaining is the *enterprise level*. In most cases, pay and conditions of work are defined at this decentralised level, although a Labour Code usually exists at national level. In some particular cases, the Labour Code also indicates this enterprise level as the relevant one.

Sectoral agreements are used more rarely, though they do exist in the majority of candidate countries. They often cover more than one sector, and are sometimes limited to the signatories (no systematic extension).

The *national level* (or cross-sectoral level) is not used for bargaining, although some "tripartite bodies" exist for the definition of the minimum wage.

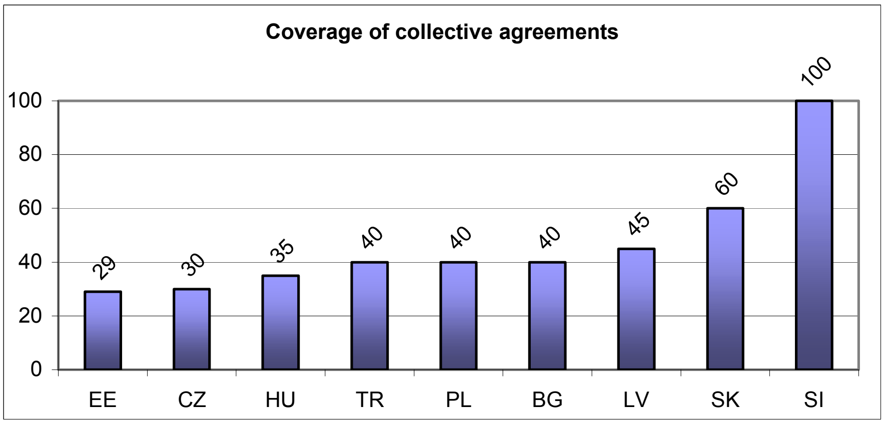
Levels of bargaining and existence of a minimum wage

Country	National	Sectoral	Enterprise	Minimum wage / Mode of decision
BG		✓	✓	✓ Tripartite level
CZ		✓	✓	✓ Tripartite level
CY		✓✓		
EE	State sector	✓ **(1)**	✓✓	✓ Tripartite level
HU		✓	✓	✓ Tripartite level
LV			✓✓	✓ Tripartite level
PL		✓ **(14)**	✓✓	✓ Tripartite level
SK		✓	✓	
SI	✓ **(2)**	✓	✓	✓ Tripartite level
TR	✓	✓	✓	

✓ : level used for bargaining
✓✓ : main level of bargaining
Blank: not mentioned in answers (not existing or not significant)

Therefore, in comparison with EU member states, one important difference is the relatively *lower importance of the sectoral level* in candidate countries. Indeed, in most EU member states, the prevalent level of negotiations is the sectoral level, with some notable exceptions. Moreover, this sectoral level is in a few EU cases subject to the overarching framework of a national agreement (or social pact). This specificity is not apparent in candidate countries where the decentralisation of collective bargaining is greater. This is in contrast to the "European Social Model", characterised by the importance of sectoral bargaining.

- Coverage of collective agreements



BG: 83% of CITUB members
PL: Sectors: 20%, Enterprise-level: 40-50%
CY: From 30% (agriculture) to 60% (tourism), 75% (clothing), 99% (banking)

Rates of coverage range from 29 to 60% (excluding Slovenia where coverage is claimed to be universal) when taking into account both public and private wage policy agreements at national level.

These figures must be compared with the EU where coverage is in general comprised between 70% and 99% of workers due to the existence of sectoral agreements (not all covering wages however).

This difference indicates that it is particularly important to promote social dialogue in candidate countries if the EU wishes to secure its "European Social Model".

- Bargaining schedule

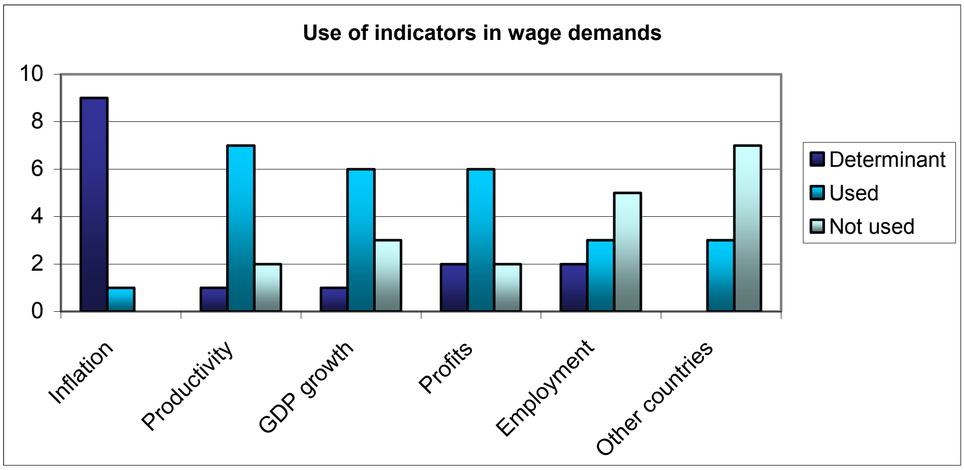
Most wage agreements have a one-year duration in candidate countries, a finding similar to the situation in the EU.

Though few answers are precise on this issue, a Winter-Spring bargaining agenda can be identified, again comparable to the situation in the EU.

6.4. Role of the formula "inflation plus productivity"

No formula of this kind has so far been defined. However, most trade unions use inflation as a first wage demand, alongside other indicators such as GDP, productivity, efficiency, the economic situation of the enterprise, etc.

Two trade unions, from the Czech Republic and Slovenia, did, however, indicate that they are in favour of this formula.



Number of answers
SI: + Company competitiveness
HU: + Standard of living index
PL: + Comparisons mainly in international companies

The most important indicator used in wage demands is inflation: it is said to be a determinant indicator in nine countries, and one indicator used, among others, in one further country. All the countries are using this indicator. In some cases, government forecasts are used rather than actual figures.

Productivity is used most often as one among other indicators (7 countries), is used as a determinant factor in one country, and is not used in two countries. Problems also arise, when dealing with this indicator, in relation to the availability of statistics.

GDP growth and employment are used mainly among other indicators and not as determinant factors, according to the answers. They are, however, as important as productivity, and it is often stated that GDP growth is an approximation of productivity, as no data is available.

Employment and comparisons with other countries are, in the main, not used, and the latter are particularly rare. Some answers do include attempts to compare candidate countries' wages with wages in the EU. However, answers show that wage differences are so great that it is difficult to use the comparison tool in wage demands or negotiations.

It is striking that some answers state that wages are so low that they no longer influence stability objectives. At the same time, candidate countries generally face an inflation problem, and wage moderation is often part of the policy adopted in order to curb inflation. Under these circumstances, there are many instances of loss of purchasing power as nominal wage increases do not compensate for inflation. In those countries where inflation is under control, wage-earners' main concern is to regain their lost purchasing power.

6.5. Conclusions

The Guideline for co-ordination of collective bargaining adopted by the ETUC aimed at establishing common standards at European level in order to avoid social dumping and wage divergence in Europe. The basic criterion was to have nominal wage increases higher than inflation while maximising the proportion of productivity allocated to the rise in gross wages. The rest of productivity gains should be used for the improvement of qualitative aspects of work. Public and private sector pay should increase in parallel.

If we take a look at the CEE candidate countries, at how wage developments and wage formation practices there relate to the Guideline, we have to conclude that there will be a long way to go until these standards could be applied.

The results of the first part of this study showed that wages in candidate countries are lagging behind even these countries' economic performance in most cases. Regarding the ten-year period of transformation, real wages were below their pre-transformation level in several cases, but were substantially below GDP growth in almost all cases and were lagging far behind productivity development.

Regarding wage formation mechanisms, the target in most cases is simply to have wage increases that are higher than inflation. In an economic environment characterised by high inflation this is very difficult. Even after inflation had been tamed in all CEE countries by the second half of the decade, it was still very difficult to devise precise forecasts for the coming year. It is still a widespread phenomenon that price increase prognoses at the beginning of the year, which serve as basis for collective agreements, are regularly lower than the reality. In such cases, previously fixed real wage growth may well turn into a decrease by the end of the year, or at best a more moderate improvement. Then there has to be a second round of bargaining, to correct wage figures, which, in most cases, is no more than a partial success.

The development of GDP is taken into account in only some cases of national-level bargaining, and even more rarely is there a formula. As regards productivity growth, it is not a factor used on the national level, although in some countries it is taken into account at branch or company level.

It is still an illusion in CEE countries that qualitative elements of work could play an essential role in collective bargaining. The few aspects that do arise in connection with wage increases are employment levels and working time. It is a tragic phenomenon that in several countries claims for wage increases will continue to be linked to a decrease in the level of employment. Working time reduction is the only major element that can be found in some framework agreements in CEE countries. It must be added that in these cases (Poland, Slovakia) the legal weekly working time is still well above 40 hours, which is seen as a factor of competitiveness.

It is a practice in several countries for the government to dictate negotiations at the national level and then, on the pretext of the criteria needed to balance the economy (or IMF pressure, like in Bulgaria), to exclude any wage growth above inflation. In other cases (especially in pre-election years), governments turn out to be benevolent rulers and initiate wage increases devoid of all rational justification.

The lessons that might be drawn from the incomes policy during the years of transition clearly suggest that the restrictive incomes policy has created more problems than it has solved. The experiences of incomes policies in Central and Eastern Europe have shown that failure greeted any attempt to link wages and productivity within a restrictive incomes policy.

Beside the above problems in collective agreements, the combination of central wage-fixing and decentralised wage bargaining has created some distortions and led to the emergence of negative trends, two of which are of some importance. First, the wage determination system has led to unjustifiable wage differentials between the budget and non-budget spheres; and second, decentralised wage bargaining in state enterprises has a high inflationary potential, as workers aspire to high wages regardless of economic results.

Some of the malfunctioning of collective bargaining in CEE countries is the result of the shortcomings of social dialogue. Although the institutional framework of social dialogue has adapted European patterns to candidate countries, in most countries this is restricted to the formal criteria alone.

As has been shown in this study, the operation and content of industrial relations in CEE fall quite short of the patterns of the EU countries. Trade union activity is over-politicised, tripartite structures have too much weight, while industrial relations on the sectoral level are still underdeveloped. While only 10% of CEE employees are covered by sectoral collective contracts, in western Europe this proportion is as high as 70%.

The nature of industrial relations also reflects a less organic character in CEE lacking deep roots in the socio-economic development of the particular countries. We should not forget that the prevailing pattern of industrial relations was implemented by laws and regulations from above at the beginning of the 90s and, to a considerable extent, was in keeping with the economic structure of the time (i.e. with a dominant role of the state).

There will also be problems for CEE countries in joining the European social dialogue as works councils do not always exist in these countries and, even where they do exist, they have no real influence.

The functional disturbances entailed by the two-tier model of workplace industrial relations a major factor in CEE countries. In nearly all CEE countries trade unions have a hostile attitude towards works councils, frequently as a result of government strategies to use works councils as an institution for curbing union rights. The traditions of self-management can also play a role in this regard, which should be a subject of a separate research project.

We have to admit also that the disproportionate weight of the tripartite structures in the industrial relations of CEE is itself the result of the transformation period. There are already signs in many countries that the central importance of these structures will decrease in the future.

It should also be added that the excessive weight accorded to tripartism in CEE contrasts with industrial relations in EU countries, where formal tripartism rarely exists and social dialogue at the national level takes place in a more informal manner.

In our view, fundamental changes are needed at the core of industrial relations in CEE countries. On the one hand, this refers to the basis of interest representation, namely to the workplace union strategies. For unions to be able to represent employee interests genuinely they need solid roots in the workplace. This is missing nowadays and it is most important for unions to develop strategies for increasing their workplace presence, which is adapted to the new structure of the economy. If present tendencies continue, efficient employee representation would be restricted to the public sphere.

The transformation period was not a “normal phase” of social-economic development that can be easily described and understood by Western principles; it was a period of “state of emergency”, where major developments took place subject to constraints often determined by outside factors.

These societies are now entering the normal or organic phase of development, where the behavioural patterns of established market economy actors can or should be implemented. To put it bluntly, trade unions can now become real trade unions instead of multifunctional social actors in the political arena, as was the case during the transformation years. They had to face serious legitimacy problems and their priority was to support the reform process which sometimes contradicted the protection of workers’ interests.

We should not forget that, alongside the “unfavourable” economic structure as a reason for their weakness in the workplace, unions also neglected to develop new shop-floor strategies and concentrated their efforts on the national level. This was necessary in the first period of the transformation since the existence and legitimacy of the unions were at stake.

It may be stated that the greatest obstacle to the successful operation of unions in CEE is their weak position in the workplace. This a problem that nowadays is starting to undermine unions’ legitimacy even at the political level. If future membership is not to be purely formal and a mere political act in the spirit of adoption of the *Acquis*, but if employees are actually to benefit from it, the trade unions need to develop a much more dynamic and initiative-based approach.

Collective Bargaining in Europe 2001

Summary report

prepared by Kate Holman

Foreword

This summary, prepared – for the first time outside the ETUI – by freelance journalist Kate Holman, is designed to offer a concise version of the contents of the book *Collective Bargaining in Europe 2001*. Its purpose is to facilitate access to and exchange of information on collective bargaining developments for trade unionists and others with an interest in the subject. More detailed information is naturally still available in the full version and on the website Collective Bargaining Europe (www.etuc.org/etui/CBeurope/).

For its launching issue, this summary takes up the general structure of the national chapters and covers the same countries as the full version. Thirteen EU countries are covered (i.e. all current members except Austria and Sweden) as well as Norway and Switzerland and, among the accession countries, Bulgaria, Hungary, Poland and Slovakia.

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. Pay developments
3. Working time
4. Europeanisation of collective bargaining
5. The gender dimension
6. Changes in collective bargaining structures and flexible working practices
7. Conclusion: trends in 2002

For further information on specific national situations, readers are referred to the full version of the report. It is our hope, nonetheless, that this shorter version will provide a general insight into the main collective bargaining developments in Europe.

Emmanuel Mermet
(ETUI)

Chapter 1 – Introduction: the big picture

The trade union movement's success in winning better pay and working conditions for members is always influenced by the general economic and political climate, and 2001 was no exception. After half a decade of steady growth, the European Union's economy entered a period of slowdown, while at the same time avoiding full-blown recession. According to the European Commission, the growth rate across the EU was only 1.7%, and 1.6% in the 12 countries[1] linked by monetary union – the Euro area. This was less that half the record rate of 3.4% in 2000, and the worst level of growth since 1996.

This poor performance came in the context of a worldwide slowdown, with recession in the USA deepening towards the end of the year after the attack on the World Trade Center in New York on 11 September. Japan and many emerging market economies like Singapore, Thailand, Argentina and Brazil were also in difficulty, affecting production and demand worldwide. Cutbacks in manufacturing, as well as contractions in the trade, transport and communications sectors all contributed to the GDP slowdown in Europe, while fears of international terrorism and potential health risks from 'mad cow' and foot and mouth disease hit the tourism and agriculture sectors particularly hard. Although growth slowed across Europe, the impact in different countries varied considerably.

Inflation accelerated in late spring, largely due to higher oil and food prices. Across the year it remained above the 2000 rate, averaging 2.3% in the EU and 2.5% in the Eurozone. This was higher than forecast in many countries and enough to upset wage agreements based on very modest forecasts – especially multiannual deals that did not include price indexing. As a result, growth in real[2] wage rates was low. On the other hand, in those Central and Eastern European Countries (CEECs) that are covered by this report, inflation fell below 10% for the first time, although this did little to benefit working people overall.

Job creation in the EU also slowed in 2001, dropping from almost 2% in 2000 to 1.2%. But this still amounted to 2 million new jobs, in contrast to the USA and Japan, which both experienced a net job loss. Unemployment stood at 7.6% – down from 11% in the mid-1990s. In Bulgaria, Poland and Slovakia, on the other hand, unemployment rose to over 18%.

Despite all the moves towards European integration, collective bargaining approaches, traditions and structures remain very different in different countries. Nevertheless, some progress towards a more harmonised European framework can be clearly seen in the 2001 negotiating round. The European Trade Union Confederation (ETUC) had already adopted its guideline for the coordination of bargaining in 2000, and awareness of the importance of the European dimension grew in a number of countries. In 2001 the Eurozone was already in existence, with the 12 participating nations tied to a single rate of exchange against the single currency. However, the euro itself did not appear in people's pockets until 1 January 2002. From that date on, workers themselves were able to make direct comparisons between wage rates and prices in the Euro Member States, focusing minds on the crucial importance of steps to avoid wage dumping and competition between trade unions in different countries.

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

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

This summary report is based on information compiled by experts in all the EU Member States except Austria and Sweden, together with data on Norway and Switzerland, and four of the EU candidate countries: Bulgaria, Hungary, Poland and Slovakia.

Chapter 2 – Wages and purchasing power: moderation brings few rewards

The 2001 collective bargaining round in Europe largely followed the trend of wage moderation established in the 1990s, and enforced in particular in the countries preparing to introduce the euro as a condition of Eurozone membership.

The way wages are negotiated and agreed varies considerably from one European country to another. In several of them, multiannual pay agreements bind the partners for two, three or four years. In Belgium and Finland, for example, sectoral wage bargaining took place under the terms of national incomes agreements covering 2001-2002. In Sweden, sectoral deals run from 2001 to 2003, and in Denmark from 2000 to 2004. In Germany, little pay bargaining took place in 2001 because many important sectors in manufacturing and services reached long-term deals in 2000.

Levels of wage negotiations in European countries in the year 2000

Country	National / cross-sectoral agreements *or recommendations*	Industry / branch / sectoral level	Company level
Austria	**No**	Minimum wages and increases (sectoral)	Few wage negotiations
Belgium	Bipartite negotiation of a wage margin, which can be exceeded at the sectoral and local levels under certain conditions. Government can impose a margin if no agreement	Minimum monthly wage, inside the wage margin (except if employment creation, in which case the margin may be exceeded)	Pay scales
Denmark	No	Minimum wages, industry-wide agreements in the leading sectors	Actual pay rates determined at this level
Finland	Bipartite incomes policy agreements define pay rates	Minimum pay rises	Covers other rises in wages, above both the national and sectoral levels
France	No	National sectoral collective agreements (minimum pay rates and wage scales)	Increasingly the level at which wages are defined
Germany	No *Recommendation from the Alliance for jobs (productivity to be used for job creation)*	Regional sectoral agreements for pay and minimum rates	Mainly for enterprises not belonging to a sectoral association and not covered by a sectoral agreement

Greece	Bipartite "national collective labour agreements" define minimum pay rises for 20% of employees *Confidence pacts*	Where there are sectoral agreements, the national agreement is not applied	Enterprise level agreements
Ireland	Tripartite tri-annual *"partnerships"* define pay rises	Agreements can be made in the framework of the partnership	Local bargaining clause provides for further wage rises (2%)
Italy	Tripartite negotiations define the inflation rate target, which is a yardstick for negotiations at lower levels	Industry agreements define pay rises linked to inflation (minimum pay scale)	Local agreements define rises above the inflation rate target based on efficiency and productivity
Luxembourg	No	In some sectors	Covers most bargaining
Netherlands	No *Joint recommendations (Bipartite Labour Foundation)*	Sectoral agreements on wages	Enterprise agreements supersede sectoral agreements
Norway	No	Industry-wide agreements or sectoral agreements	Local negotiations may define pay rises above what is agreed at higher levels
Portugal	*Tripartite Strategic Dialogue Agreement provides for compensation based on inflation and partial productivity*	Sectoral / branch agreements form the majority of agreements	6% of workers concerned
Spain	No	53% of workers covered by provinces' sectoral agreements, 28% by national sectoral agreements	12% of workers
Sweden	No *Industrial agreement, Reference formula on wage formation*	Branches at national level	Minimum and actual wages mostly agreed in workplaces
United Kingdom	No *Independent pay review body for public sector*	14% of workplaces covered by sectoral agreements (mainly in the public sector)	22% of workplaces have enterprise bargaining

Source: E. Mermet, Wage Formation in Europe, ETUI, Brussels, 2002

The aggregate figure for nominal wage growth in the 12 countries of the Euro area was 2.7% (from 2.5% in 2000), and 3.2% in the EU-15 (from 3% in 2000). However, higher inflation led to lower growth in real wage levels. In Italy and Portugal, real wages fell. In Germany and the Netherlands, only the impact of taxation changes prevented a negative result. Countries showing better outcomes included Ireland – where the 6.8% estimated growth in GDP continued to outstrip other EU Member States – the UK, Greece, Denmark and Sweden.

Nominal compensation of employees per head, percentage of change on preceding year (1996-2002)

	1996-2000	2000	2001	2002
BE	2.4	2.5	3.6	3.6
DK	3.7	3.9	4.5	3.9
DE	1.3	2.0	1.7	2.0
EL	7.7	6.1	5.4	6.5
ES	3.2	3.7	4.1	4.2
FR	2.3	2.1	2.6	2.7
IE	5.3	8.9	9.2	7.9
IT	2.8	3.0	2.8	2.9
LU	2.8	4.7	4.4	3.5
NL	3.0	4.6	5.0	5.1
AT	2.0	2.1	1.8	2.3
PT	6.5	6.3	5.0	4.8
FI	2.9	3.7	4.5	3.3
SE	4.5	7.3	3.8	4.1
UK	4.5	5.0	5.3	3.5
EU-15	2.7	3.3	3.4	3.1
EUR-12	2.2	2.8	2.8	2.9

1996-2000: 5-year average

Source: European Commission, European Economy, Forecasts Autumn 2002

Workers in a number of candidate countries also achieved real wage increases, including Bulgaria, Hungary, Poland and the Czech Republic, although this must be seen in the context of existing low pay rates in many of the CEECs.

Finally, there was little movement in real unit labour costs, taking account of total wages and productivity, in 2001 (0% in the Euro area). This suggests that pay increases failed to keep up with productivity gains, and that profit share continued to grow as a proportion of national income, and is unlikely to fall over the next few years.

1. European Union

In the majority of EU Member States, and Norway, most wage deals are concluded on a sectoral basis. Belgium, Finland and Ireland have the most centralised wage bargaining systems within the Eurozone countries. In **Belgium**, two-yearly, bipartite agreements are concluded within the context of national pay policy and a strong legislative framework. The 1989 measure pegging wage increases to levels in competing countries was reinforced in July 1996 by the law on competitiveness, which requires employers and unions to set a maximum wage margin to be applied in sectoral agreements. But since 2000 – with the endorsement of the social partners – this rule has been taken as indicative rather than mandatory. The intersectoral agreement (ISA) for 2000 set the maximum wage margin for 2001-2002 at 7%, while recognising the importance of free and responsible negotiations. Belgium is also one of the few countries where wages are indexed to prices. The 'health index' covers consumer prices minus tobacco, alcohol and some petroleum products. In 2001, the health index brought a 0.2% increase in purchasing power, from 2.7% to 2.5%.

In **Ireland**, pay is negotiated centrally through a tripartite partnership agreement. The 2000-2002 Programme for Prosperity and Fairness (PPF) is the latest in a series of national agreements, and sets out frameworks for development in five economic and social fields, linked to the adoption of a national income strategy. The Irish economy showed continuing prosperity, although GDP was down from the double-figure performances of 1999 and 2000, while overall inflation fell from 7% at the beginning of 2000 to 4.9%.

Tax reforms played a part in increasing take-home pay. Official estimates put average growth in non-agricultural hourly/weekly earnings in 2001 at around 9%, with 12.5% increases in industrial earnings and 8.9% in distribution and services, a traditionally low-paid sector where pressure on employers to bring rates into line with the rest of the economy led to significant pay drift. The great majority of settlements were reached without industrial action. Real wages grew by around 4.5%.

Finland's wage round for 2001-2002 was determined by the national Incomes Policy Agreement settled between employers and the trade union confederations. Because of higher than expected inflation (3.4%) in 2000, the union side insisted on including an index clause. In 2001, average wages rose by 4.5% – with 3.3% of this increase through negotiated settlement. The Consumer Price Index went up by 2.6%, again over the predicted 2%, yet not enough to trigger the indexing mechanism. The increase in real earnings amounted to 1.9%.
Labour productivity increased only slightly (1%) but was already high in Finnish manufacturing. This meant that although the labour share of GDP also increased, it stayed at a low level, with profitability remaining strong.

A central agreement covers areas that do not have sectoral deals in **Greece**. In 2000, average real gross earnings across the economy went up by 2.7%, compared with 1.9% in 1999, due to higher increases in the public sector and public enterprises. The National General Collective Agreements for blue and white-collar workers in 2000-2001 set minimum wage and salary increases of 1.5-1.8%, bringing the minimum daily rate to €21.18, with an optional mechanism to come into force in January 2002 if increases failed to stay at least 1% above the average annual consumer price index. In reality, the effect of inflation meant real minimum pay rises were minimal, and the state failed to fulfil its promise to top up the social contributions of the low-paid. Although wage increases were modest in relation to GDP growth and a lower rate of increase of unit labour costs, purchasing power rose partly due to reductions in the income tax burden.

In the **Netherlands** and Portugal, the social partners normally negotiate within the framework of national recommendations. In December 2000, the Dutch bipartite Labour Foundation urged wage restraint in 2001 in view of economic slowdown, but this seemed to have little effect. The decentralisation of bargaining was one factor in higher settlements, together with wage drift in the context of almost full employment. Contract wage rates agreed by collective bargaining showed an increase of 4.25% over the year, exceeding for the first time in years the 4% pay claims of the two biggest trade union confederations, the CNV and FNV. But the highest rate of inflation in the EU (5.1% across the year) produced an increase in real wages of just 0.1%. The 6.7% growth in real disposable income in 2001 derived overwhelmingly from a major overhaul of the tax system.

The government in **Portugal** took an active role in keeping down wage increases, partly by significantly underestimating inflation. Portuguese wages and salaries continue to be by far the lowest in the EU. In recent years, the tripartite Standing Committee for Social Concertation has failed to give guidance on wage policy, leading to an increase in branch or company-level collective bargaining. With inflation up to 4.4% by the end of 2001, and nominal wage rises staying around 4%, workers' real wages showed a fall in value of -0.4%. The social partners' failure to agree on wage rates meant that no agreements were concluded in several major sectors including the clothing, metal and car industries.

Italy's tripartite national bargaining structure focuses on adapting wage rates to inflation, followed up by local negotiations that take account of company profits and productivity. However, after its election in 2001, the centre-right coalition government, with support from employers, refused to support the system of 'social tripartite concertation' that maintained wage moderation during the 1990s. Here too, in 2001, inflation outstripped government predictions of 1.7% by a full 1%. This meant that in all sectors covered by collective bargaining except the civil service, real wages fell in the first seven months of the year, ranging from -1.9% in agriculture to -0.5% in transport and communications, producing a general reduction (taking account of a 1% rise in the civil service sector) of -0.9%.

Meanwhile in **Spain**, in 2001, the social partners reached a significant central agreement covering a range of issues including pay and working time. The move successfully avoided government intervention in collective bargaining. Spanish trade unions negotiated a total of 4,058 collective agreements, covering over 8 million workers, and securing a weighted average pay rise of 3.4%. Almost 75% of these contained a wage guarantee clause safeguarding income levels if inflation rose significantly above government forecasts, kicking in at an average rate of 2.47%. There were 1,617 new agreements, which secured a slightly larger rise of 3.58%. A study of the different levels of negotiations shows that sectoral agreements brought higher than average awards (3.47%), with a bigger proportion of workers covered by inflation guarantee clauses. By contrast, at company level, wage increases were lower than average. Inflation reached 2.7% by the end of the year, compared with a forecast of 2%. This means that taking account of the inflation-proofing clauses, the average wage rise was 3.66%. Between 1998 and 2001, the increase in purchasing power from initially negotiated pay rises amounted to 0.7%.

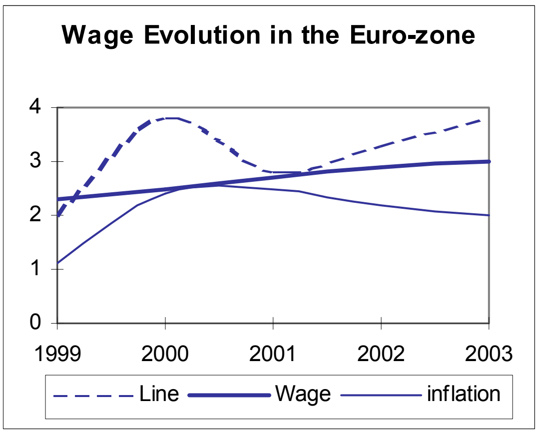
Other Eurozone countries have no national bargaining framework. In **France**, pay claims became less important during the period from 1998-2000 as the country was adjusting to new laws reducing working time. By 2001, however, militancy over wage issues began to grow again. The number of strikes increased, especially in the public sector. Negotiations on behalf of some 9.2 million active and retired civil servants collapsed, with the government imposing a 1.2% pay deal for 2001-2002, in the face of trade union hostility. Basic hourly wages for manual workers rose by more than 4.1% over the year, and monthly rates for all employees by 2.6%. The price index went up by 1.3% over the same period, producing an increase in household purchasing power, although this dropped towards the end of the year.

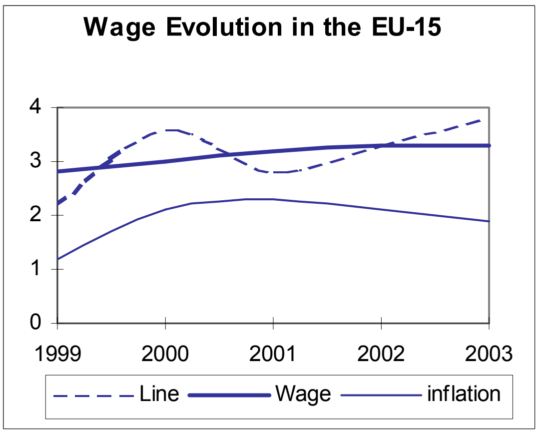
Many **German** workers were still covered by long-term deals agreed in 2000. DGB unions signed new pay agreements for about one quarter of the workforce subject to collective bargaining, settling on an average 3% rise. But there were significant variations between sectors: from 4.8% in local authorities and social insurance to 2% in the construction industry. Over the year, Germany suffered from one of the lowest growth rates in Europe and a poor performance in job creation. Overall, the average 2001 wage increase of 2.1% did not even match the 2.5% rise in the cost of living. Yet tax reforms and reduced pension contributions boosted net incomes by 3.2% in total.

In **Luxembourg**, negotiated wages rose by 2% and real pay by 2.2%, both higher rates than in 2000. Inflation fell throughout 2001, from 3.5% to 1.7%, leading to a small increase in purchasing power.

Denmark is one of the three EU Member States outside the Eurozone, and bargaining takes place sector-by-sector. Generally, the economy showed little growth in 2001, following an active period at the end of 2000. Forecasts of increased private consumption were revised downwards during the year. Inflation rose by 2.3%. Average nominal earnings went up by 4.2%, amounting to a 1.5% annual increase in average real earnings. Rates for collectively agreed pay rises in different industrial sectors varied from 2.43% in metalworking to 3.3% in banking and 3.1-3.5% in the public sector.

In the **UK**, pay settlements are reached at sectoral or enterprise level, apart from in a number of public service sectors, such as nursing and teaching, where national, statutory, independent pay review bodies make recommendations. Overall, average earnings were relatively stable in 2000 and 2001. However, public sector wages rose more than those in the private sector, showing mid-year average increases of 5.7% and 4.2% respectively. This partly reflected a growing staffing crisis in public services, and government attempts to attract and retain more recruits. Median pay awards for the whole year in private industry ranged from 2.5% in textiles, where large-scale job losses forced down settlements, to 4.5% in construction. Inflation remained low – although marginally higher than in 2000 – and the majority of workers enjoyed increases in real take-home pay.





Source: European Commission, own calculations
Data: Inflation: Harmonised Index of Consumer Prices (HICP)
Productivity: GDP per worker
Wages: remuneration (total wage costs per worker)

2. Outside the EU

Norway and Switzerland are both outside the EU, but part of the European Free Trade Area (EFTA). In 2000, the social partners in **Norway** agreed not to hold central pay negotiations in 2001, although the 2000 bi-annual agreements made provision for general pay rises and set a framework for company-level bargaining. Average wage growth in 2000-2001 was estimated at 4.8%, but this covers significant variations. For example, teachers' salaries rose by 7.8%, following a deal with the government in 2000. Municipal and county staff achieved the lowest growth of 3.5%.

Swiss unions were aiming for a pay increase of around 5% (2-3% in real terms) plus automatic index linking. With low inflation (0.5-1%) the latter presented few problems. But economic slowdown proved a major obstacle to meeting pay targets, although negotiators did achieve several settlements over 3%, with legal action securing increases of up to 10% for nurses. In 2001, the Swiss unions' campaign to reverse the trend towards individualised pay settlements and flexible wages was largely successful. They also made progress in establishing a monthly minimum wage of 3,000 Swiss francs in a number of sectors. Workers' purchasing power improved by an estimated 1.3%.

3. Candidate countries

For 2001, the ETUI received data on wage developments in four of the EU candidate countries in eastern and central Europe: Bulgaria, Hungary, Poland and Slovakia.
In **Bulgaria**, pay has been a difficult issue in recent years, with no sustainable national incomes policy to work towards achieving a wage level closer to other candidate countries and EU Member States. However, trade unions managed to win some growth in nominal pay in 2001, although less than in 2000, with a projected overall increase of 8.8%. Inflation fell from 11.4% at the end of 2000 to 4.8%, but real wage growth was less than 4% – a totally inadequate result given that wages now stand at half their 1990 level.

Throughout the 1990s, wage levels in **Hungary** were low in relation to productivity. 2001 was seen as a turning point. GDP growth amounted to 4.2% – lower than in previous years – and inflation levelled out 2% above government targets at 8%. At the start of the wage round the government tried to marginalise the trade unions and announced a new strategy to bring wages up to European levels. The social partners were keen to reaffirm the role of bipartite negotiations, and together recommended a national wage increase of 9.75-12.5%, subsequently approved by the government. Implementation at branch level proved more difficult.

Poland's average gross wage grew by 7% from 2000 to 2001. Reduced inflation produced an increase in the real value of wages. Collective bargaining has been widely dismantled in the private sector, where there are a large number of individual deals. 2001 was a year of recession, and many workers were persuaded to renounce wage increases for fear of redundancy. In building and manufacturing, more collective agreements are in force, and wages are linked to inflation. A similar provision applies in the state-funded sector, although in practice staff had to fight – with trade union support – to get it implemented.

Finally, **Slovakia**'s pay development in 2001 followed the pattern of previous years, with no significant increase in real wages. In 2000, official estimates put the average monthly rise in nominal wages at 6.5%, compared with an 11.6% hike in the cost-of-living index. Real wages rose only in private international firms (2.1%). Preliminary data for 2001 showed an average

8.2% rise in nominal wage rates leaving, after inflation, a 0.8% real wage increase. However, sectoral extremes range from a 6.3% rise in international companies to a drop of -14.5% in public services, further expanding the wage gap between private and public sectors.

Chapter 3 – Working time: greater flexibility but few reductions

Working time, and especially the reduction of working hours, was not as high on the trade unions' bargaining agenda in 2001 as in previous years, although it remained a long-term objective for many negotiators. In the meantime, settlements in a number of countries reflected moves towards greater flexibility in calculating working time, with conflict in some areas where employers attempted to impose new patterns on the workforce. Unions continued to pursue more family-friendly organisation, while the implementation of new EU rules on working time and part-time workers was also an issue for the social partners in some Member States.

Specific exceptions to the general trend included France, where the impact of the 35-hour week is still being measured, and the UK, where working time is more than three hours a week over the EU average.

1. European Union

In the **Netherlands**, labour market shortages put an end to claims for reduced hours some time ago, and in the context of almost full employment, there has even been talk in some sectors, such as the police force, about the possibility of prolonging working hours. Many collective agreements allow employees to tailor their working time to personal circumstances in return for lower or higher wages (known as the *cafeteria* system).

In **France**, the impact of the Aubry laws of 1998 and 2000, introducing the 35-hour week, was still being assessed. In June 2001, the *Commissariat général du plan* (made up of government and social partner representatives and experts) published a generally positive report, indicating that 62% of full-time staff in companies with more than 20 employees were working 35 hours a week, compared with only 1.6% in 1996. Since the legislation was implemented largely through negotiation, the number of company-level collective agreements also rose sharply. The study claimed the 35-hour week had already generated 265,000 new jobs: a figure likely to reach 500,000 once the measure came into force in firms with ten or more workers. It further found that while the majority of employees were happy with improvements in their quality of life through increased leisure time, many reported higher pressure at work.

However, a second study by the Labour Ministry research unit DARES suggested that the impact on larger companies was smaller than expected, with only 40% making any substantial changes to their working time organisation, and most preferring to accommodate the legislation by offering more paid leave. More than one third of those that had made new arrangements chose to introduce variable, annualised hours. The research confirmed that 98% of workers who moved to the 35-hour week in 2000 maintained their existing pay.

In the public sector, negotiations with the government broke down early in 2001. In some departments, arrangements for shorter working hours were imposed without conflict, but nurses, teachers and railway staff were among the categories of staff who took industrial action over the issue.

In **Belgium**, new measures for cutting working time came into force in October 2001, offering employers a series of different formulae for reducing their contributions if they shortened the working week to 37 hours or less, or introduced a four-day week. The trade unions are committed to achieving a 32-hour/four-day week, as a means of creating more jobs and improving quality of life. A statutory working week of 38 hours comes into force in January 2003, and has already been implemented by collective agreement in the retail and hairdressing sectors.

Working time was not a top bargaining issue for 2001 in **Denmark,** Finland or Germany, but there were some new developments. In 2000, the Danish private sector unions negotiated an extra five days annual leave, to be phased in over four years, to reach a total seven weeks' paid holiday. The average Danish working week of 37 hours has remained unchanged since 1990. Negotiations with employers in the agricultural sector (SALA) provided for more flexible and family-friendly hours, and social partners in the public sector have agreed to reassess work-time organisation in the next round of bargaining in 2003.

In **Germany** there was no change in collectively agreed weekly working time, which averaged 37.7 hours at the end of 2001, with employees in the former East Germany clocking up almost two hours more per week than their western counterparts. Some specific sectors saw reductions, including Deutsche Telekom, cinemas, and parts of the car, wholesale and food industries in the east, but they had little impact on overall figures. On the other hand, an increasing number of German employees are covered by flexible working time arrangements based on individual 'working time accounts' (*Arbeitszeitkonten*). Holiday entitlement stayed at around 29.1 days per year, on average, across the country.

In **Finland**, too, the trade unions focused on increasing flexibility, although reducing weekly working time is a long-term objective. The Incomes Policy Agreement 2001-2002 provided for one extra day of paid holiday on the Saturday following Ascension Day. As regards lifetime working hours, pressure on pensions in Finland – as in many other European countries – is fuelling moves to push back the retirement age and prolong employment for older people.

With 2001 as the final date for implementation in EU Member States of the Directive on **part-time working**, this issue came to the forefront of negotiations in some countries. In Denmark, government proposals to intervene by law challenged the national model of industrial change through consensus between the social partners. In the spring, an agreement between unions and public sector employers guaranteed implementation of the Directive throughout the workforce, followed in June by a deal in the private sector, backed up by supplementary legislation. In Belgium, the proportion of part-time workers went up by 1% to 21.7%. The social partners in Luxembourg have been discussing ways of combating discrimination against part-timers.

The most important development on working time in **Greece** concerned a new law on 'employment promotion', passed in December 2000. The move aims to encourage companies to recruit staff rather than apply overtime, and increases bonuses for overtime to 50% for work over 40 hours a week. The GSEE trade union confederation sees the measure as a step in the right direction, but with limited impact. The unions' target is a 35-hour week, without loss of pay.

While in **Ireland** there were no moves towards an overall reduction in working time, the unions pushed forward with demands for more flexible working time and family-friendly policies. The social partners' framework agreement for enterprise-level action included guidelines on family-friendly policies and a draft model agreement covering flexible forms of work such as job-sharing, term-time and part-time working.

Agreements in various industrial sectors in **Italy** aimed to meet the challenge of seasonal and incidental fluctuations in work supply. A 'multi-period' schedule, for instance in the cleaning industry, allows for work time to be spread over several weeks in the course of a year, with a minimum of 35 hours per working week, and maximum limits of 45 hours a week and ten hours a day. Another system becoming increasingly widespread is the individual 'time bank', whereby workers can collect extra hours worked and convert them into days off or, in some cases, cash. A new national agreement covering the Post Office, for example, establishes a time bank and a new shift system to make more staff available at hours of heaviest customer demand.

Integrating vocational training into employees' working hours has been on the agenda for discussion between trade unions and employers in **Luxembourg**. The social partners in **Portugal** hold conflicting views on flexible working, and very few collective agreements signed in 2001 made reference to this issue. The unions were seeking a new holiday entitlement of 25 days per year, but working time in general featured little in bargaining, in contrast to the late 1990s when it was a priority for negotiators.

In **Spain**, on the other hand, the trade unions identified the reduction of working time as a key issue for collective bargaining. Within the last four years, considerable progress has been made in pursuit of shorter hours, and in particular the 35-hour week, whereas previously there was no movement in this direction. By the end of 1997, only 76 collective agreements on the 35-hour week existed in the private sector. Between 1998 and 2000 the total rose to 299, and the number of workers covered increased from 79,000 to more than 297,000. This development convinced the unions that they were adopting the right strategy to achieve a 35-hour week for everyone. However, the best results came from sectoral deals in large companies, where trade union organisation is strong.

In the public sector, despite a smaller number of agreements, more than twice as many staff were working a 35-hour week in 2000 as in 1997. This included the majority of employees in autonomous regional governments. In 2001, 37% of all workers covered by collective agreements secured a reduction in working time. The Spanish unions believe they are on course to achieve their aim of creating more jobs and improving the quality of work.

Reducing the working week has been the focus of political debate for some years in **Sweden**, with an official commission set up to examine the issue. Rather than legislate, the government shelved the matter in 2001, following disagreement with parliamentary allies in the Green Party. Many collective agreements already offer opportunities for cutting working time.

By contrast, in the **UK** there was little change in the prevailing long-hours working culture. Eurostat figures for 2000 show that full time employees in the UK work an average of 43.6 hours a week, compared with the EU average of 40.3 hours. TUC research found that in 2001, nearly 4 million people were putting in more than 48 hours' work a week, demonstrating the minimal impact of the EU's working time Directive. In June 2001 the broadcasting union BECTU won its appeal in the European Court of Justice against the British government's implementation of the Directive's holiday entitlement provisions, forcing the government to amend its regulations.

Recent research found that unpaid overtime is increasing in the UK. A survey of collective agreements in 2001 indicated few new developments in working time or holidays, although the introduction of a 35-hour week for teachers in Scotland was a significant step forward.

2. Outside the EU

In **Norway**, bargaining on working time did not take place in 2001, although figures show a small reduction in actual hours worked. This may have been due to the additional four days' annual leave agreed in the 2000 wage round. The holiday period was extended from 21 to 23 days in 2001, with a further two days to be added the following year. However, only employees covered by collective agreements that included this new provision automatically received the extra entitlement – elsewhere it was at the discretion of the employer.

However, a cut in working hours has been on the trade union agenda since the last statutory reduction in 1986, and the issue achieved higher prominence in 2001. The LO's aim is a 35-hour working week, falling to 30 hours in the long term, with workers having more say over how they organise their own time.

The average collectively agreed working week in **Switzerland** is 41 hours. Trade unions won reductions of between half and hour and an hour in some small deals in 2001. Negotiated holiday entitlement is considerably better than the statutory provision. For example, building workers have five weeks instead of four, and people aged under 20 or over 50 often get longer leave. Unions won improvements in a number of the deals renewed in 2001, including an extra week for most staff in the postal sector, three extra days for some hospital workers, and age-dependent improvements for employees with Unilever-Bestfoods.

3. Candidate countries

The social partners agreed several amendments to **Bulgaria's** Labour Code on working time, rest periods and leave. These introduced a 40-hour, five-day week, whereas before some sectors operated a six-day week of up to 46 hours. However, the agreement offered opportunities for longer working hours under specified conditions, and for part-time work of no less than half the statutory working time. Currently, only 2% of Bulgarian workers are employed part-time. The deal provided for greater flexibility, with hours calculated over the week, month, or alternative period. The changes also increased annual leave to a minimum of 20 days.

The issue of working time was a source of conflict between trade unions and the **Hungarian** authorities in 2001. The government claimed its proposed amendments to the Labour Law were needed to conform to EU rules, but in fact they went further. The unions attempted to halt measures that enabled employers to depart from collective agreements and to impose greater flexibility on the workforce, but these changes were forced through before the summer. The trade union confederation MSZOSZ responded by appealing to the constitutional court.

In **Poland**, the unions succeeded in realising their long-established aim of cutting weekly working time without loss of pay. A 41-hour week came into force from 1 January 2002, to be cut further to 40 hours in 2003. However, employers have considerable flexibility, with the right to impose a working day of up to ten hours.

2001 saw little change in working hours, overtime or paid leave in **Slovakia**, with the average working week totalling 40-41 hours. Some sectors, including energy, chemicals, banking and insurance introduced slightly more flexible work schedules.

Chapter 4 – Europeanisation of collective bargaining: gradual progress

Given the different bargaining structures in different European countries, progress towards Europeanisation is slow, but steady. The ETUC agreed its first recommendation and guideline on the coordination of collective bargaining in December 2000, building on the establishment of a coordination committee the previous year. It adopted a formula for upward convergence of pay and working conditions based on the rate of inflation plus productivity, and designed to maximise the proportion of productivity gains allocated to gross wage rises, “in order to secure a better balance between profits and wages”.

The guideline covers not only pay, but also other elements contributing to the total wage bill such as job creation, reduced working time, training, early retirement, and measures to tackle low wages or the gender pay gap. Implementation of the guideline is fundamental to achieving the ETUC’s aim of preventing wage dumping and harmonising living and working conditions in the EU and candidate countries through upward convergence.

The recommendation provides for annual monitoring of wage developments across Europe. The second *Annual report on the coordination of collective bargaining in Europe*, presented to the ETUC Executive Committee in December 2001, showed that pay developments in a large number of European countries were close to the ETUC guideline, with almost no country suffering a loss of purchasing power and wages increasing above inflation – the guideline’s first prerequisite.

The report’s conclusions called for a greater emphasis in future on achieving qualitative objectives, such as training and equal pay. It noted that qualitative gains did not necessarily compensate for lower pay rises in countries that fell below the guideline, although there were a number of important initiatives on gender equality.

In a new resolution of December 2001, the ETUC Executive Committee identified the better distribution of wages as a priority for the future, and urged negotiators to set objectives for reducing the pay gap and numbers of low-paid workers, and to push for training and lifelong learning provisions.

1. European Union

The Belgian government’s 1996 legislation linking wage movements at home to developments in the neighbouring countries of Germany, the Netherlands and France had the automatic effect of giving a European dimension to collective bargaining, and was an important stimulus to moves by trade unions in **Belgium, Luxembourg, the Netherlands** and **Germany** to coordinate joint criteria and policy objectives. Since 1997, the Doorn Initiative has brought together trade union negotiators from the four countries, every year, to compare bargaining strategies.

In September 2001, the annual meeting of the Doorn Group took place in Houffalize, Belgium. The unions agreed that they had concluded “responsible” wage agreements in the years 1999 to 2001. But they expressed concern about the sluggish rate of economic growth – which they attributed partly to the European Central Bank’s restrictive policies – and deduced that sacrificing wage increases did nothing to boost demand across the Euro area. They criticised all forms of indirect pay competition between countries, such as tax or social security contribution cuts. The unions reaffirmed their determination to avoid competing with one another in the forthcoming pay round, and to seek raises that fully correspond to the evolution of prices and increased productivity.

In common with the ETUC’s approach, the Doorn Declaration does not limit itself to pay policy, but covers bargaining on issues such as training, working hours and conditions, as well as setting out the trade unions’ position on taxation, social security and employment creation. In 2001, the participants agreed to compile a dossier on the unions’ working time policies, and set lifelong learning as a common priority for negotiations the following year. In practical terms, they agreed to draw up an e-mail directory of negotiators, and investigate the possibility of a permanent secretariat.
During the year, the Doorn Group members held two workshops – one in Brussels to examine better ways of coordinating pay negotiations, and the other in the Netherlands to look at ‘non-wage’ issues.

But Europeanisation made less of an impact in some other Eurozone countries. In **Greece**, for example, there was no significant progress, with little awareness among the social partners of the European dimension of industrial relations. In **Finland**, within the context of the 2001-2002 Incomes Policy Agreement, unions and employers agreed to launch a joint study on ways to improve the existing system of cooperation and bargaining, but were a long way from defining their options. A **French** government proposal in July 2001 for the social partners to launch a debate on ‘social democracy’ made little impact.

The social partners in a number of Member States took part in discussions on the implementation of EU Directives. In July 2001, employers and unions in France signed an agreement on the ways and means of collective bargaining which, in line with the principles of the EU’s social protocol (now Articles 138 and 139 of the EU Treaty), requires consultation with employers and unions before European recommendations are transposed into French law. During the year, the government introduced a number of EU measures covering, for example, pregnant women, young people and safety at work. In **Ireland**, the EU Directive on part-time working finally came into force in December 2001, while discussions continued on the transposition of legislation on fixed-term contracts.

The essence of the **Danish** agreement model is consensus between the social partners rather than legislation. Conflict arose between the EU and the government when the European Commission demanded legal backing for implementation of the working time Directive, which covers issues normally reserved for self-regulation by the social partners. In June 2001, the Directive on part-time working came into force by means of supplementary legislation extending an implementation agreement between the LO trade union federation and the employers’ body the *Dansk Arbejdsgiverforening* (DA) to all workers not already covered by negotiated agreements. Because other labour market organisations protested at not being consulted, all the main partners were represented on an implementation committee that in December 2001 agreed to put the working time Directive into effect on the same basis, thus establishing an 'alternative' Danish model, which can still be said to prioritise negotiated consensus.

Trade unions in **Spain** worked over the year to strengthen the influence of European Works Councils, regarding them as a strategic priority for European coordination. The two main trade union organisations, the CC.OO. and UGT, reached an agreement on criteria for electing EWC representatives in the metalworking sector, to stop employers using 'divide and rule' tactics. Current law means that EWCs cannot negotiate on pay or working conditions without the specific endorsement of national workers' representatives. The Spanish unions believe the European Works Council Directive is defective in failing to give specific recognition to trade union organisations.

ETUC affiliates reported no significant developments on the Europeanisation of collective bargaining during the year in **Italy** or **Portugal.** In the **UK**, too, there was little progress in this direction, with a 2001 study arguing that "the UK is unlikely to be at the forefront of sustained moves by Europe's trade unions to develop a cross-border dimension to pay bargaining across the European Economic Area". The main reasons are the UK's decision to stay outside the single currency, and the plant-based structure of British collective bargaining, making it difficult to harmonise with the sectoral approach in many other EU nations.

2. Outside the EU

Although **Norway** remains outside the Union, European developments in collective bargaining have been an important influence on the country's incomes policy for a number of years, reflecting the view that Norwegian wage growth rates should remain comparable to those of its close trading partners. In August 2000, the government brought together the social partners to launch a national dialogue on developments in working life, paralleling discussion at EU level. The dialogue forum met again in January 2001.

Whereas trade unions and employers in Norway play a role in EU-level social policy through their membership of European bodies, the Norwegian government has only limited influence from its position outside the EU. Decision-makers fear that the EU is becoming progressively less interested in including EFTA countries in policy formation.

In **Switzerland**, the SGB's main experience of European-level coordination is through European Works Councils. It organises an annual meeting of EWC representatives to create opportunities for networking.

3. Candidate countries

In 2001, despite EU enlargement growing closer, it was still too early to observe any real move towards Europeanisation of collective bargaining in the candidate countries.
Some signs of a supranational approach emerged in **Hungary**, as comparisons with wages in the EU became an increasingly significant factor in negotiations. However, government attempts to marginalise the trade unions from pay formation worked in opposition to developments in much of Europe. Cross-border initiatives like the Doorn Declaration are completely beyond the existing expectations of negotiators.

Polish unions also found themselves working in a very different economic environment to the Member States. Productivity is lower, unemployment high, and EU consumer standards hard to meet. Trade unions are also concerned about the impact of worker mobility after the country joins the EU.

Trade unions in **Slovakia** benefited from sharing experiences at an international conference on sectoral social dialogue in candidate countries, organised by the ILO and European Commission in December 2001. The EU is also supporting a new project under the Phare programme to build bipartite social dialogue. European Works Council legislation will not come into force until Slovakia joins the EU in 2004, but trade union representatives are already attending EWC meetings of multinational companies active in the country.

Chapter 5 – Women in the workforce: reinforcing the gender perspective

Over the last decade or so, European trade unions have come to understand better the importance of organising women, and taking account of gender issues across the bargaining agenda. In 2001, negotiators continued to push for better pay and conditions, with back-up in many cases from new EU or national legislation. They made progress in several countries, focusing activity on areas such as equal and low pay, and measures to reconcile work and family life. However, in most of Europe there is still a long way to go to achieve equal opportunities for women and men in the labour market.

1. European Union

The social partners in **Belgium** agreed to strengthen equal-value job classification systems, as a crucial step towards achieving fair pay, and called for more financial and human resources to be dedicated to achieving equal opportunities for women and men. Updated ILO rules provided the framework for a National Labour Council collective agreement in November 2001 giving new mothers the right to breast-feeding breaks. Negotiations between the social partners on violence and harassment at work failed to reach agreement, but the unions supported a government draft bill on protecting workers against such risks.

Special pay increases in sectors employing a majority of female workers have aimed to balance wage rates in **Finland.** The Incomes Policy Agreement for 2001-2002 included this gender equality adjustment, despite opposition from the employers. One of the three main trade union confederations, AKAVA (the Confederation of Unions for Academic Professionals), also sought to prioritise better wage rates for highly qualified but relatively low-paid staff. This goal had a clear gender perspective, as in Finland many of these employees are women. AKAVA rejected the whole agreement after negotiations on this topic broke down, whereas the other two Finnish confederations SAK and STTK went ahead and signed.

While more women are joining the labour market in **Greece**, they are still at a disadvantage. In 2000 the female employment rate was 40.9%, compared with 35.4% in 1991, but a lot lower than the 71.1% male rate. Women's unemployment was more than double men's. Greece's national action plan (NAP/empl) for 2001 gave a high priority to equal opportunities, the so-called fourth 'pillar' of the EU's European Employment Strategy (EES), with substantial investment from European Social Fund allocations. Money is going towards promoting education and vocational training, entrepreneurship, and support for jobless women, as well as boosting their numbers in male-dominated sectors. Yet although the social partners themselves are also contributing towards these initiatives, neither they nor the government have seriously addressed the continuing gender pay gap.

2000 and 2001 brought two important pieces of legislation in **Ireland:** the Employment Equality and Equal Status Acts. Trade unions focused on helping officials to use the new laws to tackle gender and other forms of discrimination. Two framework agreements under the PPF, covering equal opportunities and family-friendly polices at enterprise level, provided the basis for initiatives such as guidelines, model agreements, a website and newsletter.

Negotiations also brought improvements in maternity and adoptive leave. A new Carers' Leave Act, passed in July 2001, offers up to 65 weeks on welfare benefit to look after a sick or disabled dependent. However, despite prolonged talks between the social partners, employers have refused to invest in childcare facilities.

The social partners and the government in the **Netherlands** aim to enable both men and women to combine work and family care, rather than implementing further measures targeted at women. The Work and Care Act, which came into force in December 2001, relates to combining different forms of care leave with paid work. As well as maternity, paternity and parental breaks, this includes short-term and 'disaster' leave.

Collective bargaining aims to build upon statutory rights. A study completed in 2001 examined agreements in force in 1999, and found that 67% allowed for adjustments to working time, 56% covered childcare, and 55% parental leave. However, although most agreements made reference to some form of leave, only a minority offered supplementary entitlements to time off or payment. For example, whereas 39% of collective deals covered pregnancy and maternity leave, only 6% improved on the statutory provisions.

Equal treatment for women remains sidelined in collective bargaining in **Portugal**, despite trade union and government efforts to move it up the agenda. Numerous agreements cover maternity and paternity provisions, but fail to address equal rights in the workplace.

In **Spain**, the CC.OO. and UGT sharply criticised the 1999 law on work-life balance. Although the government consulted them during the adoption process, it failed to take all their proposals on board. As a result, the unions say it omits a number of important measures and fails to encourage men to make use of existing rights that would help them to reconcile work and family life. Nevertheless, the unions recognise that the Act does represent some progress, covering, for example, reduction of work time, health protection for pregnant women and the right to return to one's own job after childbirth.

However, many collective agreements were not updated to reflect the new measure, making it harder for workers to exercise their full rights. For example, existing wording often restricted leave associated with childcare to female workers, whereas one of the law's most important principles is that rights designed to improve work-life balance apply to both men and women.

Danish fathers also fail to take up their full paternity rights, according to a survey conducted by the LO in 2001. Less than 4% of fathers take advantage of a possible 66 weeks' leave. On average they stay at home for just 2.2 weeks during a child's first year of life, compared with women's 44.8 weeks' average leave.

The survey formed part of an information campaign to coincide with the 25th anniversary of Denmark's Equal Pay Act. At the same time, the government introduced a bill to amend the law, introducing greater transparency and requiring all companies with more than ten workers to provide wages statistics broken down by gender. However, the incoming liberal government withdrew this measure as too bureaucratic, and went on to abolish parental leave in favour of a simplified 'baby leave' structure which, while less likely to be taken up by men, was also estimated to cost Danish employers some DKK 100 million.

In its 2001 *Joint Employment Report*, the European Commission highlighted the gender pay gap as one of the key challenges confronting the **UK** government. It remains among the widest in the EU, with women full-timers' gross hourly earnings amounting to 81.6% of men's. A report by the Equal Opportunity Commission's Equal Pay Task Force recommended a stronger role for trade unions in implementing equal pay strategies with employers, and in the summer the government announced funding for the British trade union confederation the TUC to train 500 union representatives on equal pay issues. It also pledged to encourage employers to carry out regular women's employment and pay reviews. While welcoming this move, the TUC and trade unions stressed that if such a voluntary approach proved ineffective, legislation should be introduced.

2. Outside the EU

Wage differences between men and women in **Norway** are much smaller – the country has one of the best records in Europe – but still unjustifiably high. The gradual progress towards equal pay continued in 2001, with women's wages reaching 85-6% of men's in most sectors.

Early in 2001 the Labour government also put forward an amendment to the Gender Equality Act outlawing sexual harassment and requiring employers to monitor equal opportunities in companies. In July, changes to the law on worker protection and the working environment made it easier for victims to claim compensation for all forms of discrimination. The social partners in Norwegian manufacturing also agreed to apply gender equality principles within their own organisation and practices.

In **Switzerland**, the canton employees' union the VPOD brought a number of successful cases for the reclassification of largely female occupations, leading to higher pay awards. In November 2001, care workers' national strike and day of protest won them big improvements in wages and working conditions. A collective agreement guaranteeing the right to equal pay for work of equal value was concluded in the postal sector, and a deal on behalf of part-time workers at two wholesale distributors boosted holiday entitlement, sick pay and loyalty bonuses. The VHTL union described this as a "major breakthrough", although some difficult questions – such as when part-timers start to work overtime – were left unresolved.

3. Candidate countries

In the CEECs, since the collapse of communism, women's rights in the labour market have fallen well behind the rest of Europe. Although the **Bulgarian** Constitution and Labour Code proclaim equality for all and require equal pay for equivalent work, gender issues still take a back seat in collective bargaining. Women's access to employment is more difficult due to discriminatory criteria on age, appearance and family status, and occupational segregation is widespread, with women taking up a high proportion of administrative and support roles while men are selected for management posts. Women's pay is only 76.8% of men's. Even in sectors employing both sexes, such as teaching, female salaries are 24.7% lower. Despite the existence of collective agreements, these inequalities have been largely ignored.

The wage gap in **Hungary** was somewhat lower in 2001, at 19%. Here again, most women employees are trapped in 'female' sectors such as textiles, or in low status jobs. Some collective agreements offer special entitlements for mothers, such as time off to care for sick children, but this is not available to fathers.

In **Poland**, women find it harder than men to get work, with some employers even demanding written undertakings that potential employees will not get pregnant or have children. Such practices are outlawed under the EU rules (together referred to as the *acquis communautaire*) that Poland must comply with in order to join the Union. The most important recent change – for the worse – cut maternity leave for a first child from 20 to 16 weeks, for all subsequent children to 18 weeks, and to 26 weeks for twins. This was justified on grounds of cost, with employers arguing that longer maternity leave was damaging women's chances of employment.

In March 2001, the **Slovak** government adopted the Concept of equal opportunities for women and men, designed to bring it into line with international and European principles in the run-up to accession. The concept outlines steps to achieve equality in three spheres: the labour market, public and political life, and the harmonisation of work and family life. It draws attention to the gender wage gap (women earn 75% of men's wages) and to occupational segregation.

The recommendations for action to remedy sex discrimination, in cooperation with trade unions, include monitoring equal pay, retraining and advice for carers, incentives to employers to offer part-time, home-working and other forms of flexible work, equal pension rights, an annual 'family and work' audit of companies, and moves to ensure that tripartite and collective agreements promote equal job opportunities and a work-life balance. The Slovakian NAP/empl for 2001 also included measures to strengthen equal opportunities for women and men.

Chapter 6 – Developments in collective bargaining and growing flexibility: the impact of structural change

Two trends in collective bargaining, already established in previous years, continued in 2001. The first was ongoing pressure to decentralise agreements, away from national deals covering large numbers of workers to local or company levels. In many countries, trade unions' efforts focused on maintaining some degree of central guidance – especially on pay – in order to sustain solidarity, avoid divisions in the workforce and protect the least well-off. However in some countries, for example the Netherlands, trade unionists seemed to welcome a more individualised, tailored approach adapted to local needs and conditions, especially on the issue of work-time organisation.

This was the second, and related, feature that dominated the collective bargaining landscape across Europe: negotiations on a wide variety of forms of flexible working. Flexibility can mean many things. It can introduce welcome opportunities for employees to improve their work-life balance and reconcile jobs and family responsibilities. On the other hand, it can mean new working practices imposed on the workforce, increasing insecurity and stress.

The third pillar of the European Employment Strategy focuses on encouraging 'adaptability': enabling the labour force and work organisation to respond to structural change. Trade unions have acknowledged such change and in several countries – Ireland is one example – the social partners have worked together in many areas to agree on issues of work organisation and training.

Pension reform was another topic on the collective bargaining agenda in a number of countries – developments in Finland being a good example.

1. European Union

New forms of employee earnings feature more and more often in collective bargaining in **Belgium**: in particular workers' participation in profits and company results, and supplementary pensions. The unions recognise that pensions can be negotiated at sectoral level and thus reinforce the role of the social partners by extending the range of issues for collective agreement. However, employee participation implies company-level negotiations, and trade unions are very wary about any steps that might undermine the social partners' prime responsibility for wage formation. Profit-sharing, in their view, undermines solidarity and builds divisions between staff in high-profit enterprises and others, between private and public sectors, and between active and non-active workers.

In **Finland** too, attention focused on pensions in 2001 as employers and unions debated changes to the rules. Although – officially – pension entitlement started at 65, Finnish early retirement schemes enabled many people to stop work much earlier, and by the late 1990s the effective age for early retirement was 59. Only 10% of 65-year-olds were retiring at that age. The social partners took part in consultations aimed at tightening up the laws on early retirement in the private sector.

The amendments mean that from 2005, the retirement age is likely to go up, and personal entitlement to early retirement will end. In 2003, the threshold for part-time retirement (there are some 24,000 part-time pensioners in Finland) rises from 56 to 58, and the amount of pension falls. However, the new system will mean more flexibility for people to choose their own retirement age between 62 and 68.

The negotiations led to disagreement between the three main trade union organisations, largely reflecting the different characteristics of their members. As the population ages, pressure on pensions is increasing across Europe, although Finland is expected to feel the demographic impact sooner than most. The pensions issue is likely to stay on the negotiating agenda for some years to come.

The relationship between legislation and collective bargaining is important in **France**. Major changes in the law, epitomised by the introduction of the 35-hour week, have given rise to a huge amount of bargaining activity at every level of industry, from major sectors to single enterprises. With high unemployment, the structure of the workforce changed slightly in 2001, with a drop in demand for temporary workers. The long-term view still shows a slow rise in the number of fixed-term contracts (13.9% of total employment), especially among women (14.9%).

The collective bargaining agenda in **Germany** in 2001 was dominated by a controversial new Volkswagen plan to set up a 'plant within a plant' to produce its new mini-van. VW proposed to recruit 3,500 jobless people on six-month, fixed-term training contracts at its main company plant in Wolfsburg, followed by a further 1,500 in Hanover. Wages were to be fixed at a uniform 5,000 DM (approximately €2,556) per month (earning the project its title of '5,000 x 5,000'). The trainees' working time was to be unregulated, based on the fulfilment of targets rather than hours worked, ranging from an average 48 hours per six-day week to a legal maximum 60 hours, and with no additional payments for the extra time.

IG Metall faced the dilemma of an innovative scheme for possibly expanding production in Germany, coupled with extremely problematic pay and working conditions, which could have a knock-on effect for the existing VW workforce. Long and bitter negotiations broke down in June 2001, but following the intervention of the German leader Chancellor Gerhard Schröder, the two sides reached agreement in August. The deal, due to come into force in October 2002, introduces new elements such as bonus payments and a maximum 42-hour week. According to IG Metall, it enables the scheme to go ahead without undermining minimum agreed standards in the metalworking industry in Lower Saxony.

As part the its NAP/empl 2001, with the aim of boosting the adaptability of workers and companies to structural change, the **Greek** government introduced legislation to promote part-time jobs, offering financial incentives in particular for the recruitment of long-term unemployed people. In 2000, part-timers made up only 4.3% of the labour force in Greece, compared with an EU average of 11.4%. The law also amended the statutory definition of collective redundancy. The GSEE disapproved of the changes, reaffirming that the immediate employment priority in Greece should be stable and full employment, with flexibility as a secondary measure.

The launch of the new National Centre for Partnership and Performance was a key development in **Ireland**. It has a strategic role in improving partnership and workplace organisation. SIPTU, Ireland's largest union, has concluded partnership agreements covering 80,000 workers, encompassing a range of issues including new forms of work organisation, training, and financial involvement. While it pointed out that some were little more than extensions of existing deals, and warned against overvaluing the true extent of enterprise-level partnership, SIPTU nevertheless welcomed "the very existence" of partnership. "Even agreements which currently have a narrow orientation have the potential to develop into more powerful and far-reaching partnerships." Social partnership deals are widely seen as a key ingredient in Irish economic growth, but in 2001 the system came under heavy pressure with high inflation and a tight labour market.

In **Italy,** the number of national collective agreements has been falling, partly due to the introduction of sector or group agreements, in telecommunications and the post office for example, and partly because of the consolidation of different deals in related sectors, such as paper and graphics. Attempts to introduce greater flexibility in response to changing conditions in the labour market often gave rise to confrontation between unions and employers, and in 2001 this was high on the agenda of both national and local bargaining. New industry-wide agreements covered various forms of non-standard contract such as temporary agency work, apprenticeships, part-time work and job-sharing.

Although data about decentralised bargaining is hard to gather in Italy, a major survey by the National Council for Economic Affairs and Labour (CNEL), covering 650 companies with more than 100 employees, confirmed the crucial role of second-tier agreements in enabling individual firms to adapt to external conditions.

No national agreements are negotiated in **Luxembourg**, but instead a multitude of sector or company-level deals with a duration of anything from six months to three years.

Industrial relations in the **Netherlands** in 2001 maintained the existing trend of delegating bargaining to sectoral and, increasingly, company level, with only a basic degree of central coordination. However, recent research showed no local differences in wage formation, but growing variations in working time arrangements, with workers prepared to abandon the previous blanket approach to reducing working hours in favour of more individualised arrangements. Trade unions also focused on boosting workers' 'employability' – another pillar of the EES – through training and lifelong learning. A survey of 130 agreements showed that 35% offered services such as personal development plans and career guidance, as well as training. A few included personal development accounts, to which both workers and employers contribute.

In the absence of a central orientation in **Portugal**, branch-level bargaining gained in importance, covering more than 86% of workers, even though the number of deals dropped from 245 in 2000 to 238 in 2001. The national Standing Committee for Social Concertation, made up of employers and trade unions, concluded three deals in 2001 – all of them on non-wage issues: health and safety, education and training, and social protection.

In **Spain**, as evidence of the economic slowdown became clear, the social partners got together with a view to giving a joint sign of confidence that would help to promote economic growth, employment, better-quality jobs and equal opportunities. The outcome was an agreement on general criteria, guidelines and recommendations for collective bargaining, signed in 2002. It recognises that companies differ, and therefore they cannot all be treated in exactly the same way, and urges negotiators to take specific circumstances into account. The accord also acknowledges the central role of collective bargaining in achieving employment stability and a balance between security and flexibility.

Other important clauses stress the need for employers and workers to share information so as to be ready for change, and for training to improve workers' employability and companies' competitive performance. Finally, the agreement makes a number of recommendations for ending sexual discrimination at work – the first time the issue has been tackled in this way.

The election of a liberal government in **Denmark** in November 2001 brought major change in the bargaining landscape. The new Prime Minister Anders Fogh Rasmussen immediately published a so-called 'freedom package' aiming – among other things – to introduce a legal right to work part-time, and ban closed shop agreements. The trade union movement regarded these proposals as a direct attack on their rights, abolishing existing negotiated agreements.
The year also brought a major change in the structure of bargaining in the financial sector. The partners agreed on a new decentralised system, with more scope for enterprise-level negotiations. The trend in the Danish labour market is towards local negotiating rights, and the new finance sector system is a step in this direction, leaving a considerable amount to the

judgement of negotiators, while at the same time meeting the wish of the *Finansforbund* trade union to maintain some central structure for the partners to fall back on.

In connection with the adaptability pillar of the EES, the social partners are represented on the Working Environment Council – which helps to develop new working environment rules and advise the government – and its sectoral equivalents. On this issue, also, the two sides acted together to resist government attempts to intervene in the handling of problems like sexual harassment and bullying at work.

In late 2001, the **UK** government announced new legislation to entitle parents with young children to ask their employers for flexible working hours. The TUC welcomed this step but felt it did not go far enough. It also successfully challenged the government's plans for applying new EU rules on parental leave, which would have disqualified parents of children born before the regulation was implemented. The government eventually extended the entitlement to all parents of children under five.

The two sides came into further conflict over government plans to exclude pay and pensions from provisions to implement the European Directive on fixed-term contracts. And yet the government backed the TUC's guidelines to help unions and companies improve workers' work-life balance while also meeting business objectives. The unions also made plans for a national debate on cutting the UK's long working hours.

2. Outside the EU

In **Norway**, discussions on decentralisation are taking place in both the private and public sectors. In its 2001 employer policy programme, the business and industry confederation the NHO claimed centralised bargaining was not sensitive enough to the needs of both companies and staff in Norwegian working life. It concluded that agreements should become more framework-oriented and flexible on both pay and working time, concluded as far as possible at the company level.

In the state sector, unions and employers reached agreement on flexibility in pay bargaining while at the same time maintaining a degree of central regulation. However, some of the trade unions are divided on this issue: for example, in municipal services the unions representing highly qualified staff such as doctors, dentists and lawyers are happy to decentralise wage formation, whereas other workers are more reluctant.

Although Norway is not an EU member, it implemented the Directive on part-time work in 2001. Some 25% of Norwegian workers (42% of women) work part-time.

A majority of **Swiss** trade unions are in favour of flexible models provided they are collectively agreed, offer employers a genuine right to participate in decision-making, take account of family, social and cultural needs, and maintain wage levels.

3. Candidate countries

The recent trend in collective bargaining in **Bulgaria** again reflects a move towards company-level negotiations. This was partly due to the government's reduced involvement as a result of economic restructuring and privatisation, and also to widening gaps in pay and employment conditions in different sectors which made general standards hard to apply. According to the new Labour Code, an annual agreement between the national social partners should define a framework for branch or sectoral negotiations, but the opposition of some employers blocked a deal for 2001-2002.

According to the largest trade union confederation CITUB, 14 collective agreements at sectoral level and 48 at branch level were in force at the beginning of 2001, but most of these were not in major economic sectors. At enterprise level, 5,563 of the 6,727 companies where CITUB organises had collective agreements.

In **Hungary**, in January 2001, the social partners agreed on a national recommendation for wage rises, of between 9.75% and 12.5%. Most branch-level agreements ranged from 10% to11%. However, branch and workplace negotiations to implement the increase were long and difficult. Some 30-40% of enterprises concluded deals within the first three months of the year, but the proportion sank to less than 20% in the troubled textile sector, and many agreements provided for minimal basic rises with further improvements dependent on economic performance.

Collective bargaining has taken place in **Poland** since 1995, and in 2001 some 8,000 company-level deals were in force. But it is estimated that employers failed to respect up to half of them. The framework for these agreements is weak, and the number diminishes year by year. Trade unions have tended to focus their efforts on political activity to achieve legislative reforms, but have proved unable to build strong organisation and solidarity at workplace level to enable employees to take local action to defend their rights. As a result, workers are increasingly disillusioned, and this is a major problem for the leadership.

2001 saw no significant changes in collective bargaining structures in **Slovakia**. Sectoral agreements, mainly in the private sector, last for two to three years on average, and company deals are negotiated annually.

Although the country's NAP/empl for 2001 proposed "modern forms of work organisation and more flexible patterns of working time, which also respect employers' and employees' needs", such measures are rare, and their implementation will require better cooperation between companies and trade unions in future. Part-time working remains very low, at about 1-2%.

Chapter 7 – Conclusion: looking towards 2002

Predictions for the economic climate forecast a slight recovery in 2002 from the difficult conditions in 2001. At the end of 2001, there was a good deal of 'unfinished business' on the table between the social partners as well as governments across Europe. Having seen their expected wage rises eroded by higher-than-expected inflation, trade unions in many countries were looking for mechanisms to avoid being penalised by any similar development in the future. Issues like shorter working hours, disagreements over flexible working and changes in bargaining structures, plus retirement age and pension reforms, all remained on the collective bargaining agenda.

In France, the 35-hour week law was due to come into effect in companies with less than 20 employees in January 2002, amidst ongoing controversy about its implementation. In Germany, after the poor performance in 2001, many trade union members were pinning their hopes on better results in 2002 producing a wider redistribution of wealth. In Italy, growing disharmony soured relations between the three major trade union confederations, CGIL, CISL and UIL. In many candidate countries, trade unions needed to intensify their efforts to put in place a coherent collective bargaining structure as EU accession approached.

Against the background of these many specific and difficult challenges for the trade unions, the 2002 negotiating round was also set to be an important indicator of the success of continuing efforts to coordinate collective bargaining at a Europe-wide level.

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