

6th EMF Collective Bargaining Policy Conference "Jobs, Rights and Collective Bargaining" Madrid, 17th & 18th November 2009

REPORT: TENDENCIES IN COLLECTIVE BARGAINING 2005-2009

Economic framework conditions for collective bargaining

Economic growth, increase in inflation and employment up to 2008

Following a rather weak development in 2002 and 2003, 2004 saw economic recovery, which, after a short-term deterioration in 2005 (GDP growth in Germany reached 0.9%, compared to 1.6% in the previous year), led to a prosperous economic situation from 2006 to the first half of 2008. The most dynamic development was experienced by the New Member States (NMS) of the EU (with the exception of Hungary) with growth rates of between 6 and 7% in 2007. The favourable economic situation, characterised by increasing growth rates, a decrease in unemployment figures and a marked inflation rate, all led us to expect a trend towards higher wage increases. However, persistently high unemployment in some European countries and an expansion of precarious employment had a dampening effect on the bargaining position.

Economic growth (Change of real GDP in %)

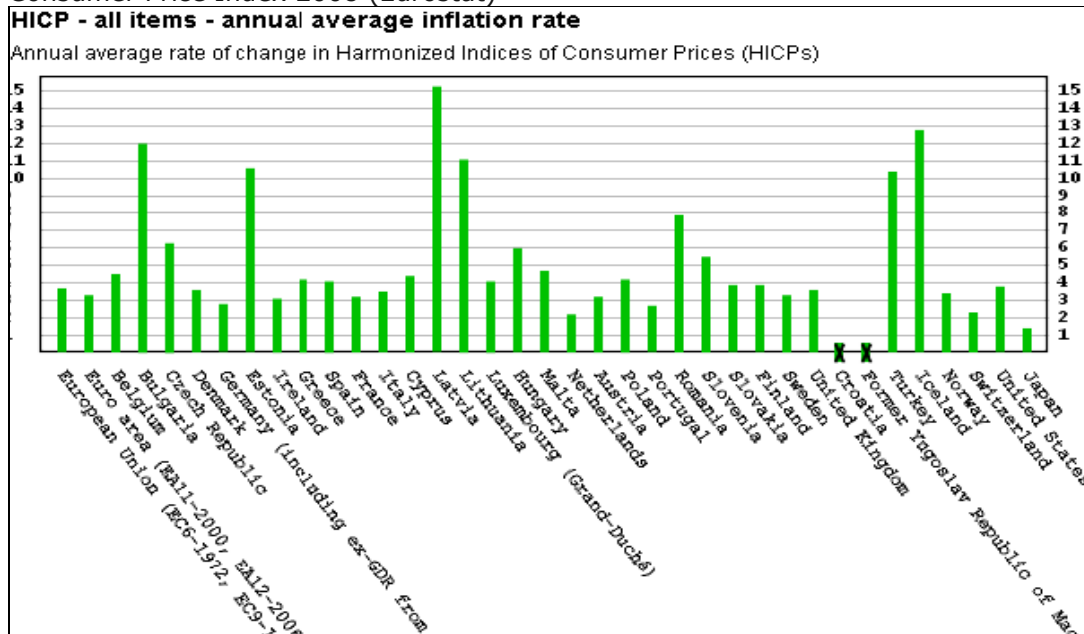
Land	Durchschnitt 1990-1995	Durchschnitt 1995-2000	Durchschnitt 2000-2005	2000	2001	2002	2003	2004	2005	2006	2007	2008*	2009*	2010*
Belgien	1,6	2,7	1,6	3,7	0,8	1,5	1,0	3,0	1,8	3,0	2,8	1,2	- 3,5	- 0,2
Deutschland	2,2	2,0	0,6	3,2	1,2	0,0	- 0,2	1,2	0,8	3,0	2,5	1,3	- 5,4	0,3
Finnland	- 0,7	4,8	2,5	5,1	2,7	1,6	1,8	3,7	2,8	4,9	4,2	0,9	- 4,7	0,2
Frankreich	1,2	2,8	1,7	3,9	1,8	1,0	1,1	2,5	1,9	2,2	2,2	0,7	- 3,0	- 0,2
Griechenland	1,2	3,5	4,2	4,5	4,2	3,4	5,6	4,9	2,9	4,5	4,0	2,9	- 0,9	0,1
Irland	4,7	9,8	5,6	9,2	5,8	6,4	4,5	4,7	6,4	5,7	6,0	- 2,3	- 9,0	- 2,6
Italien	1,3	1,9	0,9	3,7	1,8	0,5	0,0	1,5	0,7	2,0	1,6	- 1,0	- 4,4	0,1
Luxemburg	3,9	6,1	3,6	8,4	2,5	4,1	1,5	4,5	5,2	6,4	5,2	- 0,9	- 3,0	0,1
Niederlande	2,3	4,0	1,3	3,9	1,9	0,1	0,3	2,2	2,0	3,4	3,5	2,1	- 3,5	- 0,4
Österreich	2,1	3,0	1,7	3,7	0,5	1,6	0,8	2,5	2,9	3,4	3,1	1,8	- 4,0	- 0,1
Portugal	1,7	4,1	0,9	3,9	2,0	0,8	- 0,8	1,5	0,9	1,4	1,9	0,0	- 3,7	- 0,8
Spanien	1,5	4,1	3,3	5,0	3,6	2,7	3,1	3,3	3,6	3,9	3,7	1,2	- 3,2	- 1,0
Eurozone (12)	1,6	2,7	1,5	3,9	1,9	0,9	0,8	2,1	1,7	2,9	2,6	0,7	- 4,1	- 0,2
Malta	.	4,6	1,1	6,4	- 1,6	2,6	- 0,3	1,3	3,7	3,2	3,6	1,6	- 0,9	0,2
Slowakei	.	3,4	4,9	1,4	3,4	4,8	4,7	5,2	6,5	8,5	10,4	6,4	- 2,6	0,7
Slowenien	.	4,4	3,6	4,4	2,8	4,0	2,8	4,3	4,3	5,9	6,8	3,5	- 3,4	0,7
Zypern	.	3,8	3,2	5,0	4,0	2,1	1,9	4,2	3,9	4,1	4,4	3,7	0,3	0,7
Eurozone (16)	.	2,8	1,5	3,9	1,9	0,9	0,8	2,2	1,7	2,9	2,7	0,8	- 4,0	- 0,1
Bulgarien	.	- 0,8	5,3	5,4	4,1	4,5	5,0	6,6	6,2	6,3	6,2	6,0	- 1,6	- 0,1
Dänemark	2,3	2,9	1,3	3,5	0,7	0,5	0,4	2,3	2,4	3,3	1,6	- 1,1	- 3,3	0,3
Estland	.	6,1	7,9	9,6	7,7	7,8	7,1	7,5	9,2	10,4	6,3	- 3,6	- 10,3	- 0,8
Großbritannien	1,6	3,4	2,5	3,9	2,5	2,1	2,8	2,8	2,1	2,8	3,0	0,7	- 3,8	0,1
Lettland	.	5,4	8,2	6,9	8,0	6,5	7,2	8,7	10,6	12,2	10,0	- 4,6	- 13,1	- 3,2
Litauen	.	4,7	7,8	4,2	6,7	6,9	10,2	7,4	7,8	7,8	8,9	3,0	- 11,0	- 4,7
Polen	.	5,4	3,1	4,3	1,2	1,4	3,9	5,3	3,6	6,2	6,6	4,8	- 1,4	0,8
Rumänien	.	- 1,3	5,7	2,1	5,7	5,1	5,2	8,5	4,2	7,9	6,2	7,1	- 4,0	0,0
Schweden	0,7	3,4	2,6	4,4	1,1	2,4	1,9	4,1	3,3	4,2	2,6	- 0,2	- 4,0	0,8
Tschechien	.	1,5	3,7	3,6	2,5	1,9	3,6	4,5	6,3	6,8	6,0	3,2	- 2,7	0,3
Ungarn	.	4,0	4,2	5,2	4,1	4,1	4,2	4,8	4,0	4,1	1,1	0,5	- 6,3	- 0,3
EU (15)	1,6	2,9	1,7	3,9	1,9	1,2	1,2	2,3	1,8	2,9	2,7	0,7	- 4,0	- 0,1
EU (27)	.	2,9	1,8	3,9	2,0	1,2	1,3	2,5	2,0	3,1	2,9	0,9	- 4,0	- 0,1

Sources: EU Commission, Eurostat, OECD, July 2009

Prices and productivity

At the beginning of the reported period, the inflation rate (HICP) was relatively low in most European countries (2005 and 2006: 2.1-2.2% in EU15) and thus in line with the (unofficial) ECB inflation target. The extraordinarily high inflation rates in the NMS gradually reached the lower inflation level of the "old" EU Member States. However, the development of the inflation rate in 2008 came under the influence of the volatile situation on the international commodity markets. Due to a strong increase in energy and food prices the inflation rate in the Eurozone reached a peak of 4% in June/July 2008. The acceleration in prices slowed down in the following months and the inflation rate eventually fell to 1.6% in December 2008. The annual average inflation rate in 2008 was 3.3% (3.7% in EU27). The marked decrease in inflation has continued in 2009. The ECB responded to the accelerating inflation rates during the first half of 2008 by raising the key interest rate up to October 2008. Against the background of the financial crisis and the ensuing recession, the ECB then reduced the central interest rate from 4.25% to 2.5% at the end of the year. The trend during the first months of 2009, and the base rate since April, has been down to 1.25%.

Consumer Price Index 2008 (Eurostat)



The growth of labour productivity, however, varied from 1.1% to 1.6% until the onset of the crisis, already an indication that the climax of the economic boom was past. The highest rates in productivity were gained by the NMS (3-8%).

A distribution margin ranging from 2.9% (2005), to 3.5% (2006, 2007) and 4% (up to summer 2008) could be projected based on the price and productivity development.

Collective bargaining results reflecting the economic boom

Against the favourable background of prosperous economic development in the German steel industry it proved possible to achieve bargaining results that clearly stood out amongst others. The previous agreement of September 2006 had resulted in a lump sum payment of 500€, a wage increase of 3.8% and an additional one-off payment of 750€. That agreement expired at the end of January 2008. Given the continuing boom in the steel sector, IG Metall put forward demands in 2007 for the bargaining round in the steel industry in Lower-Saxony and Bremen, North Rhine-Westphalia and Eastern Germany, including an 8% increase in collectively agreed wages/salaries as of February 2008, with a 12 month duration, an increase in apprentices' remuneration of 100€ and the introduction of an additional paid day off per year for older workers (over 50 years of age).

After warning strikes involving more than 40,000 workers an agreement was thrashed out providing for a 200€ lump sum payment for February 2008, a 5.2% increase in collectively agreed wages as of 1.3.2008 and an increase in apprentices' remuneration of 70 € over 14 months - up to 31.3.2009.

The collective bargaining campaign in the German **metal and electrical industry** started after the summer break in 2008. At that time most of the employees were still aware of the large increase in profits during the boom and of the fact that they had not participated in the boom. On the other hand, they suffered an explosion of prices, especially for daily necessities (e.g. food or energy). Employees therefore had high expectations, which were amplified by the high wage agreements in the first half of the year (steel industry, public services and chemicals). This explains the high wage demand of 8%.

During the collective bargaining campaign, however, the economic conditions underwent a distinctive change. One sector after the other was suddenly hit by the crisis. It is against this very difficult background that IG Metall reached an acceptable compromise and achieved a sustainable improvement in wages, as follows:

- A one-off payment of 510€
- A pay increase of 4.2% which enters into the pay scale as follows: 2.1% for the period 1st February to 30th April 2009 and a further increase of 2.1% for the period 1st May 2009 to 30th April 2010. (Together the two periods amount to 4.2%, calculated against the reference period of October 2008). There is an option: At company level, the beginning of the second period of pay rise (May 2009 to April 2010) can be postponed to 30th November 2009, i.e. depending on the respective economic situation of a company. Management and works councils have to negotiate and conclude a works agreement in this respect.
- An additional lump-sum payment (which does not enter into the pay scale) of 122€ in September 2009

The period of validity of the whole agreement is 18 months. The agreement ends on 30th April 2010.

Collective bargaining results in the Nordic countries

The economic situation in the Nordic countries can be distinguished by two separate phases.

Prior to the breakdown of the financial markets, the Nordic countries were in a good situation with low unemployment figures. The main concern was the rising inflation in mid-2008.

But the global economic crisis has affected the Nordic countries as it has the rest of the world. Indeed the effects of the global crisis have affected, and will continue to affect the prospects of employment and growth in the Nordic countries for a long time to come. Bargaining conditions will likewise be affected.

An interesting aspect of the crisis is the difference between the actions taken by the Nordic governments. Conservative and liberal governments in Sweden, Denmark and Finland have concentrated on tax reductions and support for the faltering financial sector. Norway, on the other hand, has invested in industrial policy initiatives, especially in order to strengthen the construction sector, which has been hard hit by the credit crunch in all countries.

The governments of Sweden, Finland and Denmark have been criticized by trade unions for choosing policy tools which, if they work at all, will be much too slow in their effect. The support packages for the financial sector have not led to improved credit to a sufficient extent, especially for smaller and medium-sized enterprises. Credit made available by the state for these companies, for instance in Sweden, has had so tight

conditions attached as to make them effectively useless. The car-makers and their suppliers have suffered heavily by this lack of support from the state.

Denmark

The latest collective agreement for manufacturing industry was signed in 2007 and the next collective bargaining round will start in December 2009, with the agreement expiring in March 2010. The Danish system for determining wages is a two-tier system, consisting of a central agreement that mainly deals with qualitative elements, complemented by local negotiations that mainly deal with salary increases.

The results for the latest agreement provided a 1.2% increase at central level for education/training, pensions and gender equality measures. An industry fund was set up giving the right to two weeks of education and training per year at the worker's own choice. At the local level the results for 2007 and 2008 were 4.7% and 4.2% respectively, and for 2009 this is expected to be around 2%.

Sweden

The latest agreement by unions in manufacturing industry was signed in March 2007 and expires on 1st April 2010. It provides a 10.2% increase for the over three years: 3.4% in 2007, 3.8% in 2008 and 4.2% in 2009, i.e. approximately 3.4% per year (of which 0.6% is for extra pension savings). The increase for the third year could have been renegotiated, but was not.

Norway

Fellesforbundet signed an agreement in March 2007 where the entire agreement is renegotiated every second year and the wage scale is discussed in the years in between the renegotiations. In 2007 the wage increase was 4.5%, with special regulations for equal pay and low paid groups. In 2008 the wage increase was 5.4% and for 2009 the negotiated wage increase is expected to be 3.6%.

Finland

An agreement was signed in July 2007 providing a one-off payment of 350 € in August 2007 and a general increase of at least 3.4%. 0.7-1.0% was to be negotiated locally. In 2008 the increase was 2.5%, with 1.0-1.6% to be negotiated locally in October 2008. The increases for 2009 were to have been negotiated in April/May 2009, but no agreement was reached and the agreement expired on 30th September 2009.

A new agreement was signed in August 2009 with a 0.5% increase for 2009 and possible derogation in local negotiations. Wage increases will be negotiated in April of each year. This agreement expires in September 2012.

Italy

In January 2008, after seven months of negotiations and a 40-hour strike, the social partners in the metalworking sector signed the draft agreement for the renewal of the national industry-wide collective agreement. Among the significant and innovative provisions are the 6 month extension of the agreement's duration (in return for a pay increase higher than the official index), an increase in gross pay of 127€, a lump sum of 300€, 260€ for workers without company agreements, and an equalisation scheme for blue-collar and white-collar workers as regards both pay and normative aspects of the agreement (harmonisation of the contractual treatment of blue-collar and white-collar workers).

Collective bargaining results (Eucob@n 2005-2008)

Evaluating collective bargaining results achieved under the conditions of different bargaining structures and at different levels (national, sectoral and company level) is rather difficult. The best method of evaluation is to compare the results with the criteria of the EMF Wage Coordination Rule. Although such an economic analysis is focused on the empirical value of the agreement (Vowa - **V**alue **o**f the **w**hole **A**greement,) and does not include the processes of bargaining itself nor the role of the EMF Coordination Rule, it has been always clear that this is not a mere mathematical formula, but a political approach and part of the overall EMF coordination strategy for the Europeanisation of collective bargaining.

Evaluation - Offset Inflation Rate (OIR) and Balanced Participation in Productivity Growth (BPPG) in the light of the EMF Coordination Rule

The EMF Coordination Rule states that the main reference points for evaluating results must be to maintain purchasing power and a balanced participation in productivity gains. As far as the first reference point for evaluating the offset of inflation is concerned (Vova compared with inflation figures), we see that the EMF affiliates were able profit from the increase in production and employment demand in 2006 and 2007 and were thus able to achieve good results. Due to the dramatic price hikes in 2007 and 2008, however, the whole value of the agreements decreased, resulting in substantially dampened purchasing power. The offset of inflation value was even negative in some countries and led to a decrease in purchasing power (Hungary - 2007, Croatia, Switzerland and Finland - 2008). As regards results above the inflation rate and participation in productivity increases, positive results were achieved in 2006 and 2007, meaning that the distribution volume was completely utilised; this changed however in 2008, reflected by a negative BPPG value of -1.18, and the distribution volume was not fully utilised in spite of wage increases.

	OIR = Offset Inflation Rate (VOWA minus HICP)					BPPG = Balanced participation productivity growth (OIR minus productivity)				
	2005	2006	2007	2008		2005	2006	2007	2008	
Austria	n.d.	+0.9 : +1.6	+0.4 : +0.92	+0.1 : +1.41	Austria	n.d.	-0.9 : -0.2	-1.2 : -0.7	-1.1 : +0.21	
Belgium	0.0	0.1	0.65	0.35	Belgium	0.46	-1.9	-0.3	-0.44	
Bosnia Hercegovina	n.d.	n.d.	n.d.	n.d.	Bosnia Hercegovina	n.d.	n.d.	n.d.	n.d.	
Bulgaria	n.d.	n.d.	n.d.	n.d.	Bulgaria	n.d.	n.d.	n.d.	6.3	
Croatia	3.2	+1.8 : +6.8	1.1	-2.5	Croatia	-1.1	-0.1 : +4.9	n.d.	n.d.	
Cyprus	n.d.	0.1	0.5	n.d.	Cyprus	n.d.	-2.2	-1.9	n.d.	
Czech Republic	-1.5 : 3.8	+0.35 : +3.0	-0.45 : +0.05	-2.5 : -0.5	Czech Republic	-8.3 - -3.0	-4.25 : -1.6	-5.11 : -4.61	-6.1 : -4.1	
Denmark	1.6	2.6	4.1	n.d.	Denmark	-0.15	1.4	2.73	n.d.	
Finland	0.8	1.3	+2.62 : +2.82	-0.1 : -0.4	Finland	-0.4	-0.1	-0.46 : -0.26	-3.48 : -3.18	
France	n.d.	n.d.	n.d.	n.d.	France	n.d.	n.d.	n.d.	n.d.	
Germany	0.7	1.3	1.0	0.1	Germany	-0.6	-0.8	0.2	-0.6	
Greece	n.d.	0.6	0.0	n.d.	Greece	n.d.	-1.6	-1.6	n.d.	
Hungary	3.0	+2.0 : +3.0	-2.2 : +0.3	n.d.	Hungary	-0.7	-1.4 : -0.4	-4.6 : -2.1	n.d.	
Iceland	n.d.	n.d.	n.d.	n.d.	Iceland	n.d.	n.d.	n.d.	n.d.	
Ireland	n.d.	2.3	2.2	n.d.	Ireland	n.d.	0.5	0.7	n.d.	
Italy	n.d.	1.7	n.d.	n.d.	Italy	n.d.	0.7	n.d.	n.d.	
Macedonia	n.d.	n.d.	n.d.	n.d.	Macedonia	n.d.	n.d.	n.d.	n.d.	
Malta	n.d.	-2.2	n.d.	n.d.	Malta	n.d.	-3.6	n.d.	n.d.	
Montenegro	n.d.	n.d.	n.d.	n.d.	Montenegro	n.d.	n.d.	n.d.	n.d.	
Netherlands	0.3	0.1	0.4	1.5	Netherlands	n.d.	-1.75	-0.7	0.16	
Norway	n.d.	+1.3 : +3.7	+4.68 : +5.28	+1.8 : +2.2	Norway	n.d.	+0.5 : +2.9	+5.28 : +5.88	n.d.	
Poland	n.d.	n.d.	n.d.	n.d.	Portugal	n.d.	n.d.	n.d.	n.d.	
Portugal	n.d.	n.d.	n.d.	n.d.	Poland	n.d.	n.d.	n.d.	n.d.	
Slovak Rep.	-2.5 : +7.5	-0.9 : +1.8	+4.81 : +5.21	+1.0 : +1.4	Slovak Rep.	-6.3 - +3.7	-3.0 - -5.7	-1.58 : -1.18	-3.33 : -2.93	
Slovenia	n.d.	0.5	+4.44 : +6.39	+1.45 : +4.05	Slovenia	n.d.	-2.5	+1.18 : +3.13	-1.6	
Spain	n.d.	n.d.	n.d.	n.d.	Spain	n.d.	n.d.	n.d.	n.d.	
Sweden	1.5	1.3	+1.82 : +2.32	+0.2 : +4.5	Sweden	-0.5	-1.4	+2.37 : +2.87	-1.38 : -0.57	
Switzerland	1.1	0.7	+1.5 : +1.92	-0.6	Switzerland	-0.6	-1.0	0.58	n.d.	
Turkey	n.d.	1.7	n.d.	n.d.	Turkey	n.d.	-3.1	n.d.	n.d.	
UK	n.d.	0.7	+0.8 : +1.6	-1.0	UK	n.d.	-1.9	-1.8 : -1.0	-3.4	
Mean / Average		1.71	1.27	2.23	0.47	Mean / Average	-1.05	-1.14	-0.13	-1.18

See footnote¹

Source: DRAFT EUCOB@N REPORT 2005 - 2008

Implementation of the first common demand for an individual, collectively agreed right to training

Although training itself cannot solve all the problems, it is also clear that European industry cannot remain competitive without a highly-qualified workforce. Governments, companies, employees and people in general all acknowledge and agree that there is an urgent need to act. They also agree with the fact that today's workforce competences do not fulfil all the required needs. This also constitutes a fundamental part of the Lisbon strategy insofar as lifelong learning is recognized as the key factor.²

¹ In 2005 in Austria the OIR was 0.8% and the BPPG - 0.4%

The OIR figures for Italy were 1.9, 2.1, 1.8 and 3.3. The BPPG figures were 2.2, 2.3, -2.4 and -0.4.

² Brochure Common Demand, p.4

Following the discussion and adoption of the first EMF common demand for an individual right to training guaranteed by collective agreement and the start of the campaign in 2005, the EMF objectives regarding training have been implemented in national collective bargaining rounds. Concrete plans or "Roadmaps", indicating how they intended to implement the demand, were submitted by the affiliates to the EMF Secretariat up to the end of 2006. Short evaluations were made in 2006, 2007 and 2008 by the EMF Executive Committee.

This first common demand has been implemented in the various countries in line with national collective bargaining methods and traditions.

Concrete examples of demands:

- Scope of training (e.g. in days per year per employee)
- Contributions for training for specific groups (long-term unemployed, unskilled workers, migrants, young workers)
- Participation in the annual training plans for a company
- Special emphasis on training in case of dismissal
- Certification of training.

According to the evaluation, the results regarding demands on training recorded a substantial increase in the period analysed (from 22% in 2005 to 46% in 2008).³ In addition to paid training leave (5 paid days), the affiliates achieved the active involvement of trade unions in training plans at enterprise level, recognition of training by employers and certification or the establishment of special training funds for temporary agency workers (Austria-GMTN; Denmark).

Legislative and employers' attacks on collective bargaining rights 2005-2008

European Court of Justice (ECJ) judgements undermining workers' rights: In the reported period decisions by the ECJ attacked fundamental workers' rights, such as the right to collective bargaining and the right to strike. For the trade unions these decisions meant a challenge and raised fears that the floodgates would be opened to wage and social dumping. In 2008, the "Rüffert" Judgment annulled, in practice, the "Tariftreueregelungen" in the federal states of Germany. These "Tariftreueregelungen" are provisions under public procurement law, which stipulate that public tenders can only be awarded to companies that pay standard wages. The ECJ ruled that public tenders could only prescribe terms and conditions established through statutory legal minimum wages or generally applicable collective agreements. In Germany this has meant that posted workers have a lower level of protection. The Rüffert Judgment is one of a series of legal rulings (with Viking, Laval, and the Commission versus Luxembourg) that have interpreted the "Posting Directive" as establishing maximum conditions, with no higher level of protection being allowed other than that provided in the Directive, whilst companies' economic freedom has been given primacy over workers' rights.

These legislative attacks have been accompanied by employer attacks on working conditions with demands in relation to increases in working time, decreases in wages, precarious employment, decrease of coverage of the agreements and deviation from national agreements.

Precarious work

In recent decades precarious work has been dramatically increasing in all countries of Europe and indeed all over the world. Precarious work is the result of employment practices by employers that are designed to limit or reduce their permanent workforce to a minimum, maximize their flexibility and shift risks onto workers in order to gain maximum profit. The resulting jobs are typically non-permanent, temporary, casual, insecure and contingent. Workers in such jobs are often not covered by labour law and social security protections. Many national governments and world financial institutions have assisted the spread of precarious work by policies that weaken instead of strengthen workers' rights. In Europe, the erosion of typical employment has been promoted by labour market reforms aiming at more flexibility in standard contracts and at removing obstacles for temporary agency work.

³ Draft Eucob@n report 0408

According to an IMF survey on changing employment practices and precarious work⁴ conducted in 2006, nine out of ten affiliated unions replied that the share of precarious workers in the metal sector had increased during the last five years with the electrical and electronics industry being the most affected sector. The survey results further confirm that precarious conditions disproportionately impact the most vulnerable employee groups such as young workers, women workers, those with limited or no skills and migrant workers.

The adoption of the Temporary Agency Work (TAW) Directive in 2008 finally created a European-wide legal framework for temporary agency work, ensuring equal treatment of temporary agency workers regarding pay and working conditions from the first day of assignment.

Temporary agency workers were among the first victims of the crisis and there is a real risk that employers will use the first signs of upswing to replace permanent employment with precarious jobs. The impact of the global financial crisis on precarious workers was the theme of the IMF-EMF global week for decent work starting on 3rd October 2009. The development of the second EMF common demand against precarious work across Europe is one of the planned actions.

Social dialogue and collective bargaining at national level across the different Member States⁵

Most countries have industry associations for temporary agency firms that exist to promote and self-regulate agency work, or employer organisations that, in addition to such activities, also participate in collective bargaining. Industry association representatives may also perform a lobbying role in terms of developing the law. In some cases (Bulgaria, Ireland and Lithuania) they are formally involved in tripartite discussions around the legal regulation of TAW. Only four countries have no collective employer body: Cyprus, Latvia, Malta and Romania. In contrast, trade union organisation is relatively under-developed, though collective agreements do form an important means of regulation in many countries. How to recruit members and represent workers in the sector remains a crucial question for trade unions. It is evident that there is no role for collective bargaining in the regulation of TAW in the NMS. In contrast, 10 of the EU15 have sector-level bargaining which is in most cases supplemented by collective agreements at lower levels. Several countries also have a role for social dialogue at the intersectoral level.

We give below some Important examples of collective agreements at various levels: these concern such issues as:

- Length of assignment (Belgium, Italy)
- The proportion of agency workers allowed (Austria, Germany, Ireland, Spain, Sweden)
- The use of TAW in strikes (Denmark, Lithuania, Norway, Sweden)
- The employment contract (Netherlands, Sweden)
- Social security and benefits (Belgium, France, Netherlands).

In the important area of equal treatment, collective bargaining contributes to a number of key elements:

- The regulation of pay equality (Austria, Denmark, Germany, Italy, Luxembourg, Netherlands, Sweden);
- Training (Austria, Belgium, Denmark, France, Italy, Luxembourg, Netherlands, Spain); representation (Belgium, Denmark, Italy);
- Other conditions of employment (Netherlands, Italy).

Decentralisation/decrease in coverage

In the sectoral agreement for the electro-technical industry, OS KOVO (Czech Republic) lodged a claim for a 5% average wage increase with individual employers. Negotiations

⁴ IMF Survey on Changing Employment practices and precarious work/publication

⁵ Comparative study by EIRO Online, Temporary agency work and collective bargaining in the EU, published in May 2009

metal, engineering, chemical, textiles and other sectors, in a bid to prevent massive job losses in manufacturing industry. The one-year deal allows employers and plant-level unions to agree special arrangements, such as reduced working time or educational leave, in order to avoid making workers redundant. Under the scheme workers are able to keep their jobs and receive 80% of their regular wages because of the additional compensation paid by employers on top of official unemployment benefits. The agreement was reached at national level but arrangements must be negotiated at local level. The conclusion of this deal was necessitated by the apparent lack of anti-crisis measures undertaken by the Swedish government to prevent mass unemployment (i.e. short-time work). In other European countries, i.e. Germany or Austria, it has proved possible to avoid a dramatic increase in the unemployment rate by use of working time accounts and extensive appliance of short-time work und similar arrangements. These anti-crisis measures have so far effectively been able to hold back a slump in employment comparable to the economic decline.

The effects of the economic crisis in bargaining were only partly felt up to mid-2009.⁸ However, the repercussions of the crisis are to be observed in collective agreements (opening clauses, lump sum payment instead of a sustainable wage increase, with a lasting effect on future pay, "zero months without pay"), proving that the employers are using the crisis to limit pay increases.

German steel industry

Following a steep decline in orders of 40% in November 2008, the situation in the German steel industry changed dramatically, affecting the bargaining position in its wake.

On 1 April 2009, the German metalworkers' union IG Metall and the employers' association for the German steel industry (Arbeitgeberverband Stahl) agreed on a new package of collective agreements, covering some 91,000 employees in the northwestern German steel industry of North Rhine-Westphalia, Lower Saxony and Bremen. The agreements provide for a 350€ one-off payment covering the period April to December 2009 and a general pay increase of 2%, which will take effect on 1 January 2010.

According to IG Metall's assessment, the swiftly concluded deal was already very close to the pain threshold, but helped to achieve a prolongation of the agreement on employment protection up to 2011. Working time can be reduced from 35 to 28 hours per week to avoid redundancies. A progressive extra payment has to be paid in compensation (up to 1.75%).

Spain - Social dialogue at a standstill due to the recession/call for revision of collective bargaining

In Spain social dialogue and collective bargaining have been overshadowed by the repercussions of the economic crisis. In particular, the negotiations for the renewal of the 'Multi-sector agreement for collective bargaining for 2009' – the framework agreement that establishes pay rises according to inflation forecasts, participation in productivity and wage revision clauses – came to a standstill due to the divergent opinions of the social partners. The trade unions claim that the provisions of long-term collective agreements are not being respected in many companies and sectors. Pay rises of less than 2% are being applied – in line with the government's inflation forecast for 2009 – on the grounds that inflation was down to 1.4% in December and that experts have forecast an increase of 0.1% this year.⁹ There has been a dramatic deterioration in the employment situation in Spain: workers in industrial sectors represented 11.1% of the workforce in 2005 whereas they represent only 8.4% in 2009.¹⁰ Given the current situation, the unions believe that it is essential to maintain the purchasing power of pay

⁸ In June 2009, the Institute of Economic and Social Research presented its interim report on Germany's 2009 round of collective bargaining. The study evaluates the collective agreements concluded in the first half of 2009, affecting about 25% of all employees covered by such agreements. Calculated on an annual basis, the average increase in wages and salaries will amount to about 3% in 2009, which is slightly above the average pay increase of 2.9% in 2008

⁹ Spain: social dialogue

¹⁰ Information by Alvaro Garrido, Industria CC.OO

in order to reactivate domestic demand. They are therefore opposed to the 'inverse pay clauses' proposed by employers in the metalworking and banking sectors. Such clauses state that when real inflation in December – the month when most agreements are revised – is lower than the government's forecast, the difference should be deducted from pay in the following year.

In the metal sector the unions managed to conclude an agreement dealing with training, professional classification and health and safety. Employers are blocking the negotiations to transform this into a national agreement, including minimum wages.

Austria - Electrical and Electronics industry

The economic crisis has challenged Austria's 2009 spring bargaining process, leading to a standstill in negotiations in several economic sectors. The aim of the GMTN for the spring bargaining round in this sector was to secure decent real wage increases for some 50,000 employees in the electrics and electronics industry. After a series of unsuccessful negotiation rounds, not only in the electrical industry but also in several other sectors of the economy during April and May 2009, a concerted employers' strategy of obstructing wage negotiations in the spring bargaining round became apparent. As of mid-May, talks in about 10 sectors employing some 400,000 workers had reached deadlock. Five of the strongest trade unions therefore organised a demonstration on 13th May involving some 25,000 participants. The action aimed at forcing the employers' side to return to the negotiating table. After four meetings, a settlement was finally concluded on 5th June 2009 for the electrical and electronics sector, providing for wage increases of 2.2% and 1.4% for those companies that have suffered reductions in turnover of at least 15% during the first quarter of 2009. As of 1 May 2010 wages, salaries and apprentices' remuneration will see an increase in real wages of 1.1%.

Italy - Negotiations on „Cassa Integrazione“

The crisis has hit the Italian metal industry severely. By mid-2009 about 512,000 metalworkers had been included in the Cassa integrazione, the country's temporary unemployment system. The Cassa integrazione provides about 60% of former wages for a maximum of 12 months. Benefits used to be 80%, but the first Berlusconi government reduced them to 60%, with a maximum amount of 750€ per month. The metalworkers' federations went into the national bargaining round with divided bargaining policies. This resulted in a separate agreement with FIM and UILM, which the FIOM did not sign. FIOM-CGIL continues its bargaining policies however, aiming, among other things, at blocking dismissals, notably the dismissal of precarious workers, rotating use of the Cassa integrazione by workers, extension of the Cassa integrazione period to 24 months, raising its payments to 80% and extending solidarity contracts.

Wage policy as a factor of economic stabilisation

In periods of economic downturn wage policy is an important factor to stabilise income and prevent deflation. In its position paper on the impact of the economic crisis on bargaining policy the EMF Collective Bargaining Policy Committee has committed itself to an active wage policy in the period of recession. In addition to employment protection an active wage policy gains momentum for economic reasons in order to stimulate the internal market.