Third Annual Report on the Coordination of Collective Bargaining in Europe

2002

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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 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 negotiation 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 on 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 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

[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%.

used to promote qualitative aspects. Furthermore, this situation shows a considerable responsibility of 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 negotiations, 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 (possible 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 importance of strengthening this aspect of the guideline.

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., form 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 is very different and distinct: 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 by 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 on which 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
NETHERLAND	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

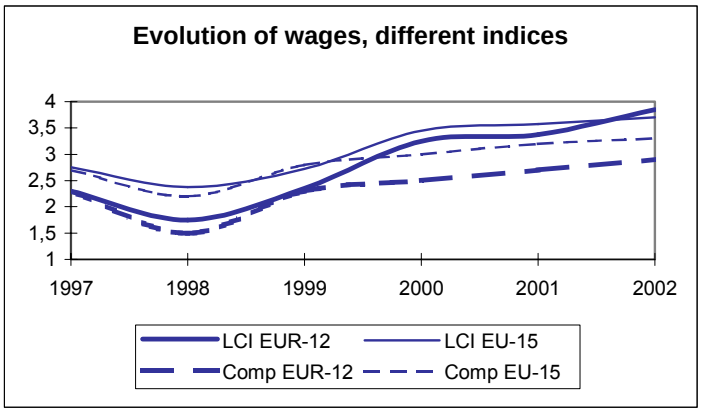
Countries outside EU	Contact person	Organisation
Norway	E. Horneland	LO-NO

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 distinct 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 at around 2-3%.



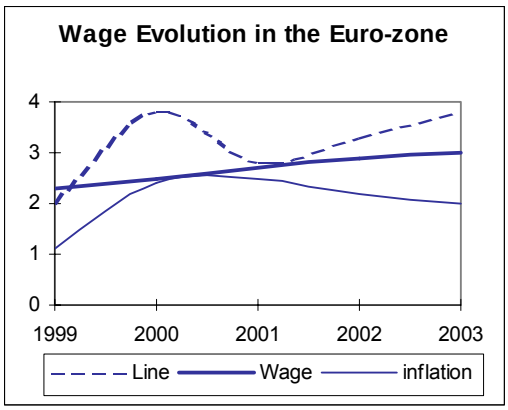
[2]

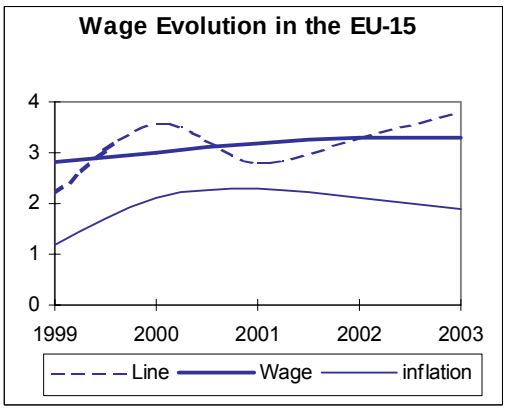
LCI: labour costs index (rise in total wage costs per hour), Eurostat.
Comp: Remuneration (rise in total wage costs per worker), European Commission.

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 gains of productivity. 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.

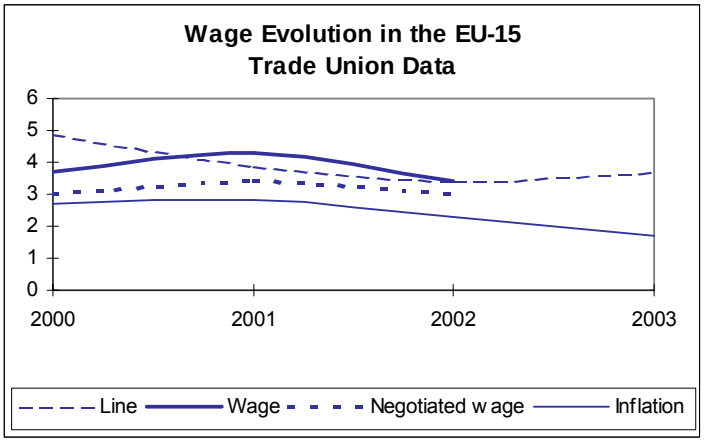
[2] The data used to calculate this non-weighted average are provided by national affiliates, and are not all truly comparable. However, the average indicates a long-term tendency which is worth noting. For comparable figures, affiliates should refer to the Commission's data.





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 remuneration (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.

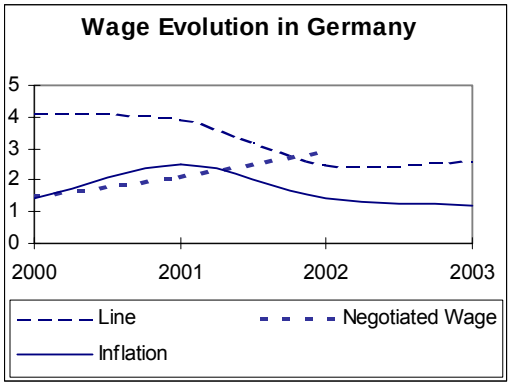


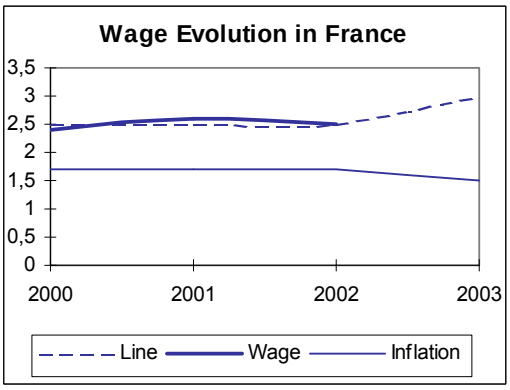
The trade union figures bear out the European Commission's observations (graphics above). Wages rose above the guideline figure (inflation plus productivity) in 2001, catching up the ground lost in 2000, and appear to return to the guideline level in 2002. There is a downturn in the line for 2001 under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

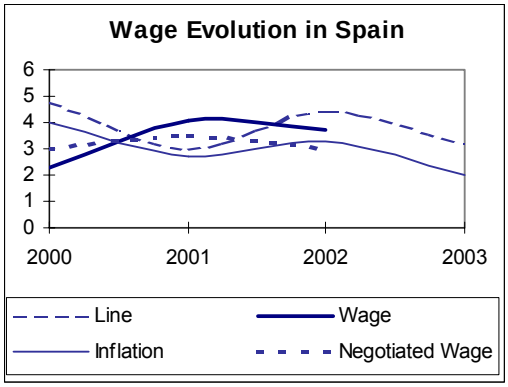
The situation is the same at the European level, with 2001wages close to the guideline in the euro zone or above the guideline (EU15). Wages are generally likely fall below the guideline in 2002 and 2003, however.

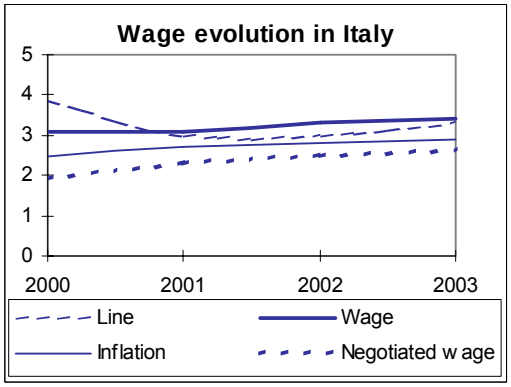




The German figures show that negotiated wages were below the guideline in 2000 and 2001, and actually below the inflation rate in 2001. It should also be noted that wages have risen even more slowly since the questionnaire was returned, with a rise of 1.8% as against the 2.1% negotiated in 2001, with 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.

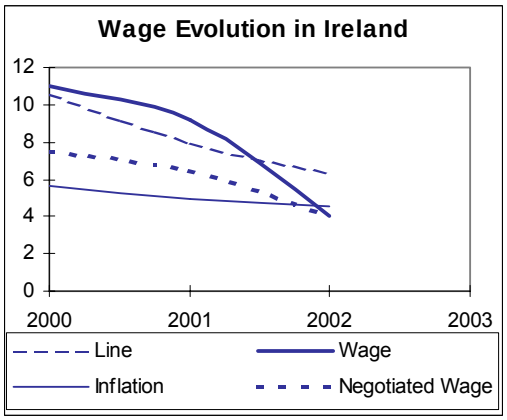
In the case of France, the average rise in wages is in line with the guideline, inter alia because of the reduction in working time which has reduced productivity per worker (partly because the number of jobs has increased). The impact of wages on inflation is therefore neutral, and wages are stable 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.

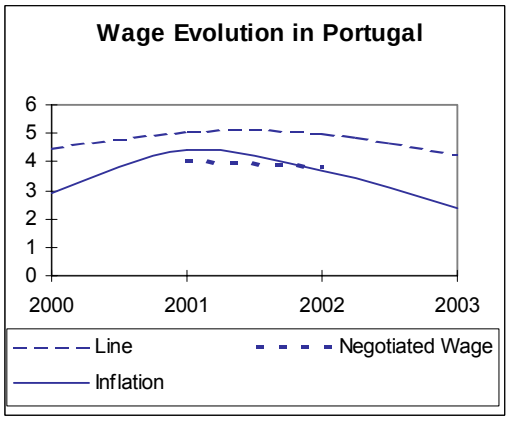




The case of Spain shows that observed wages are rising faster than negotiated wages, and were above the guideline in 2001 but below it in 2002. The slowdown in productivity may explain this position, as well as the adjustments for previous inflation (through inflation clauses applicable the following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

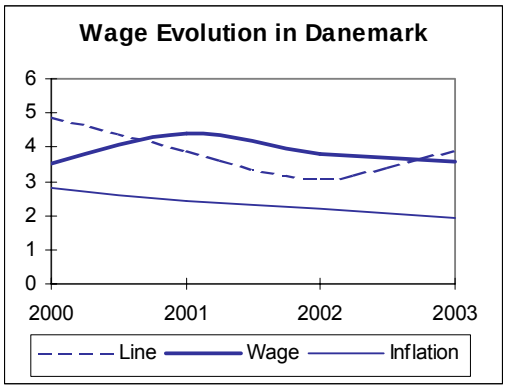
In Italy, it appears that both observed and negotiated wages rose almost in parallel to the guideline in 2000 and 2002. The figure for 2003 is based on forecast inflation of 1.4% which explains the fall in the guideline even though wage developments seem stable at around 3%.

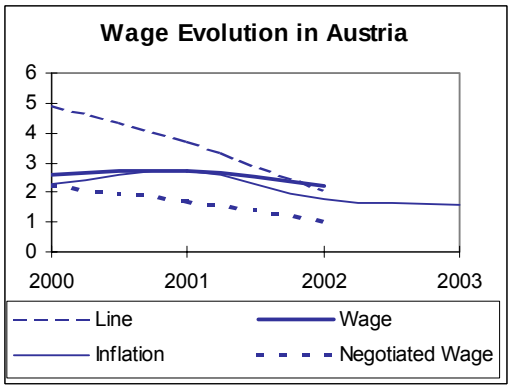




In Ireland negotiated wages rose to a level between the inflation rate and the guideline, whilst observed wages rose above the guideline figure, reflecting a catching up of wages, and an increase in wages as a proportion of GDP. Only 2002 shows a marked slowdown, with wages below inflation, though not all the figures are available. It should be noted that the gains of productivity fell consistently between 2000 and 2002, conforming to 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.

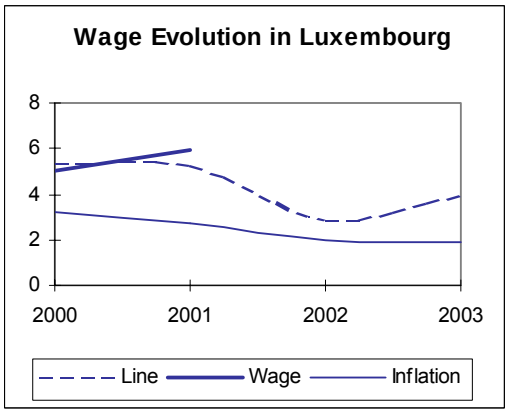
In Portugal, the increase in negotiated wages remained below the level of inflation in 2001 and was at the same level in 2002. Under these conditions, the purchasing power of wages has not been maintained and wages as a proportion of GDP are likely to fall in the long term if this trend continues. However, 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.

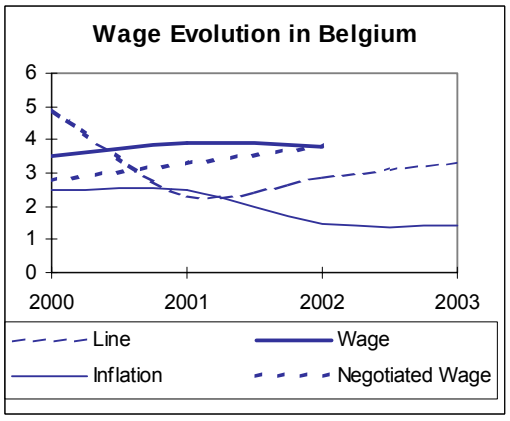




In Austria, observed wages are rising at around the inflation rate, just maintaining purchasing power. However, additional margins of manoeuvre existed in 2000 and 2001. It should also be noted that negotiated wages remained below the inflation rate, and fail to meet the ETUC guideline.

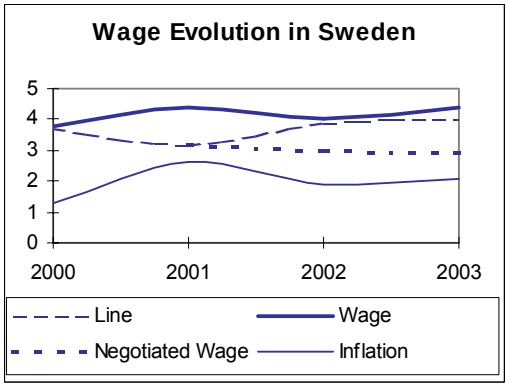
In Denmark, the rise in observed wages remained above the inflation plus productivity line in 2001 and 2001, and should remain in line with it during 2003.

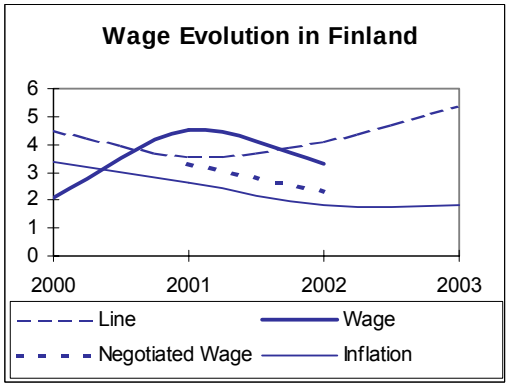




In Belgium, rises in observed wages, below the inflation plus productivity level in 200[?] and 2003 (forecast) were above this line in 2001 and 2002, partly because of a fall in productivity in 2001. The average trend for observed wages is actually between 3% and 4%, and is sometimes below the rate for 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).

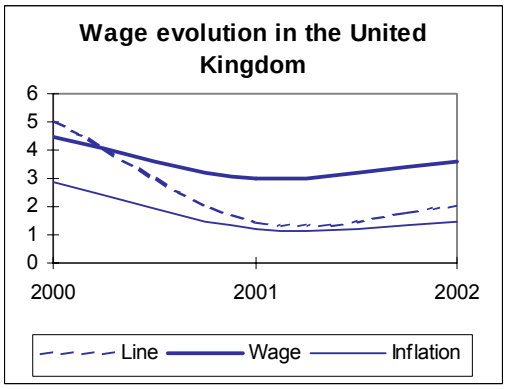
In Luxembourg the trend is higher, with nominal wage increases of 5-6%, in line with inflation plus productivity.

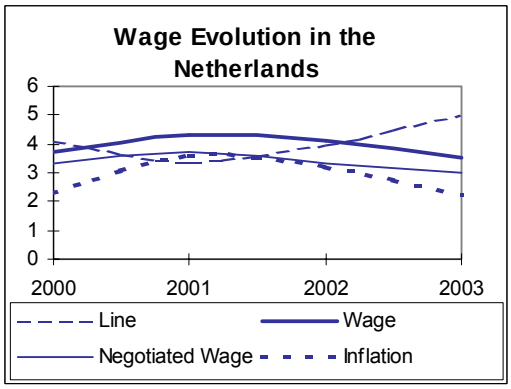




Movements in observed wages rose above the guideline in Finland in 2001, reflecting a catching-up after 2000 when purchasing power appears to have diminished (wage increases below the rate of inflation). In 2002 increases are likely to be below the inflation plus productivity line, but above the inflation 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 in the order of 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 rounds of collective bargaining and signature of collective agreements take place in spring in seven countries, and in autumn in three states; these are usually centralised negotiations. Elsewhere, negotiations are dispersed and reviewed at the enterprise level, which creates the impression of a continuous round of negotiations from an overall point of view.

Table: Dates and durations 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 (1st 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 previsions 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 prevision is being born out). However, recent changes in levels of activity during September 2002 could yet 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 to be sent these figures in a systematic fashion. 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 of 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.

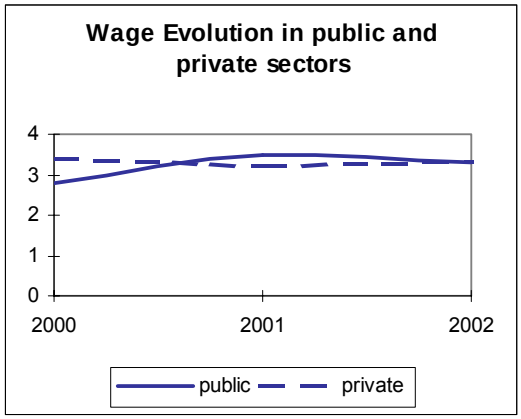


Table: Salary movements in public and private sectors

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	négo				
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 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 have 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 response 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.

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 partner's 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.

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.

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 "a 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, both for full and part time works, 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 years' 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 (a 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: the employability (continuing training policy) and training policy and the 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 next to this also rapid information on collective agreements (the moment they are signed).

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. Debated was also the principle that the EMF wage coordination rule has to be reinforced and should have more compulsory elements, thus making it a more concrete a real European policy. This debate will be organised in 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 3 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 program 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 the workers of 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 sees 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
	oordinating 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: Introduction to the Euro, and trade union perspective

1. Production: new opportunities for bargaining in the manufacturing sector
2. Public Services: the challenge for workers in the public sector
3. 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 paper gives a summary analysis of findings of a questionnaire sent to ETUC member organisations in the candidate countries as well as European industry federations and also of a paper prepared by Bela Galgoczi.

6.1. Economic situation

After more than a decade transition, the performance of candidate countries shows quite an uneven distribution. Even if we do not examine qualitative development indicators and restrict ourselves at the beginning to examine the developments of GDP in the decade of 1990-2000, differences appear sharply among individual countries.

Table 1.

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

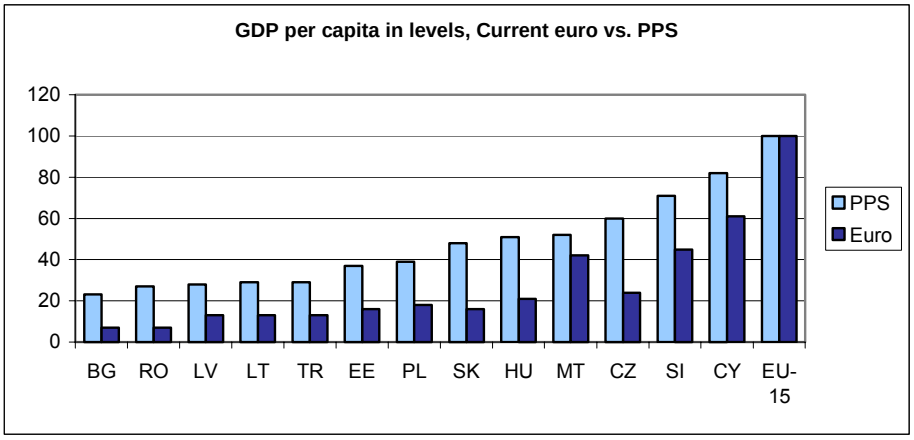
CZ	SK	HU	PI	SI	RO	BG	EE	LV	LT
100,3	109,1	109,7	144,0	121,6	84,4	80,1	97,5	62,0	70,1

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

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

It must be emphasized however that, even if a ten-year period is long enough to have a realistic overview of the changes, it comes from the very nature of transition that these data do not necessarily reflect the real economic performance of individual countries without distortions. Data of 1990 does not represent the level of pre-transition in each country, as in some of the countries transformation started earlier, while in other cases it started later. In the case of Poland for example, pre-transition GDP level is substantially higher, than the level of 1990, thus the 44% improvement of the ten year period is more moderate if compared the last year before transformation began. There are some common features of the GDP development of candidate countries, as well. Each country has suffered a dramatic fall of GDP in the first two-three years of transformation. Differences were great in the pace and endurance of the recovery. It is quite natural that each country has lived periods of structural change and stabilization, 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 EU average.



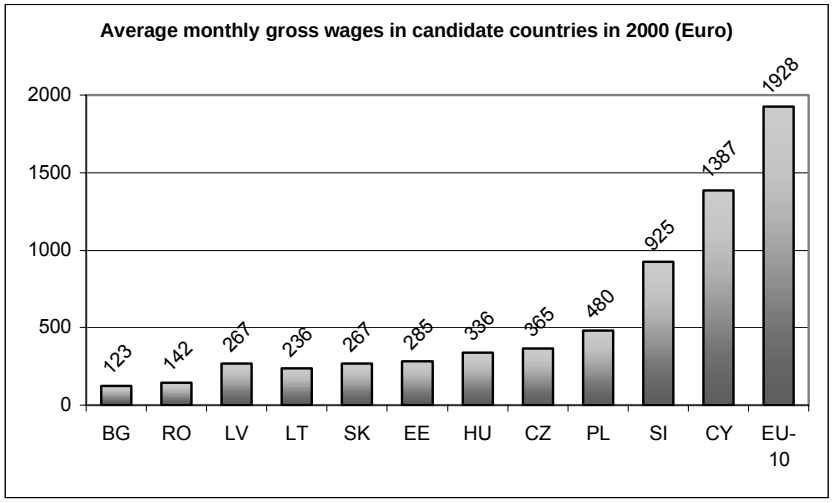
The difference between the GDP/capita of CEE candidate countries compared to EU average shows an enormous gap, if we use exchange rate parities. In this case the differences between individual CEE countries is also great. If we regard data at purchasing power parities, the gap appears much smaller, although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

According to the Commission, a major continuous challenge to most of the countries will be to achieve sustainable and sufficiently high real economic growth rates in order to allow for real convergence to the European Union. The scenarios regarding economic growth and forecasts submitted by the candidate countries differ widely reflecting the divers starting positions in the respective countries. With the exception of Malta, Poland and Slovakia, all countries foresee an acceleration of growth over the 4-year period between 2001 and 2004, as compared to the period 1996 - 2000. For most countries the acceleration is rather minor, 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, we have to be aware of several difficulties. As price and cost structures in transition economies still show substantial differences **to developed market economies,** direct comparison of wage levels **at nominal terms expressed in Euro** can be misleading**. Unequal and disproportional transformation developments in individual countries can lead to substantial shifts in certain economic indicators year by year. The impact of inflation and changing currency regimes, such as stabilisation measures can produce sudden changes from one year to an other. 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 10 Eastern European candidate countries,** two basic approaches **will be applied.** Comparison to EU countries at 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. For comparison, the industrial average for 10 EU countries stands here, as well.

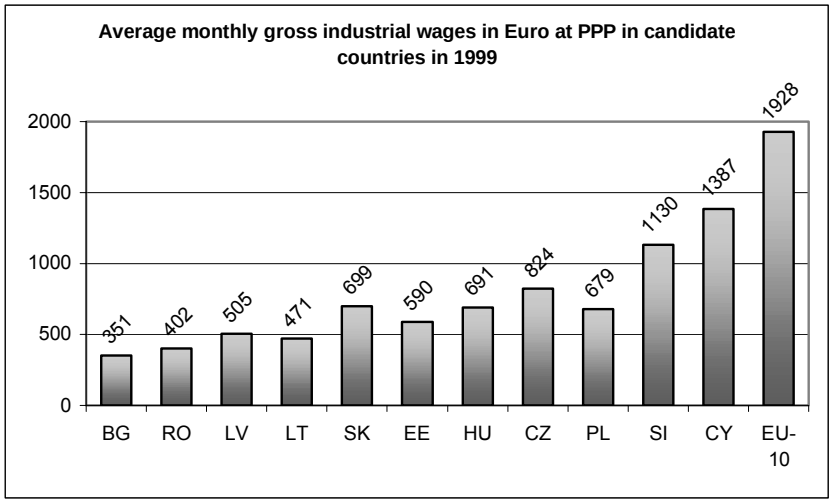


Source: Eurostat, Statistical Yearbook on candidate countries, WIIW, 2001 ; and Earnings in industry and services in the EU, 2000
Note:EU-10 covers DK, DE, ES, FR, IRL, NL, AU, PT, FI, UK in 1998

Monthly average gross nominal wages in total economy throughout candidate countries **range from 123 Euro in Bulgaria and Romania to 480 Euro in Poland**, if we exclude two countries with much higher wage levels: **925 Euro in Slovenia** (data 2000) and 1387 Euro in Cyprus (data 1999). 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 **EU average wage stands at 1928 Euro monthly**, **candidate countries (without 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 increase expressed in Euro made up 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 tendency. Strong wage growth in Euro terms and deteriorating external trade performance in Poland is thus the result of the early abandonment of exchange rate control and the following 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. Anyway, **nominal figures seem to be rather shocking**, although **wage levels at purchasing power parity show a somewhat less dramatic view**.



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

Now taking the **average of the industrial wages at PPP** of the ten Eastern European candidate countries, we receive **634 Euro, which compared to the 1928 Euro for the 10 EU countries** gives a more balanced distribution. This only indicates that the **gap in living conditions is not that great**, as seen from nominal data and shows that the **danger of social dumping is not as threatening**, as one would think for the first sight. It is also interesting to see that the proportions among candidate countries also shows a substantial shift. The case of Poland is quite apparent, which ranked so high on the previous graph, but here shows a value quite near to the average of candidate countries. There are two factors in the background. Industrial wages on the one hand are relatively lower in Poland than wages for the whole economy and price levels are also nearer to the European average, leading to relatively lower values at PPP. The strong appreciation of the Zloty, which was mentioned earlier plays a role, as well.

The most important lesson of 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 **much more than GDP** in the 8 year period. In these latter countries wage increases in the eight year period seem to be beyond economic performance. Lithuania is the only CEE country, where wage increases substantially surpassed 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 the tendency 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 the **Czech Republic, Slovenia, Slovakia and Poland, where wage increases follow productivity developments to some extent and correspond or even override GDP growth.** In the Czech Republic productivity on the 8 year period grew by 10 % faster than wages. Beside 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 **manage a rather proportional development of wages and economic performance**.

This can by no means said about **Romania, Bulgaria and especially about Hungary**. In these countries **wages lagging much behind economic performance.** In Romania the relative level of productivity is twice as high than that of wages regarding the period of 1992-2000. Wage dynamics are lagging behind GDP developments, as well. The **situation is most dramatic in Bulgaria**, as **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%**.

Wages are the most depressed compared to economic performance in Hungary however, as the level of productivity is almost 2,5 fold higher, than 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 is most concerning in Romania and Bulgaria**, as there **not only the relative position of wages is very low**, but **wages are very low on absolute levels**, as well. In Hungary the very depressed level of wages according to economic performance still means a wage level, which belongs to the upper range of candidate countries. In Hungary a very strong development of productivity stands against a very moderate (almost stagnating) wage increase. In Romania and Bulgaria however a productivity growth close to the average of CEE countries faces a substantial drop of real wages. The Romanian situation is peculiar, since productivity shows a very uneven development. It is not shown in the above time series because of reasons of comparability, but the years 1990-1992 brought a collapse of productivity in Romania by a decrease of some 60% at the time when wages did not drop that dramatically. So 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 EU's impact on social dialogue can be observed:

- *The most frequent 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 should not be ignored:*

Limited effects of the European Social Model on Industrial Relations
Pressure on working conditions in the name 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…) or informal tripartite meetings. However, this meetings or bodies are essentially focused on the fixation of the minimum wage rather than on the indication of an optimal or maximal wage rise at macroeconomic level.

Guidelines on wage increase at national level only concerns Poland and Hungary. *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 on *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, either through bipartite body for civil servants' pay)
✕ : no discussion, no negotiation

- **Main types of agreements**

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

In candidate countries, the main level for bargaining is set at *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 more rarely used, although they exist in the majority of candidate countries. They often cover few sectors, and are sometimes limited to the signatories (no systematic extension).

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

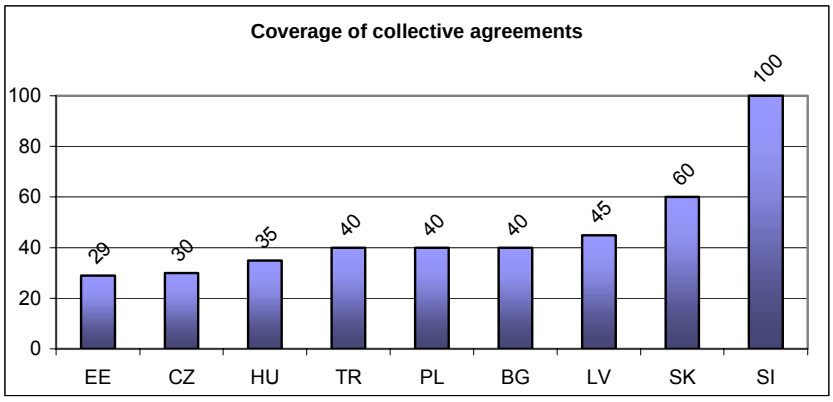
Levels of bargaining and existence of a minimum wage

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, when comparing with EU member states, one important difference is the relative *lower importance of the sectoral level* in candidate countries. Indeed, in most EU member states, the prevalent level of negotiations is set at sectoral level, with some notable exceptions. Moreover, this sectoral level is in a few EU cases under the framework of a national agreement (or social pact). This specificity is not apparent in candidate countries where the decentralisation of collective bargaining is more important. This makes a contrast with 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% if we exclude Slovenia where coverage is supposed to be universal when taking into account both public and private wage policy agreements at national level.

Those 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 shows that the promotion of social dialogue is of particular importance in candidate countries if the EU wants to secure its “European Social Model”.

- **Bargaining Schedule**

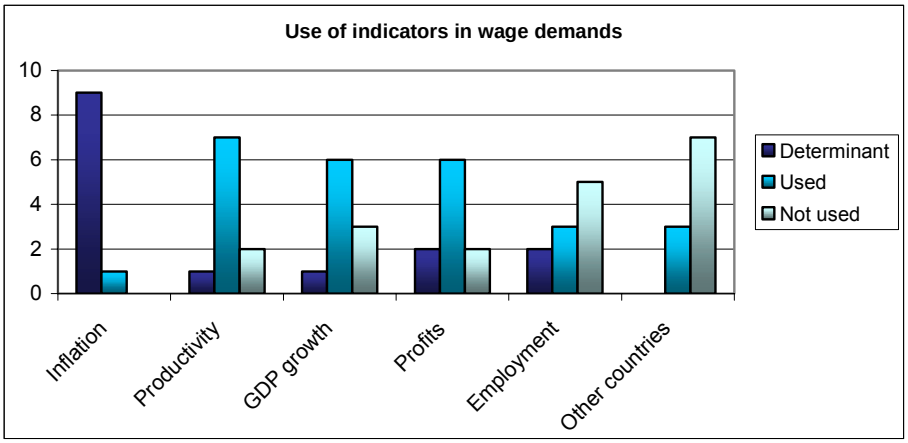
Most agreements on wages have a one-year duration in candidate countries, which is a similar result to that of the EU.

Although few answers are precise on this issue, a Winter-Spring negotiation agenda can be identified, which is therefore comparable to that of the EU.

6.4. Role of the formula “inflation plus productivity”

There is not any formula of this kind which is properly defined so far. However, most trade unions use inflation as a first wage demand, and other indicators such as GDP, productivity, efficiency, the economic situation of the enterprise…

Two trade unions, from the Czech Republic and Slovenia, however indicated 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 9 countries, and an indicator used among others in 1 country. All the countries are using this indicator. In some cases, governments’ forecasts are used rather than actual figures.

Productivity is used mainly among other indicators (7 countries), used as a determinant factor in one country and not used in two countries. There are also problems when dealing with this indicator about 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 quoted that GDP growth is an approximation of productivity as no data is available.

Employment and comparisons with other countries are mainly not used, particularly the latter. In some answers, there are some incentives to compare candidate countries' wages with EU's wages. However, answers show that wage differences are so important that it is difficult to use the comparison tool in wage demands or negotiations.

It is striking to see that some answers say that wages are so low that they do not influence any more stability objectives. At the same time, candidate countries generally face an inflation problem, and wage moderation is often part of the policy adopted to curb inflation. Under these circumstances, there are many losses of purchasing power as nominal wage increases are not compensating for inflation.
In the countries where inflation is under control, the main problem of the wage earners is to re-evaluate their lost purchasing power.

6.5. Conclusions

The guideline for the co-ordination of collective bargaining of the ETUC aimed at establishing common standards at European level in order to avoid social dumping and wage divergence in Europe. The basic criteria was to have nominal wage increases higher than inflation with maximising the proportion of productivity allocated to the rise of 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 have a view at CEE candidate countries, how wage developments and wage formation practice there relates to the **guideline**, we have to conclude that there is **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 the economic performance** of these countries in most of the cases. Regarding the 10 year period of transformation, real wages were below their pre-transformation level in several cases, but they were substantially below GDP growth in most cases and were very much lagging behind productivity development.

When having had a look at **wage formation mechanisms**, the target in most cases is simply having **higher wage increases than inflation**. In an economic environment of high inflation this is a very difficult procedure. Even when inflation had been tamed in all CEE countries by the second half of the decade, it is still very difficult to have **precise forecasts** for the coming year. It is still a widespread phenomenon, that price increase prognoses at the beginning of the year that serve as basis for collective agreements, are regularly lower than reality. In this case previously fixed real wage growth can well turn into a decrease by the end of the year, or in better case a more moderate improvement. Then it is a second round of bargaining, how to correct wage figures, which is a partial success in most of the cases.

The development of GDP is taken into account only in some cases at national level bargaining, 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 on 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 arise in the connection of wage increases: employment level and working time. It is a tragic phenomenon that in several countries wage increase claims will still be linked to a decrease of 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 this cases (Poland, Slovakia) 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 that the **government dictates** at the national level negotiations and arguing with the balance criteria of the economy (or IMF pressure, like in Bulgaria), excludes any wage growth above inflation. It other cases (especially in pre-election years), governments turn out to be good kings and initiate wage increases which are out of rationality.

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

Beside the above problems in the collective agreements, the combination of central wage fixing and decentralised wage bargaining has created some distortions and led to the emergence of negative tendencies, two of which are of some importance. First, the wage determination system caused unjustifiable wage differentials between the budget and non-budget sphere; and second, decentralised wage bargaining in state enterprises has a high inflationary potential, as workers aspire to high wages independently 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 in candidate countries, in most countries this is restricted to the formal criteria only.

As we saw in the above study, the **functioning and the content of industrial relations in CEE fall quite far from the patterns of the EU countries**. Trade union activity is **over-politicised**, tripartite structures have an overweight, while industrial relations on the **sectoral level are still underdeveloped**. While only 10% of CEE employees are covered by sectoral collective contracts, this ratio in Western Europe reaches 70%.

The nature of industrial relations also reflects a less organic character in CEE not having 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 90's and to a great extent is was matched to the that time economic structure (with a dominant role of the state).

There will also be problems for CEE countries to join the European social dialogue as **works councils** in CEE do not always exist and, even if they exist, do not have real influence.

The **functional disturbances of the dual model of industrial relations at the workplace** is of outstanding importance in CEE countries. In nearly all CEE countries **trade unions have a hostile attitude towards works councils**, which is often the outcome 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.

We also have to add that the overweight of tripartism in CEE contrasts with industrial relations of EU countries, where formal tripartism rarely exists and social dialogue at the national level takes place in a more informal way.

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. In order that unions could represent employee interests genuinely they need solid roots at 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. When present tendencies continue, efficient employee representation would restrict itself to the public sphere.

The **transformation period** was not a "normal phase" of social-economic development to be easily described and understood by Western principles, it was a period of **"state of emergency",** where major developments ran under 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 they were under the transformation years. They had to face serious legitimacy problems and their priority was to support of the reform process which sometimes contradicted the protection of workers' interests.

We should not forget that beside the "unfavourable" economic structure as a reason for weakness at 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.

We can point out that the greatest obstacle of the successful operation of unions in CEE is their weak positions at the workplace. This a problem nowadays that starts to undermine unions' legitimacy even at the political level. In order that a future membership would not be a formal one, not being more than a political act and the adaptation of the Acquis, but that employees also benefit from it, trade unions need a much more dynamic and initiative approach.