Industrial relations developments in Europe 2009
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Eurofound project: Network of European Observatories (European Industrial Relations Observatory)
Industrial relations developments in Europe 2009
A number of key trends in industrial relations were observed over the course of 2009, in particular reflecting the ongoing impact of the global recession. Crisis-related cuts in public spending and their effects on public sector employment, pay and conditions were a highly contentious political issue in many countries, in some cases leading to the breakdown of collective agreements. Moreover, short-time working, with associated pay cuts, was extended across much of the European manufacturing sector in response to falling demand, while social partners engaged in concession bargaining in a number of sectors to cut costs and save jobs.

This report, *Industrial relations developments in Europe in 2000*, provides a comparative overview of the most significant industrial relations developments at national level over the course of 2009 and reviews the year’s main events and trends in European social dialogue and employment legislation and policy. It examines the key issues covered by collective bargaining such as pay and working time and also looks at developments in the area of social partner activity and industrial action. The final chapter looks in detail at developments in social partner organisations in Europe in response to such challenges as the internationalisation of the economy, trends towards greater flexibility in the labour market and profound changes in employment relationships.

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

Jorma Karppinen
Director

Erika Mezger
Deputy Director
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Introduction

The European Industrial Relations Observatory (EIRO) remains a reliable and up-to-date source of news and comparative information on industrial relations developments and trends for the key actors in the field of European social dialogue. The information that EIRO publishes is supplied by a network of correspondents in each Member State, in Norway and at EU level. This annual review examines the developments in 2009 in the 27 EU Member States and Norway, as well as EU-level industrial relations, with – given the economic climate – a particular focus on the crisis and responses to it.

The first chapter draws on contributions from the network to look at relevant political and legislative developments, collective bargaining levels, changes in the organisation and role of social partners, industrial action and other significant developments in the countries covered by EIRO. It highlights developments in company restructuring and the impact of the global economic crisis.

The second chapter reports on the main developments in social dialogue at European level over the course of 2009, charting trends in collective bargaining and industrial action. It explores legislative developments in such areas as paternity and maternity leave and working time, and looks at the use of structural funds to mitigate growing unemployment as well as the responses of the social partners to the economic crisis.

The third chapter examines recent developments in social partner organisations in Europe, drawing on the following EIRO comparative reports – Developments in social partner organisations – employer organisations, Trade union membership 2003–2008 and Trade union strategies to recruit new groups of workers.
This chapter reviews the main developments in industrial relations in the EU Member States and Norway in 2009. It sets out the political context before examining collective bargaining trends on pay, working time and other topics and the year’s main developments in employment legislation, the organisation and role of the social partners and industrial action. Finally, the chapter looks at the industrial relations aspects of company restructuring and the impact of the economic downturn.

Political developments

As indicated in Table 1 below, six of the 28 countries examined held national general elections in 2009 – Bulgaria, Germany, Greece, Luxembourg, Norway and Portugal. This resulted in a significant change of government in Bulgaria, Germany and Greece. Further, new governments took office without a general election in the Czech Republic, Estonia, Latvia and Romania.

The change of government was significant in industrial relations terms in Bulgaria. Under the previous administration, tripartite social dialogue had largely broken down, with trade unions withdrawing from the National Council for Tripartite Cooperation (Национален съвет за тристранно сътрудничество, NCTC) in late 2008, partly because of dissatisfaction with the government’s perceived lack of consultation on its measures to tackle the economic crisis. The new government relaunched tripartite dialogue through the NCTC in August 2009 (BG0907039I)1 and agreed to draw up a joint anti-crisis package. It also restored tripartite cooperation bodies at sector level and launched new regional cooperation structures. Greece’s new socialist government also focused on dialogue, setting up two special committees with representatives from all social partner organisations to consider reforms in industrial relations and social security and to make suggestions that the government should take into account when proposing legislation in early 2010.

In Germany, the new Christian Democrat-Liberal coalition government signalled some changes from the approach of its Christian Democrat-Social Democrat predecessor. Notably, the previous government had expanded the system of setting legally binding sectoral minimum wages to new industries, but the new coalition now plans to review this system prior to deciding whether or not to retain it (DE0911039I). The new government’s other priorities include amending legislation on fixed-term contracts, promoting equal opportunities (DE0912039I) and reforming the healthcare insurance system.

In many countries, national politics were dominated in 2009 by the economic crisis, and indeed the crisis and responses to it contributed to the fall of governments in countries such as the Czech Republic and Estonia. The industrial relations effects of the recession and social partners’ involvement in responding to the crisis are examined below (under ‘Impact of economic downturn’), but it can be noted here that crisis-related cuts in public spending and their effects on public sector employment, pay and conditions were a highly contentious political issue in numerous countries, including Austria, Bulgaria, Estonia, France, Greece, Ireland, Lithuania and Romania.

1 The text contains numerous references (such as BG0907039I) to records on the EIRO website; these provide more detailed information on the issues in question. They can be accessed at http://www.eurofound.europa.eu/eiro by simply entering the reference into the ‘Search’ field.
Table 1 Political situation in the EU Member States and Norway, 2009

<table>
<thead>
<tr>
<th>Country</th>
<th>Political Situation</th>
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<tr>
<td>Austria</td>
<td>The ‘grand coalition’ government of the Social Democratic Party (Sozialdemokratische Partei Österreichs, SPO) and the conservative Austrian People’s Party (Österreichische Volkspartei, ÖVP), led by Chancellor Werner Faymann (SPÖ), which was re-formed following a general election in September 2008, remained in office in 2009. The government focused on stimulating the weakening economy and alleviating the negative effects of the downturn. Regional elections were held in four provinces (Länder). The SPÖ sustained substantial losses in all cases, but retained the governorship of Salzburg. The ÖVP retained its leading position in Vorarlberg and Upper Austria, while in Carinthia, the populist Alliance for the Future of Austria (Bündnis Zukunft Österreich, BZÖ) became the largest party in the regional parliament. In the European Parliament election in June, the ÖVP replaced the SPÖ as the Austrian party with the most MEPs.</td>
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<td>Belgium</td>
<td>The year started with a new federal government coalition of the Open Flemish Liberals and Democrats (Open Vlaamse Liberalen en Democraten, Open VLD), the liberal (French-speaking) Reform Party (Mouvement réformateur, MR), the (French-speaking) Socialist Party (Parti Socialiste, PS), the Christian Democratic and Flemish Party (Christen-Democratische en Vlaams, CD&amp;V) and the centre-left (French-speaking) Humanist Democratic Centre (Centre démocrate humaniste, CDH), led by Prime Minister Herman Van Rompuy (CD&amp;V). In November, Van Rompuy was selected as president of the European Council and replaced as Belgian prime minister by Yves Leterme (CD&amp;V). Elections were held in the regions and linguistic communities (Flemish, French-speaking and German-speaking) in June. In Flanders, a new centre-right coalition including CD&amp;V and Open VLD took office. In Brussels and Wallonia, the elections resulted in a centre-left coalition of the Green Party (Ecolo), the PS and CDH, with MR pushed into opposition. The Open VLD, CD&amp;V and PS won the most seats in the June election to the European Parliament.</td>
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<td>Bulgaria</td>
<td>Until the general election in July, the government was a left-liberal coalition of the Coalition for Bulgaria led by the Bulgarian Socialist Party (Коалиция за България, BSP), the National Movement for Stability and Progress (Национално движение за стабилност и възход, NMSP) and the Movement for Rights and Freedoms (Движение за права и свободи, MRF). The election was won by the centre-right Citizens for European Development of Bulgaria (Граждани за европейско развитие на България, CEDB), which gained nearly 40% of the vote. The CEDB formed the new government, led by Prime Minister Boiko Borisov. The new administration has strengthened social dialogue over responses to the economic crisis. In the June election to the European Parliament, the CEDB won the most seats, followed by the BSP and MR.</td>
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<tr>
<td>Cyprus</td>
<td>The coalition government led by President Dimitris Christofias, elected in 2008, remained in office during 2009. The coalition comprised the Progressive Party of the Working People of Cyprus (Ανωτάτω Κόμμα Εργατών Λαού, AKEL), the Cyprus Democratic Party (Δημοκρατικό Κόμμα, DIS), the Movement of Social Democrats (Κίνημα Σοσιαλδημοκρατών, EDEK) (which subsequently left the government in February 2010), the United Democrats (Ενωμένοι Δημοκράτες, ED) and the Ecologists/Environmentalists. In industrial relations terms, the government's efforts centred on the economic and social effects of the economic crisis, mainly unemployment, which stood at record levels.</td>
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<td>Czech Republic</td>
<td>The centre-right coalition of the Civic Democratic Party (Občanská demokratická strana, ODS), the Christian and Democratic Union-Czechoslovak People’s Party (Křesťanská a demokratická unie – Československá strana lidová, KDU-ČSL) and the Green Party (Strana zelených, SZ), led by Prime Minister Mirek Topolánek (ODS), lost a no-confidence vote in parliament (over its economic and social reforms) and resigned in May. It was replaced by a 'non-political' caretaker government agreed by most political parties, led by Prime Minister Jan Fischer, which should remain in office until the general election in May 2010. In the June election to the European Parliament, ODS won the most seats, followed by the left-wing Czech Social Democratic Party (Česká strana sociálně demokratická, ČSSD).</td>
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<tr>
<td>Denmark</td>
<td>The coalition government of the Liberal Party (Venstre) and Conservative Party (Det Konservative Folkeparti) remained in office in 2009, having been elected in 2007. It is a minority administration that relies on support from other parties. Prime Minister Anders Fogh Rasmussen (Venstre) resigned in April to become the general secretary of NATO and was replaced by Lars Løkke Rasmussen (Venstre). In local elections in November, the Social Democrats (Socialdemokraterne) lost ground but still won a majority of mayorships and regional chairs. The June election to the European Parliament brought little change, though the Social Democrats lost a seat and left- and right-wing parties gained seats.</td>
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<tr>
<td>Estonia</td>
<td>The coalition government of the right-wing Reform Party (Reformierakond, RE), the conservative Pro Patria and Res Publica Union (Isamaa ja Res Publica Liit, IRL) and the Estonian Social Democratic Party (Eesti Sotsiaaldemokraatlik Erakond, SDE), elected in 2007, fell apart in May when SDE left the coalition due to tensions caused by extensive recession-related budget cuts (EE0902049I). RE and IRL continued in office as a minority government. In the June election to the European Parliament, SDS, IRL and SDE all won one seat, with the Estonian Centre Party (Keskerakond, KE) winning two. In local elections in October, KE won the greatest share of the vote, followed by RE and IRL.</td>
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Comparative overview of industrial relations in 2009

Table 1 (continued)

<table>
<thead>
<tr>
<th>Country</th>
<th>Government</th>
<th>Election</th>
<th>Majority</th>
<th>Leader</th>
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<tbody>
<tr>
<td>Finland</td>
<td>The coalition government of the centre-right National Coalition Party (Kansallinen Kokoomus), the Centre Party (Suomen keskusliitto), the Green League (Vihreä liitto) and the Swedish People's Party of Finland (Svenska folkpartiet), which came to office in 2007, remained in office in 2009, led by Prime Minister Matti Vanhanen (Centre Party). In the European Parliament election in June, the Green League gained a seat, as did the populist True Finns (Perussuomalaiset) and the Christian Democrats (Kristillisdemokraatit), while the National Coalition Party, Centre Party, Social Democratic Party (Suomen sosialidemokraattinen puolue, SDP) and Left Alliance (vasemmistoliitto) each lost a seat.</td>
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<td>France</td>
<td>The centre-right People for Freedom (Parti populaire pour un Mouvement Populaire, PPD) government, elected in 2007, remained in office in 2009, with Nicolas Sarkozy as president and François Fillon as prime minister. The government continued its policy of industrial relations and labour law reforms, despite the economic crisis. In the European Parliament election in June, PDL won the centre-right winning the most support. The most important municipalities where elections took place were Bologna, Florence and Bari, where the centre-left won a majority.</td>
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<td>Germany</td>
<td>The ‘grand coalition’ federal government formed in 2005 by the conservative Christian Democratic Party (Christlich-Demokratische Union, CDU), its Bavarian associate, the Christian Social Union (Christlich-Soziale Union, CSU), and the Social Democratic Party (Sozialdemokratische Partei Deutschlands, SPD) remained in office until the general election in September. In the election, the CDU/CSU’s vote fell slightly from the previous poll (to 33.8%), while the SPD recorded its worst-ever result in a general election (23%). The liberal Free Democratic Party (Freie Demokratische Partei, FDP) had its best-ever result (14.6%), while the Left (Die Linke) (11.8%) and the Greens (Bündnis 90/Die Grünen) (10.7%) both made gains. A new coalition government was formed by the CDU, CSU and FDP, again led by Chancellor Angela Merkel (CDU). The coalition agreement provides for a review of state intervention in setting sectoral minimum wages, measures to promote fixed-term contracts and raising the income threshold below which jobs are not liable for social security contributions. Regional elections indicated similar trends in party support as the general election. They resulted in CDU/FDP governments in Hesia, Schleswig-Holstein and Saxony, a CDU/SPD government in Thuringia and a CDU/Green government in Saarland. In the European Parliament election in June, CDU/CSU won the most support but lost seats, mainly to the FDP, while SPD remained the party with the second-largest number of seats.</td>
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<td>Greece</td>
<td>The centre-right New Democracy (Νέα Δημοκρατία, ND) government, elected in 2007, was in office until the early general election in October, when the opposition, Panhellenic Socialist Movement (Πανελλήνιο Σοσιαλιστικό Κίνημα, PASOK), won a clear parliamentary majority and formed the new government, led by Prime Minister George Papandreou. The incoming government asked the social partners for a 100-day ‘grace period’ to draw up measures to reduce the budget deficit, increase state revenues and make economic and social policy reforms. In the European Parliament election in June, New Democracy lost seats, while PASOK increased its support.</td>
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<td>Hungary</td>
<td>The minority government of the Hungarian Socialist Party (Magyar Szocialista Párt, MSZP), supported by the Alliance of Free Democrats (Szabad Demokraták Szövetsége, SZDSZ), remained in office during 2009. However, Prime Minister Ferenc Gyurcsány (MSZP) resigned in April and was replaced by Gordon Bajnai. The government continued to implement a strict budgetary policy in 2009. In the European Parliament election in June, the main opposition party, the centre-right Fidesz-Hungarian Civic Union (Fidesz-Magyar Polgári Szövetség), won 14 out of the 22 seats. MSZP won only four, with the extreme right-wing Jobbik taking three seats. Parliamentary elections were due in early 2010.</td>
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<td>Ireland</td>
<td>The coalition government of the centre-left Fianna Fáil party and the Green Party, elected in 2007, remained in office in 2009 under Prime Minister Brian Cowen (Fianna Fáil). In October, a second referendum on the EU Lisbon Treaty resulted in a ‘yes’ vote (IE0910019I) following rejection in the previous year (IE0807049I). One of the main issues in the referendum debate was the Treaty’s possible impact on pay and employment conditions. In the European Parliament election in June, the opposition, Fine Gael, won four seats, with Fianna Fáil and the Labour Party both winning three seats and the Socialist Party and Independents winning one seat each.</td>
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<td>Italy</td>
<td>The centre-right People of Freedom (Popolo della Libertà, PDL) government elected in 2008, led by Prime Minister Silvio Berlusconi, remained in office in 2009. Local elections held in June generally reflected the national political picture, with the centre-right winning the most support. The most important municipalities where elections took place were Bologna, Florence and Bari, where the centre-left won a majority. The largest provinces involved were Milan and Venice, where the centre-right won, and Turin, where the centre-left prevailed. In the European Parliament election in June, PDL won the most seats, ahead of the centre-left Democratic Party (Partito Democratico, PD).</td>
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<td>Country</td>
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<td><strong>Latvia</strong></td>
<td>The centre-right coalition of the People's Party (Tautas partija, TP), Latvia First Party (Latvijas Pirmā Partija, LPP)-Latvian Way (Latvijas Ceļš, LC), Green and Farmers Union (Zalo un Zemnieku Savienība, ZZS) and Fatherland and Freedom Party (Tēvzemei un Brīvībai, LNNK), led by Prime Minister Ivars Godmanis, which came to office in 2007, resigned in February 2009. A new government was formed in March, involving TP, ZZS and LNNK, along with two additional parties – the populist New Era (Jaunais Laiks, JL) and centre-right Civic Union (Pilsētiskā savienība, PS). Valdis Dombrovskis (New Era) became prime minister. In the June election to the European Parliament, Civic Union and the centre-left Harmony Centre (Saskaņas Centrs, SC) won the most seats.</td>
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<td><strong>Lithuania</strong></td>
<td>The centre-right coalition of the conservative Homeland Union-Lithuanian Christian Democratic Party (Tėvynės sąjunga-Lietuvos krikscionyų demokratai), National Resurrection Party (Tautos prisikėlimo partija), Liberal Movement (Lietuvos Respublikos liberalų sąjūdis) and Liberal and Centre Union (Liberalų ir centro sąjunga), elected in 2008, remained in office in 2009. The government pursued a strict budgetary policy, cutting spending significantly, and sought an agreement with the social partners supporting its policy, which was eventually signed in October (LT0911019I). A presidential election in May 2009 was won by former EU commissioner Dalia Grybauskaitė, the candidate supported by the Homeland Union-Lithuanian Christian Democratic Party. In June's European Parliament election, the Homeland Union-Lithuanian Christian Democratic Party won the most seats, followed by the Social Democratic Party of Lithuania (Lietuvos socialdemokratų partija, LSDP).</td>
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<td><strong>Luxembourg</strong></td>
<td>The coalition government of the Social Christian Party (Chrëschtlech Sozial Vollekspartei, CSV) and Socialist Party (Lëtzebuerger Sozialistesch Arbechterpartei, LSAP), led by Prime Minister Jean-Claude Juncker (CSV), retained office after the general election in June 2009. In the European Parliament election in June, the CSV maintained its position as the largest party.</td>
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<td><strong>Malta</strong></td>
<td>The centre-right Nationalist Party (PN) government elected in 2008, led by Prime Minister Lawrence Gonzi, remained in office in 2009. In June's election to the European Parliament, the opposition Labour Party (PL) won four of the six seats and PN won two.</td>
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<td><strong>Netherlands</strong></td>
<td>The coalition government of the centre-right Christian Democratic Appeal (Christian Democratisch Appel, CDA), the social democratic Labour Party (Partij van de Arbeid, PvdA) and the centre-left Christian Union (Christen Unie, CU), which came to power in 2007, remained in office in 2009, led by Prime Minister Jan Peter Balkenende (CDA). An early general election is scheduled for June 2010 (after the collapse of the governing coalition in February 2010). In the European Parliament election in June, both the CDA and the PvdA lost seats, with the right-wing Party for Freedom (Partij voor de Vrijheid) making significant gains.</td>
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<td><strong>Norway</strong></td>
<td>The centre-left coalition government of the Norwegian Labour Party (Det norske Arbeiderparti, DnA), Socialist Left Party (Sosialistisk Venstreparti, SV) and Centre Party (Senterpartiet, SP), led by Prime Minister Jens Stoltenberg (DnA), retained office after the general election in September.</td>
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<td><strong>Poland</strong></td>
<td>The majority coalition government of the centre-right Civic Platform (Platforma Obywatelska, PO) and the smaller Polish Peasants' Party (Polskie Stronnictwo Ludowe, PSL), elected in 2007, remained in office in 2009, led by Prime Minister Donald Tusk (PO). In June's European Parliament election, PO won the most seats, followed by the right-wing Law and Justice (Prawo i Sprawiedliwość) and a left-wing coalition of the Democratic Left Alliance (Sojusz Lewicy Demokratycznej, SLD) and the Labour Union (Unia Pracy, UP).</td>
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<td><strong>Portugal</strong></td>
<td>The governing Socialist Party (Partido Socialista, PS) lost its parliamentary majority in the general election in September, with the liberal-conservative Social Democratic Party (Partido Social Democrata, PSD), the centre-right Democratic and Social Centre-People's Party (Centro Democrático e Social -Partido Popular, CDS-PP) and the Left Bloc (Bloco de Esquerda, BE) making gains. The PS formed a minority government, again led by Prime Minister José Sócrates. The new government's position is seen as fragile, not least because of a breakdown in cooperation with the president of the Republic, Aníbal Cavaco Silva (PSD). The government's lack of a majority allowed opposition parties to push through legislation postponing the introduction of new legislation on social security contributions. In June's European Parliament elections, the PS lost support, with the PDS winning the most seats and BE making gains.</td>
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The majority centre-right/centre-left coalition government of the Democratic Liberal Party (Partidul Democrat Liberal, PDL) and an alliance of the Social Democratic Party (Partidul Social Democrat, PSD) and the Conservative Party (Partidul Conservator, PC), led by Prime Minister Emil Boc (PDL), which came to office in December 2008, continued in office until October. The PSD then withdrew and the government fell when it lost a no-confidence vote in parliament. A new government was formed in December, made up of PDL, the Hungarian Democratic Union of Romania (Uniunea Democrată a Maghiarilor din România, UDMR) and independent members, again led by Emil Boc. In the presidential election in November–December, Traian Băsescu (supported by the PDL) narrowly won a second term. In June’s European Parliament election, the PDL and the PSD-PC alliance won the most seats.

The coalition government of the left-leaning Smer-Social Democracy (Smer-sociálna demokracia, Smer-SD), the conservative Movement for Democratic Slovakia (Hnutie za demokratické Slovensko, HZDS) and the right-wing Slovak National Party (Slovenská národná strana, SNS), formed in 2006, remained in office in 2009, led by Prime Minister Robert Fico (Smer-SD). In the presidential election in March–April, Ivan Gašparovič (supported by Smer-SD and SNS) won a second term. Smer-SD won the most seats in the European Parliament election in June and was also successful in regional elections in November. A general election is due in June 2010.

The centre-left coalition of the Social Democrats (Socialni demokrati, SD), Zares-New Politics (Zares-nova politika, ZARES), Liberal Democracy of Slovenia (Liberalna demokracija Slovenije, LDS) and the Pensioners’ Party (Demokratična stranka upokojencev Slovenije, DeSUS), elected in 2008, remained in office in 2009, with Borut Pahor (SD) as prime minister. In the European Parliament election in June, the centre-right Slovenian Democratic Party (Slovenska demokratska stranka, SDS) topped the poll with around 27% of the vote and retained its two seats. SD increased its seats to two, while the conservative New Slovenia (Nova Slovenija), LDS and Zares-New Politics won one seat each.

The minority Spanish Socialist Workers’ Party (Partido Socialista Obrero Español, PSOE) government, re-elected in 2008, remained in office in 2009, led by Prime Minister Jose Luis Rodríguez Zapatero. Two regional elections were held. In Galicia, the centre-right Popular Party (Partido Popular, PP) obtained an absolute majority, ousting a centre-left coalition. In the Basque Country, the Basque Nationalist Party (Partido Nacionalista Vasco, PNV), despite winning the most votes, was unable to reconstitute its previous governing nationalist coalition, and the new regional government was formed by a PSOE-PP coalition. In the European Parliament election in June, the PP won the most seats, followed closely by the PSOE.

The government of the Alliance for Sweden (Allians för Sverige), a grouping of four centre-right parties – the Moderate Party (Moderaterna), the Centre Party (Centerpartiet), the Liberal People’s Party (Folkpartiet liberalerna) and the Christian Democrats (Kristdemokraterna) – elected in 2006 and led by Prime Minister Fredrik Reinfeldt (Moderate Party), remained in office in 2009. In June’s election to the European Parliament, the Social Democratic Party (Sveriges socialdemokratiska arbetareparti, SAP) won the most seats, followed by the Moderate Party and Liberal People’s Party. A general election is due in September 2010.

The Labour Party government that was re-elected in 2005 continued in office throughout 2009, led by Prime Minister Gordon Brown. In local elections in England and the European Parliament election in June, the Labour Party lost ground, mainly to the Conservative Party. A general election will be held in May 2010.

Source: EIRO

# Collective bargaining developments

A summary of collective bargaining developments in individual countries in 2009 is provided in Table 2 below.

## Bargaining levels and coverage

In the years up to 2009, regular bargaining at national intersectoral level played a significant role in setting pay increases and other general terms of employment (or in laying down guidelines or minimums in these areas to be observed by lower-level bargainers) in Belgium, Greece, Hungary, Ireland, Italy, the Netherlands, Romania and Spain. During 2009, these arrangements essentially continued as normal: Belgium was covered by the first year of a central agreement on pay and conditions for 2009–10, signed in late 2008; Greece

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**Table 1 (continued)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Description</th>
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<tbody>
<tr>
<td>Romania</td>
<td>The majority centre-right/centre-left coalition government of the Democratic Liberal Party (Partidul Democrat Liberal, PDL) and an alliance of the Social Democratic Party (Partidul Social Democrat, PSD) and the Conservative Party (Partidul Conservator, PC), led by Prime Minister Emil Boc (PDL), which came to office in December 2008, continued in office until October. The PSD then withdrew and the government fell when it lost a no-confidence vote in parliament. A new government was formed in December, made up of PDL, the Hungarian Democratic Union of Romania (Uniunea Democrată a Maghiarilor din România, UDMR) and independent members, again led by Emil Boc. In the presidential election in November–December, Traian Băsescu (supported by the PDL) narrowly won a second term. In June’s European Parliament election, the PDL and the PSD-PC alliance won the most seats.</td>
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<tr>
<td>Slovakia</td>
<td>The coalition government of the left-leaning Smer-Social Democracy (Smer-sociálna demokracia, Smer-SD), the conservative Movement for Democratic Slovakia (Hnutie za demokratické Slovensko, HZDS) and the right-wing Slovak National Party (Slovenská národná strana, SNS), formed in 2006, remained in office in 2009, led by Prime Minister Robert Fico (Smer-SD). In the presidential election in March–April, Ivan Gašparovič (supported by Smer-SD and SNS) won a second term. Smer-SD won the most seats in the European Parliament election in June and was also successful in regional elections in November. A general election is due in June 2010.</td>
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<tr>
<td>Slovenia</td>
<td>The centre-left coalition of the Social Democrats (Socialni demokrati, SD), Zares-New Politics (Zares-nova politika, ZARES), Liberal Democracy of Slovenia (Liberalna demokracija Slovenije, LDS) and the Pensioners’ Party (Demokratična stranka upokojencev Slovenije, DeSUS), elected in 2008, remained in office in 2009, with Borut Pahor (SD) as prime minister. In the European Parliament election in June, the centre-right Slovenian Democratic Party (Slovenska demokratska stranka, SDS) topped the poll with around 27% of the vote and retained its two seats. SD increased its seats to two, while the conservative New Slovenia (Nova Slovenija), LDS and Zares-New Politics won one seat each.</td>
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<tr>
<td>Spain</td>
<td>The minority Spanish Socialist Workers’ Party (Partido Socialista Obrero Español, PSOE) government, re-elected in 2008, remained in office in 2009, led by Prime Minister Jose Luis Rodríguez Zapatero. Two regional elections were held. In Galicia, the centre-right Popular Party (Partido Popular, PP) obtained an absolute majority, ousting a centre-left coalition. In the Basque Country, the Basque Nationalist Party (Partido Nacionalista Vasco, PNV), despite winning the most votes, was unable to reconstitute its previous governing nationalist coalition, and the new regional government was formed by a PSOE-PP coalition. In the European Parliament election in June, the PP won the most seats, followed closely by the PSOE.</td>
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<tr>
<td>Sweden</td>
<td>The government of the Alliance for Sweden (Allians för Sverige), a grouping of four centre-right parties – the Moderate Party (Moderaterna), the Centre Party (Centerpartiet), the Liberal People’s Party (Folkpartiet liberalerna) and the Christian Democrats (Kristdemokraterna) – elected in 2006 and led by Prime Minister Fredrik Reinfeldt (Moderate Party), remained in office in 2009. In June’s election to the European Parliament, the Social Democratic Party (Sveriges socialdemokratiska arbetareparti, SAP) won the most seats, followed by the Moderate Party and Liberal People’s Party. A general election is due in September 2010.</td>
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<tr>
<td>UK</td>
<td>The Labour Party government that was re-elected in 2005 continued in office throughout 2009, led by Prime Minister Gordon Brown. In local elections in England and the European Parliament election in June, the Labour Party lost ground, mainly to the Conservative Party. A general election will be held in May 2010.</td>
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Source: EIRO
was covered by the second year of an agreement for 2008–9; in Hungary, the usual central agreement was reached setting out pay recommendations for lower-level bargaining; and Romania was covered by a four-year accord signed in 2007. Further, in Norway’s ‘intermediate’ bargaining round, the sectoral agreements were negotiated jointly in the main bargaining areas (e.g. for blue-collar workers in much of the private sector).

However, intersectoral arrangements broke down under the stresses imposed by the economic downturn in both Ireland and Spain. The 24-month pay deal negotiated in 2008 for the Irish private sector could not be wholly implemented by companies in 2009, as the economic situation badly deteriorated. Attempts to renegotiate the accord failed, and at the end of the year, the main employer organisation, the Irish Business and Employers Confederation (IBEC), formally pulled out of the deal, paving the way for a return to purely company-level bargaining in 2010 for the first time since 1987. The 32-month public sector pay deal negotiated in 2008 was also not observed by the government, which implemented a pay freeze in 2009. In Spain, the social partners were unable to agree their usual intersectoral framework in 2009 to guide sector- and company-level bargaining, largely owing to disagreement about the appropriate wage rises in the context of the crisis. The absence of a national framework hampered bargaining to some extent, but the social partners were able to bridge some of their differences later in the year, preparing the ground for a return to intersectoral bargaining from 2010.

In Finland, a long period of national income policy agreements had ended in 2007, with the focus of bargaining shifting to sector and company level. In late 2009, the central social partners discussed the idea of agreeing a national framework for pay increases in sectoral agreements for 2010 and beyond, with the aim of promoting employment during the recession. However, the talks failed.

In some countries where the social partners negotiate general intersectoral agreements, plus a number where bargaining generally occurs at lower levels, intersectoral bargaining deals with specific issues. For example, in 2009, intersectoral agreements were reached on training, the transferability of supplementary health and welfare rights between jobs, and unemployment insurance in France; welfare and unemployment in Finland; harassment and violence at work in Luxembourg; and reform of the collective bargaining system in Italy.

In 2009, some of this specific intersectoral bargaining activity dealt with measures aimed at addressing the effects of the economic crisis (see below under ‘Impact of economic downturn’). For instance, the French social partners reached an agreement on ‘emergency’ measures to manage the employment consequences of the crisis, dealing with issues such as short-time work, ‘employee leasing’ between companies, employee geographical and occupational mobility and schemes to help redundant workers back into employment. The Dutch central social partners agreed a framework that promotes employment, wage moderation, training, assistance for redundant workers and flexible employment. In Poland, which has little tradition of such bargaining, the social partners reached agreement on a package of anti-crisis measures, including greater working time flexibility, the introduction of a short-time working scheme and limits on fixed-term employment.

The main bargaining level in most western European countries and several central and eastern European Member States is the sectoral level, while in some countries with general intersectoral agreements (such as Belgium and Greece), subsequent sectoral bargaining plays a significant role in implementing and/or building on the national accords. Countries such as Austria, France, Germany, Italy, the Netherlands, Portugal, Slovakia and Slovenia have an essentially annual or uncoordinated sectoral bargaining cycle, and this proceeded relatively normally in 2009. In the Nordic countries, there is a clearer multi-year
bargaining cycle, and 2009 was a quiet bargaining year in most cases, as agreements signed in previous years were still in force in many sectors. In Norway’s two-year cycle, the 2009 bargaining round was an ‘intermediate’ settlement, adjusting the pay terms of the agreements reached in the 2008 ‘main’ round. Bargaining for the post-2009 period began in Finland with a three-year agreement for the technology industry in October.

The individual company (or establishment in some cases) remained the most important bargaining level in Cyprus, Estonia, Latvia, Lithuania, Luxembourg, Malta, Poland and the UK, while both company-level and higher-level bargaining are significant in Bulgaria, the Czech Republic and Slovakia. Company-level bargaining of various types is present in most other countries, usually with frameworks of varying rigidity set by sectoral (or sometimes intersectoral) agreements. In a number of these latter countries (such as Denmark, Germany, Italy, Spain and Sweden) there has been a trend in recent years towards decentralisation, with sectoral agreements allowing greater scope for company-level flexibility. There were further signs of decentralisation in some countries in 2009, influenced by the economic downturn. In Norway, the agreements signed in the private sector allowed the general pay increases awarded centrally to be deferred or not paid in companies facing financial difficulties by company-level agreement. The new three-year agreement in the Finnish technology industry provides for pay bargaining to be largely decentralised to company level, with the general level of increase set only in the first year and subsequent rises negotiated each year based on the prevailing economic situation. Increases may be deferred or withheld in companies facing difficulties. The agreement also increases workplace flexibility in areas such as working time.

The bargaining reform agreed in January in Italy by the government and social partners, apart from the General Confederation of Italian Workers (Confederazione Generale Italiana del Lavoro, CGIL), included an enhanced role for company-level and local bargaining, alongside other changes. The fact that CGIL rejected the reform led to difficulties in sectoral bargaining, with its affiliated unions often making separate demands from those of the other main unions and, in the case of metalworking, refusing to sign an agreement reached with employers by the other unions. While the statistics were incomplete at the end of the year, it seemed that the number of national sectoral agreements signed during 2009 was down on previous years. A fall-off in bargaining activity was also reported from a number of other countries, including Romania and Spain, in some cases influenced by the economic crisis, as in Bulgaria, the Czech Republic and Estonia. In Hungary, bargaining coverage fell to 33.5% of the workforce in 2009, down from 35.9% in 2008. However, the crisis may have had the effect of increasing bargaining activity in some cases: for example, the increased number of sectoral and company agreements in Belgium may have resulted from bargaining to implement various anti-crisis working time reduction and temporary lay-off measures introduced by the government.

Collective bargaining experienced particular difficulties in Portugal, with a fall in the number of agreements signed apparently due to new legislation that makes it easier for employers to withdraw from agreements. This tended to delay or even prevent the conclusion of settlements, while a growing number of employers withdrew from agreements. Agreements signed in 2009 covered one-third fewer workers than in 2007 and 2008.
Table 2  Trends in collective bargaining in the EU Member States and Norway, 2009

<table>
<thead>
<tr>
<th>Country</th>
<th>Description</th>
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<tbody>
<tr>
<td>Austria</td>
<td>Bargaining occurs primarily at sector level. An estimated 500+ collective agreements are currently signed each year (compared with 450 in 2000), mainly at national sectoral level (with several dozen at provincial sectoral level). Overall bargaining coverage, already at 98–99% (AT0803029Q) (in the private sector – formal bargaining does not occur in the public sector), has continued to rise slightly because formerly government-regulated sectors, such as railways and forestry, have introduced collective bargaining and because bargaining has been extended to new areas in health, social services and adult education. Unions have sought to centralise sectoral bargaining at national level instead of conducting separate negotiations for each province, but this process is hampered by the organisational structure on the employers’ side. Against the backdrop of the economic downturn, the autumn 2009 bargaining round, led by the pattern-setting metalworking/mining industry (AT1002029I), resulted in moderate nominal wage increases.</td>
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<td>Belgium</td>
<td>In the normal bargaining cycle, a two-year national intersectoral agreement is concluded at the end of even years, with subsequent sectoral and company bargaining implementing the intersectoral agreement. The year 2009 was the first to be covered by the 2009–10 intersectoral agreement, which sought to balance companies’ competitiveness, workers’ purchasing power and employment levels (BE0901019I). Among other measures, it limited increases in net annual pay (in addition to indexation) to a low flat-rate annual amount, which could be paid in the form of tax-deductible ‘eco-vouchers’ (to be spent on environmentally friendly goods or services) (BE0904029I). In 2009, 1,296 sectoral agreements were signed or amended (586 in 2008) as well as 5,293 company agreements (3,251 in 2008). An increased number of agreements is usual in the first year of an intersectoral accord, but on this occasion the rise may have been bolstered by the conclusion of agreements to implement various anti-crisis working time reduction and temporary lay-off measures introduced by the government (BE0906029I). In 2009, a specific national intersectoral agreement was concluded to implement the eco-voucher scheme.</td>
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<tr>
<td>Bulgaria</td>
<td>In 2009, 10 whole-sector collective agreements were in force, along with 47 branch-level agreements and 10 national agreements covering government agencies (similar to the 2008 figures). Three whole-sector agreements, 22 branch-level agreements and six government agency agreements were renewed during the year (down on the 2008 figures, apart from government agencies). Employers in three branches (electrical engineering/electronics, leather and tailoring) refused to renew expired agreements. Some 784 company-level collective agreements and annexes to existing agreements were signed in 2009, a major fall from the 1,828 recorded in 2008. This drop is attributed to the economic crisis and the resulting high unemployment, company bankruptcies and closures and employer responses such as cuts in working time and pay. The crisis also meant that average pay increases in 2009 were considerably lower than in 2008, though with exceptions such as metalworking (BG0901019I). As well as pay, the main bargaining themes are usually employment and job security; compensation for night work; hazardous working conditions; paid annual leave; supplementary pension and health insurance; and, to a lesser extent, lifelong learning. In the downturn, bargaining has increasingly dealt with procedures for reducing working time; information and consultation on the company’s situation; workforce reduction procedures; training for laid-off workers; and redundancy packages.</td>
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<tr>
<td>Cyprus</td>
<td>Most collective agreements are at enterprise level, though sectoral agreements exist in important industries, such as construction (CY0807039I) and hotels (CY0609019I), and may cover more workers than company agreements. Further, in some sectors, such as metalworking (CY0706029I), the minimum wages agreed at sector level are treated as the starting point for subsequent additional increases negotiated at company level. No official figures are available on agreements signed in 2009, but provisional data from the Pancyprian Federation of Labour (Παγκύπρια Εργατική Ομοσπονδία, PEO) indicate that of the 175 collective agreements that expired in late 2008 and early 2009, around 140 were renewed during 2009, covering a total of 10,000 employees (compared with 250 agreements covering 77,000 employees in 2008). The sectoral agreement in hotels expired at the end of 2008 but had not been renewed by the end of 2009. Agreements generally have two- or three-year terms. Pay bargaining in 2009 provided for average increases at about the same levels as in 2008.</td>
</tr>
</tbody>
</table>
Comparative overview of industrial relations in 2009

Table 2 (continued)

| Country     | Bargaining occurs at both enterprise and multi-employer level. According to the Czech-Moravian Confederation of Trade Unions (Českomořavská konfederace odborových svazu, ČMKOS), the main union centre, its affiliates signed 3,082 enterprise-level agreements in 2009 (3,119 in 2008), covering 1,106,000 employees (1,110,000 in 2008), or 27% of the workforce (26.5% in 2008). ČMKOS affiliates signed 18 multi-employer (‘higher-level’) agreements for 2009 (the same as in 2008). Including the effect of the extension of four of these agreements (three in 2008), a total of 9,150 employers (9,400 in 2008) with 896,000 employees (971,000 in 2008), or 22% of the workforce (23% in 2008), were covered by these multi-employer agreements. In total, 25 multi-employer agreements were officially registered in 2009 (the same as in 2008). The fall in the coverage of agreements in terms of number of employees and employers affected, as well as the slight drop in the number of enterprise-level agreements, may be a result of the economic downturn. Pay and working time are the central issues in all bargaining, with training and equality also featuring in around one-quarter of enterprise-level agreements. Nominal pay increases agreed in 2009 were generally somewhat lower than in 2008, with some agreements at multi-employer and enterprise levels providing for pay freezes and some multi-employer agreements leaving pay increases to the enterprise level. |}

| Czech Republic | No significant sectoral bargaining occurred in 2009. Most of the private sector was covered by three-year sectoral collective agreements signed in 2007 (DK0703019I), while the public sector was covered by three-year deals signed in 2008 (DK0803019I). The average actual wage increase in the private sector was 2.3% in the year to the last quarter of 2009, compared with 4% in 2007 and 4.5% in 2008. In early exchanges in advance of the 2010 private sector bargaining round, employers demanded very low or even zero wage increases to support company competitiveness during the downturn, while unions focused on measures to prevent social dumping. |

| Estonia | Most bargaining occurs at enterprise level, and only one sectoral agreement (in road transport) was in effect in 2009. There are no comprehensive data on enterprise bargaining, but Eurofound survey data indicate that only 11% of companies have a collective pay agreement. The (incomplete) official register puts the number of new enterprise agreements signed in 2009 at 35, down substantially from 81 in 2008 – a fall attributed largely to the economic recession. Also due to the downturn, in 2009 the central social partners did not agree a national minimum wage increase (EE0902039I) (as they had previously done each year since 2002). Company bargaining focuses mainly on pay and the trend in increases was downward in 2009, while many public sector groups faced pay cuts or freezes. |

| Finland | Most sectors were covered in 2009 by multi-year collective agreements signed in 2007–8 (FI0712049I). These generally provided for lower pay increases in 2009 than 2008, along with some decentralisation of wage bargaining and greater working time flexibility. The first agreement for the period from 2010 onwards was signed in October in the technology industry (FI0909019I). This three-year accord provides for pay bargaining to be largely decentralised to company level, with the general level of increase (0.5%) set only in the first year and subsequent rises negotiated each year based on the prevailing economic situation. Increases may be deferred or withheld in companies facing difficulties. The agreement also increases workplace flexibility in areas such as working time. Other sectors were slow to follow this lead and negotiate new agreements, with unions reluctant to export the technology industry’s wage increase model (FI0911019I). In late 2009, the central social partners unsuccessfully discussed a possible overall national framework for pay increases in sectoral agreements for 2010 and beyond, with the aim of promoting employment. In spring 2009, the social partners reached a national agreement on welfare and unemployment issues, including pension contributions and unemployment benefits (FI0902029I). |

| France | Official data on bargaining in 2009 are not yet available. In 2008, there was a slight fall in the number of company agreements signed and a small rise in the number of sectoral and national intersectoral agreements (with an increase in the number of sectoral agreements on pay). There was a high level of bargaining activity at national intersectoral level in 2009, partly because of legislation adopted in 2007 that obliges the government to consult the social partners on employment-related plans and in many cases give them an opportunity to negotiate an agreement on the issue in question (FR0704039I). Intersectoral agreements were signed (not always unanimously, especially on the trade union side) on short-time work (FR0905029I); ‘emergency measures’ (including short-time work) to tackle the employment effects of the economic crisis; training (FR0907019I); the transferability of supplementary health and welfare fund rights between jobs (FR0907029I); and unemployment insurance. Negotiations on other issues, such as ‘structural’ crisis response measures, social dialogue modernisation and the joint employer-union management of the social security system, were not completed during the year. Negotiations failed on occupational health reform (FR0904029I) and a draft agreement on jobs and skills planning (reached in November 2008) was rejected due to opposition by a majority of union confederations. At sector and company level, recent legislation made the employment of older workers an important bargaining issue in 2009 (FR0901029I), while government pressure prompted negotiations on tackling workplace stress in many large companies. Maintaining employment during the downturn was a key topic in some sectors, such as metalworking. |
Germany
At the end of 2009, 72,797 valid collective agreements were officially registered at the Federal Ministry of Labour and Social Affairs (the 2008 figure was 70,632). Of these, 36,573 were ‘association agreements’ between trade unions and employer associations and 36,224 were company agreements between unions and individual employers. Of all collective agreements, 9,472 related to pay. In 476 cases, sectoral agreements were extended by the ministry to include employers not bound by the agreement. The average increase in collectively agreed wages and salaries fell slightly in 2009. Major sectors concluding new agreements in 2009 included retail (DE0907029I), construction (DE0906029I) and federal government employees (DE0904019I). In the context of the economic situation, short-time work was a major theme in bargaining in some sectors, with agreements on related issues (such as pay compensation) signed in cases such as metalworking (Baden-Württemberg region), wholesale (North-Rhine Westphalia), wood and plastics (Saxonia) and paper production. Some company agreements also dealt with the issue or cut costs in exchange for job guarantees (e.g. at Daimler) (DE0408102N). Occupational health protection was a prominent issue in bargaining over a new agreement for public employees working in kindergartens, day care centres, youth welfare service and social agencies (DE0909019I).

Greece
The private sector was covered in 2009 by the two-year National General Collective Agreement (EGSSE) signed in 2008 (GR0805039I). In 2009, it provided for an increase in minimum pay rates of 5.5% from May. Other issues dealt with in the EGSSE included leave rights for foster parents, increased annual leave for workers with long service, work-related stress, undeclared work and social dialogue. The government implemented a pay freeze in the public sector in 2009 owing to its financial difficulties, with one-off payments for low-paid workers only. A first sectoral collective agreement was signed for public hospital doctors (GR0901029I). In the banking sector, sectoral bargaining was again absent after several major banks refused to participate and announced unilateral pay awards in 2008 (GR0807039I), while the Hellenic Bank Association (Ελληνική Ένωση Τραπεζών, EET) refused talks, arguing that it is not an employer organisation. In 2009, as in 2008, pay increases in banking were awarded by official arbitration decision.

Hungary
In the ‘competitive’ sector (private sector plus government-owned enterprises), agreements are predominantly concluded at enterprise level. In 2009, 1,016 company-level agreements were in force, covering 22.4% of the private sector workforce, compared with 1,040 agreements covering 28.5% of the workforce in 2008. The number of agreements signed in 2009 fell to 185 from 216 in 2008. In the private sector, there is also some ‘multi-company’ bargaining (61 such agreements in force in 2009, covering 4.4% of the workforce, with 18 agreements signed) and 19 sectoral agreements (covering 5.8% of the workforce, with four agreements signed in 2009), four of which have been extended to non-signatory employers. In the public sector, single-institution bargaining dominates, with 1,746 agreements in force in 2009 and 178 signed, covering 29.1% of the workforce. Overall bargaining coverage stood at 33.5% of the workforce in 2009, down from 35.9% in 2008. A central agreement recommended pay increases in the private sector of 3%–5% for 2009 (HU0905019I), but in practice wage bargaining produced average increases of around 6.5%, slightly higher than in 2008. A virtual pay freeze was agreed in the public sector (HU0903019I). In the context of the economic crisis, many company agreements introduced short-time work with partial pay compensation.

Ireland
Since 1987, pay bargaining has predominantly occurred at national level through successive social partnership agreements, with company-level bargaining operating within this framework. A ‘transitional’ agreement negotiated in September 2008 (IE0810019I) under the current national agreement, Towards 2016, (IE0606019I, provided for a phased pay increase of 6% (6.5% for lower-paid workers) over 21 months, with an initial pay pause of three months in the private sector and 11 months in the public sector. However, with a deteriorating economic and employment situation in 2009, attempts were made to amend the pay terms of the transitional agreement (IE0901039I). These failed and the Irish Business and Employers Confederation (IBEC) formally pulled out of the pay deal at the end of the year (IE1001029I). During the year, a few employers observed the agreement’s pay terms but most froze pay and some cut wages (IE0909029I). The collapse of national pay bargaining seems likely to herald a return to company-level bargaining. In the public sector, the government introduced a pay freeze (with cuts to follow in 2010).
Table 2 (continued)

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<tr>
<th>Country</th>
<th>Description</th>
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<tbody>
<tr>
<td>Italy</td>
<td>In January, the government and social partners, apart from the General Confederation of Italian Workers (Confederazione Generale Italiana del Lavoro, CGIL), agreed a reform of the private sector collective bargaining system (IT0902059I). The changes included a new way of calculating the forecast inflation rate for the purpose of setting pay increases in sectoral agreements, an enhanced role for company-level bargaining and a three-year term for all aspects of sectoral collective agreements (previously, pay terms applied for two years and non-pay terms for four years). CGIL's rejection of the reform led to problems in sectoral bargaining, with its affiliates often making separate demands from those of the Italian Confederation of Workers' Unions (Confederazione Italiana Sindacati Lavoratori, CISL) and Union of Italian Workers (Unione Italiana del Lavoro, UIL). The unions were able to find common ground and unanimously sign agreements in important sectors such as food (IT0910029I), telecommunications (IT0911019I) and chemicals (IT1001029I). However, only the CISL and UIL affiliates signed the largest agreement, in the metalworking sector (IT0911029I). CGIL affiliates also refused to sign some public sector agreements, criticising the agreed pay increases (IT0902039I). Overall, the number of national sectoral agreements signed in 2009 stood at 31, compared with 58 in 2008 and 72 in 2007 (though the 2009 figure is not yet complete). No official data are available on the number of company-level agreements signed, but research published in 2009 found that the proportion of the workforce covered by supplementary 'second-level' (company and 'territorial') bargaining is falling and now stands at 40% in the private sector. Important company-level agreements signed during 2009 included those at Marzotto, Piaggio (not signed by the CGIL affiliate), Fincantieri, STMicroelectronics, Alenia Aermacchi and Benetton. Average collectively agreed pay increases in 2009 fell slightly from the 2008 figure. Other bargaining themes included working time flexibility, supplementary welfare and healthcare funds and the open-ended recruitment of workers on fixed-term contracts.</td>
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<td>Latvia</td>
<td>Collective bargaining has limited coverage, focuses principally on pay (though training, job security and supplementary benefits are also relatively common themes) and occurs mainly at company level (especially in larger enterprises and the public and ex-public sector). Little information is available on the content of bargaining and figures on the number of agreements signed in 2009 are not yet available. In the context of the economic crisis, public sector pay was cut and earnings fell across the economy, with large-scale reductions in working hours.</td>
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<td>Lithuania</td>
<td>Bargaining occurs almost exclusively at company level. Such agreements are not registered and their number is unknown, but bargaining coverage is very limited. Of enterprises inspected by the State Labour Inspectorate (Valstybinė darbo inspekcija, VDI) in 2009, just 6% had a collective agreement (a similar figure to previous years). Only one sectoral agreement was in force in 2009, covering newspaper journalists (LT0702029I). In the context of the economic crisis, public sector pay was cut (especially for higher-paid staff) and earnings fell across the economy, while the national minimum wage was not increased. Short-time work and unpaid leave were frequently introduced at company level.</td>
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<tr>
<td>Luxembourg</td>
<td>Bargaining occurs primarily at company level. In 2009, 73 new or revised company agreements were registered, compared with 60 in 2008, and three new or revised sectoral agreements were registered, compared with 11 in 2008. There were indications that wage increases fell back in 2009, though a statutory 2.5% inflation-linked increase in all pay rates was awarded in March. Redundancy packages and job retention plans were agreed at some companies, notably Villeroy &amp; Boch (LU0904029I). In June, the central social partner organisations signed an intersectoral agreement on tackling harassment and violence at work, implementing the 2007 EU-level agreement on the subject (LU0908019I).</td>
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<tr>
<td>Malta</td>
<td>Bargaining occurs almost solely at company level in the private sector, while most of the public sector is covered by sectoral agreements. Research published in 2009 indicates that collective bargaining coverage in 2008 stood at 26.7% of the private sector labour force (32.9% in 1995), while 168 collective agreements were in force in the public sector (212 in 1995) (MT0910019I). According to Department of Industrial and Employment Relations (DIER) records, 21 company-level collective agreements were signed in 2009 (four new agreements, 14 renewals, one amendment and two 'side letters'), compared with 31 in 2008. Agreed pay increases in 2009 remained at around the same level as in 2008.</td>
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<tr>
<td>Netherlands</td>
<td>Bargaining occurs mainly at sector level, although there is also some company-level bargaining. Average collectively agreed pay increases fell in 2009, and markedly so after the social partners at national level agreed in March on wage moderation as part of an accord aimed at tackling the effects of the economic crisis (NL0904039I). Important agreements signed in 2009 included those for construction (NL0907019I) and hospitals (NL0905039I). In addition to wage increases, important bargaining issues in 2009 included variable pay and training/employability.</td>
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The 2009 collective bargaining round was an ‘intermediate’ settlement, which involved adjustments to the wage rates agreed in 2008’s two-year ‘main’ settlement (NO0804039I). In the private sector, the various individual agreements in the main blue-collar bargaining area, that covered by the Confederation of Norwegian Enterprise (Næringslivets Hovedorganisasjon, NHO) and the Norwegian Confederation of Trade Unions (Landorganisationen i Norge, LO), were negotiated jointly. LO and NHO agreed a general hourly pay increase of NOK 1 for all employees, with an additional hourly rise of NOK 1 for employees in industries where the average wage is below 90% of the manufacturing industry average (NO0905019I). Most private sector employees are subject to company-level bargaining in addition to the central settlement. Unusually, given the economic situation, LO and NHO agreed that general pay increases awarded centrally may be postponed or ignored in companies with financial difficulties, by company-level agreement. Similar agreements were reached in the other private sector bargaining areas. In the public sector, in addition to pay rises, a key issue in a difficult bargaining round was the early retirement scheme (NO0906029I), with agreement eventually reached to largely maintain the current scheme, despite employer pressure to amend it.

As of 31 March 2009, according to the Ministry of Labour, there were 169 registered multi-employer agreements (virtually the same as 2008), covering some 500,000 workers (3.2% of the total), mainly in local government, certain government-owned enterprises, and the energy, defence, aviation and railway industries. Data from the National Labour Inspectorate (Państwowa Inspekcja Pracy, PIP) on single-establishment agreements concluded in 2009 are not yet available, but research commissioned by the Ministry of Labour found that 28.9% of employees were employed at establishments covered by a collective agreement, most commonly in government-owned and large enterprises, and in the mining and mineral extraction and electricity/gas/water sectors. No data are yet available on the contents of agreements signed in 2009. The main themes of bargaining are usually pay and benefits, but there is evidence that employers are tending to use in-house work and remuneration rules and individual employment contracts to regulate employment conditions. It is increasingly rare for collective agreements to include provisions (on leave, for example) more favourable to employees than the minima stipulated in labour legislation. In March, the main social partner organisations reached agreement on a package of anti-crisis measures (PL0906019I), including the introduction of a short-time working scheme, which was largely implemented by the government.

In 2009, a total of 251 collective agreements were signed, down from 296 in 2008, indicating that bargaining has not made a sustained recovery from a ‘crisis’ caused by legal changes in 2004 (PT0604019I) (around 350 agreements a year were signed in the early 2000s). The renewed fall-off in 2009 may be attributed to further legislative amendments (PT0811019I) making it easier for employers to withdraw from agreements. This tended to delay or even prevent the conclusion of settlements, while a growing number of employers withdrew from agreements. In 2009, the Ministry of Labour declared 15 agreements (mainly in manufacturing) null and void, compared with three in 2008 and five in 2007. Agreements signed in 2009 covered 1.3 million workers, about one-third down on the 2007 and 2008 figures. A tendency to decentralise bargaining, first noted in 2008, continued in 2009: of agreements concluded in 2009, 57% were sectoral accords (64% in 2007), 35% single-company agreements (25% in 2007) and 9% multi-company agreements (11% in 2007). However, the proportion of all workers subject to bargaining covered by sectoral agreements fell only slightly, from 94% in 2007 to 93% in 2009. The number of ministerial decrees extending existing agreements to unorganised workers and companies fell from 137 in 2008 to 101 in 2009. The average collectively agreed wage increase fell slightly in the private sector in 2009, while the public sector increase rose somewhat and equalled the private sector rate.

A four-year national collective agreement signed in 2007 (which provides a minimum framework for pay and employment conditions) remained in force in 2009 (RO0702019I). During the year, no sectoral agreements were signed (compared with seven in 2008), but five addenda were signed to existing sectoral agreements (six in 2008). Further, five agreements were signed at the subsectoral or ‘group of units’ level, for example for consumer cooperatives and suppliers of water and sewerage services. During the first half of 2009, 3,698 company-level agreements were signed (down from 4,788 in the first half of 2008) and addenda were signed to 2,435 agreements (2,608 in the first half of 2008). Under a tripartite agreement signed in 2008 (RO0808019I), the national minimum wage increased by 11.1% in 2009, while addenda to sectoral collective agreements negotiated in 2009 provided for significantly higher minimum rates (notably in machine manufacturing). In general, the economic crisis shifted the focus of bargaining from pay rises to job security.

### Table 2 (continued)

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<thead>
<tr>
<th>Country</th>
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<tr>
<td>Norway</td>
<td>The 2009 collective bargaining round was an ‘intermediate’ settlement, which involved adjustments to the wage rates agreed in 2008's two-year ‘main’ settlement (NO0804039I). In the private sector, the various individual agreements in the main blue-collar bargaining area, that covered by the Confederation of Norwegian Enterprise (Næringslivets Hovedorganisasjon, NHO) and the Norwegian Confederation of Trade Unions (Landorganisationen i Norge, LO), were negotiated jointly. LO and NHO agreed a general hourly pay increase of NOK 1 for all employees, with an additional hourly rise of NOK 1 for employees in industries where the average wage is below 90% of the manufacturing industry average (NO0905019I). Most private sector employees are subject to company-level bargaining in addition to the central settlement. Unusually, given the economic situation, LO and NHO agreed that general pay increases awarded centrally may be postponed or ignored in companies with financial difficulties, by company-level agreement. Similar agreements were reached in the other private sector bargaining areas. In the public sector, in addition to pay rises, a key issue in a difficult bargaining round was the early retirement scheme (NO0906029I), with agreement eventually reached to largely maintain the current scheme, despite employer pressure to amend it.</td>
</tr>
<tr>
<td>Poland</td>
<td>As of 31 March 2009, according to the Ministry of Labour, there were 169 registered multi-employer agreements (virtually the same as 2008), covering some 500,000 workers (3.2% of the total), mainly in local government, certain government-owned enterprises, and the energy, defence, aviation and railway industries. Data from the National Labour Inspectorate (Państwowa Inspekcja Pracy, PIP) on single-establishment agreements concluded in 2009 are not yet available, but research commissioned by the Ministry of Labour found that 28.9% of employees were employed at establishments covered by a collective agreement, most commonly in government-owned and large enterprises, and in the mining and mineral extraction and electricity/gas/water sectors. No data are yet available on the contents of agreements signed in 2009. The main themes of bargaining are usually pay and benefits, but there is evidence that employers are tending to use in-house work and remuneration rules and individual employment contracts to regulate employment conditions. It is increasingly rare for collective agreements to include provisions (on leave, for example) more favourable to employees than the minima stipulated in labour legislation. In March, the main social partner organisations reached agreement on a package of anti-crisis measures (PL0906019I), including the introduction of a short-time working scheme, which was largely implemented by the government.</td>
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<tr>
<td>Portugal</td>
<td>In 2009, a total of 251 collective agreements were signed, down from 296 in 2008, indicating that bargaining has not made a sustained recovery from a ‘crisis’ caused by legal changes in 2004 (PT0604019I) (around 350 agreements a year were signed in the early 2000s). The renewed fall-off in 2009 may be attributed to further legislative amendments (PT0811019I) making it easier for employers to withdraw from agreements. This tended to delay or even prevent the conclusion of settlements, while a growing number of employers withdrew from agreements. In 2009, the Ministry of Labour declared 15 agreements (mainly in manufacturing) null and void, compared with three in 2008 and five in 2007. Agreements signed in 2009 covered 1.3 million workers, about one-third down on the 2007 and 2008 figures. A tendency to decentralise bargaining, first noted in 2008, continued in 2009: of agreements concluded in 2009, 57% were sectoral accords (64% in 2007), 35% single-company agreements (25% in 2007) and 9% multi-company agreements (11% in 2007). However, the proportion of all workers subject to bargaining covered by sectoral agreements fell only slightly, from 94% in 2007 to 93% in 2009. The number of ministerial decrees extending existing agreements to unorganised workers and companies fell from 137 in 2008 to 101 in 2009. The average collectively agreed wage increase fell slightly in the private sector in 2009, while the public sector increase rose somewhat and equalled the private sector rate.</td>
</tr>
<tr>
<td>Romania</td>
<td>A four-year national collective agreement signed in 2007 (which provides a minimum framework for pay and employment conditions) remained in force in 2009 (RO0702019I). During the year, no sectoral agreements were signed (compared with seven in 2008), but five addenda were signed to existing sectoral agreements (six in 2008). Further, five agreements were signed at the subsectoral or ‘group of units’ level, for example for consumer cooperatives and suppliers of water and sewerage services. During the first half of 2009, 3,698 company-level agreements were signed (down from 4,788 in the first half of 2008) and addenda were signed to 2,435 agreements (2,608 in the first half of 2008). Under a tripartite agreement signed in 2008 (RO0808019I), the national minimum wage increased by 11.1% in 2009, while addenda to sectoral collective agreements negotiated in 2009 provided for significantly higher minimum rates (notably in machine manufacturing). In general, the economic crisis shifted the focus of bargaining from pay rises to job security.</td>
</tr>
</tbody>
</table>
Comparative overview of industrial relations in 2009

Table 2 (continued)

**Slovakia**
Bargaining occurs at both sector and company level. The proportion of the workforce covered by collective bargaining remained stable (at around 35%–40%) in 2009, according to the Confederation of Trade Unions (Konfederácia odborových zväzov Slovenskej republiky, KOZ SR). In 2009, the number of registered multi-employer agreements (including supplements to existing agreements) stood at 35, similar to the 2008 figure. Five multi-employer agreements were extended to non-signatory employers in 2009, compared with four in 2008. The average pay increases for 2009 based on multi-employer agreements was the same as for 2009, but many were signed before the economic crisis had taken hold, and wage rises slowed overall during 2009. The crisis meant that, alongside pay, redundancies were a key issue in bargaining, with many company agreements including redundancy mitigation measures, notably redundancy payments in excess of the statutory level.

**Slovenia**
In 2009, there were 39 sectoral and occupational collective agreements registered with the Ministry of Labour, plus five intersectoral agreements. Of the registered agreements, 23 were in the private sector. No official data are gathered on company-level agreements. Average collectively agreed increases in minimum basic pay rates fell by around half from 2008 to 2009 in the private sector. In February in the public sector, the government and trade unions signed an ‘austerity’ pay deal for 2009–10 as part of the government’s plans to cut public sector spending (SI0903029I). Under the agreement, planned wage growth for 2009 was to be reduced from 9.9% to 7.1%, with no general wage increase awarded in July 2009.

**Spain**
For the first time since 2002, sectoral and company bargaining in 2009 was not conducted within the framework laid down by an intersectoral agreement. No such accord could be reached, due largely to disagreement between the social partners about the appropriate level of pay increases in the context of the economic crisis. In the first 11 months of 2009, 3,987 collective agreements were officially registered (compared with 5,624 in the whole of 2008), covering 8,589,100 workers (11,519,300 in the whole of 2008). Of the 2009 agreements, 76% were single-employer agreements and 24% multi-employer agreements. However, the single-employer agreements covered only 9% of employees covered by bargaining and the multi-employer agreements 91%. It is not yet clear if the final figures for 2009 will indicate a significant drop-off in agreements reached, because delays in registration often mean that accords do not appear in the statistics until the end of the year. However, unions reported delays and deadlocks in bargaining in some cases, usually over pay issues. Most agreements take forecast inflation as a reference in determining pay rises. Given the economic crisis, an inflation rate well below the forecast and the absence of an intersectoral agreement, there were a number of disputes about the increases due in 2009, some of which were referred to the courts. In November, the central social partners agreed a joint approach to resolving problems affecting bargaining, opening the way for them to begin negotiations over a renewed intersectoral agreement for 2010–12. Average collectively agreed pay increases fell from 2008 to 2009.

**Sweden**
In 2009, most of the labour market was covered by collective agreements signed in previous years, notably 2007, when some 500 new sectoral agreements (out of a total of 600 such agreements) covering over 75% of the workforce were signed, mainly for three-year terms. The pay increases agreed in 2007 to apply in 2009 averaged 3.3%. However, in the context of the economic downturn, average hourly wage levels increased by less than this amount, especially among blue-collar workers in industry, who lost overtime pay and shift work premia. Further, some workers, especially in metalworking, had their 2009 pay increases deferred until 2010. The economic context is likely to lead to a difficult pay bargaining round in 2010, with the early exchanges in 2009 indicating a conflict between employers’ calls for a wage freeze and union demands for an increase of some 3% to sustain demand and consumption (SE0910029I) (SE0908029I). Given the effects of the crisis, an agreement signed in March for blue-collar workers in manufacturing (SE0903019I) allowed the introduction of short-time working and temporary lay-offs – normally prohibited in Sweden – based on local agreements. The innovative (and controversial) accord produced many local agreements on the issue. The central social partner organisations sought to negotiate a new version of the ‘basic agreement’ that regulates many aspects of relations between them. However, talks broke down in March, with unions opposed to employers’ proposals to amend rules on industrial action and employment protection (SE0903029I).

**UK**
Bargaining remains highly decentralised – most occurs at company or workplace level, with little multi-employer bargaining outside the public sector. There is no system for registering collective agreements, so no accurate assessment of the number of agreements is possible. Government figures published in 2009, based on labour force survey data, indicate that 33.6% of employees were covered by collective agreements in the fourth quarter of 2008, down from 34.6% in 2007. Only 18.7% of private sector employees were covered by a collective agreement in 2008 (20% in 2007), compared with 70.5% of public sector employees (72% in 2006). A 2004 survey (UK0607019I) found that bargaining remains largely confined to the ‘basic’ issues of pay (61% of workplaces that recognised unions), working hours (53%) and holidays (52%), while 36% of workplaces that recognised unions negotiated over pensions. Average collectively agreed basic pay rises fell back somewhat in 2009, with numerous agreements providing for pay freezes (UK0906039I).

Source: EIRO
Pay
The economic crisis that took hold across much of Europe from mid-2008 generally had little effect on collectively agreed nominal pay increases during that year, which in many cases had been negotiated before the downturn began. The general trend was for agreed pay rises to be higher in 2008 than in 2007, with the exceptions mainly found in central and eastern Europe. However, the recession started to have a marked effect on wage increases in most countries in 2009. Collective bargaining in 2009 brought lower pay rises than in 2008 in many cases, though the fall was rarely a dramatic one. For example:

- Austria's autumn 2009 collective bargaining round, led by the metalworking/mining sector, provided for pay increases of around 1.5%, compared with 3.5–3.6% in the autumn 2008 round;
- sector and company bargaining in Belgium in 2009, implementing the 2009–10 intersectoral agreement, resulted in average collectively agreed pay increases of 2.5% in 2009, down from 3.4% in 2008;
- in Cyprus, the average collectively agreed basic pay increase is estimated to have declined from 2.4% in 2008 to 2.2% in 2009;
- multi-employer agreements in the Czech Republic generally provided for inflation-only pay increases, and an increasing number froze pay or left pay increases to be decided at the enterprise level, while enterprise-level agreements provided for average pay increases of 4.4% in 2009, down from 5.4% in 2008;
- in Germany, the average collectively agreed increase in wages and salaries was 2.6% in 2009 (2.6% in western and 3% in eastern Germany), down from 2.9% in 2008;
- average collectively agreed pay increases in Italy stood at 3.1% in 2009, compared with 3.5% in 2008;
- in the Netherlands, the average collectively agreed wage increase for 2009 was 3%, compared with 3.3% in 2008, but in agreements signed after the central social partners agreed to pay moderation in March 2009, the average increase fell to 1.1%;
- the average annual pay increase in Norway fell from 6.3% in 2008 to 4.1% in 2009;
- in Slovenia, the average increase in the minimum basic pay rates set by sectoral agreements declined from 6.9% in 2008 to 3.45% in 2009;
- average collectively agreed pay increases in Spain fell from 3.6% in 2008 to 2.6% in 2009;
- average collectively agreed basic pay rises fell in the UK from 3.9% in 2008 to 3% in 2009, with numerous company agreements providing for pay freezes.

No figures are available for collectively agreed pay increases for a number of countries, but general earnings and wage statistics from official sources indicate a strong slowdown in 2009. In many cases, this was influenced by reductions in working hours as companies cut back production in the face of the recession. Average earnings rose by around 13% in Bulgaria in 2009, compared with 26.2% in 2008, while they increased by 4.9% in Poland in the year to the third quarter of 2009, compared with 9.8% in the year to the third quarter of 2008. Average monthly wages in Slovakia increased by 3.3% in the year to the third quarter of 2009, compared with 8.1% in 2008. More dramatically, average wages fell in the Baltic states (where collective bargaining is generally too weak to play a major role in overall pay determination):
In Estonia, average monthly pay in the first three quarters of 2009 was 4% lower than in the same period of 2008 (compared with a 16.4% rise during 2007-8);

the average net wage in Latvia fell by 6% in the year to the third quarter of 2009 (compared with an increase of 25.9% in 2008);

Lithuanian gross monthly earnings fell by 8.7% in 2009 (compared with a rise of 20.6% in 2008).

With the collapse of the national pay agreement in Ireland, the average level of pay increases agreed at company level in 2009 is not known. Survey evidence indicated that few employers observed the national agreement’s planned 2.5% rise for 2009, with most freezing pay and some cutting wages. Official data for average weekly earnings in the year to June 2009 showed a 3.1% fall in the private sector (following a 0.7% rise in 2008).

In Germany, actual gross wages and salaries fell by 0.4% in 2009, compared with a rise of 2.3% in 2008, largely because of short-time work (but also because of the application of ‘opening clauses’ permitting company-level deviations from sectoral collective agreements).

In a number of countries, pay increases in 2009 were still largely governed by ‘pre-crisis’ collective agreements signed in previous years. This was the case, for example, in Denmark, Finland, Greece and Sweden. However, wages in these countries were not necessarily immune from the effects of the recession. In Denmark, based mainly on three-year sectoral agreements signed in 2007, the average increase in collectively agreed basic rates stood at 2.5% in 2009, as it had in 2008. However, the average actual wage rise – including the effects of company bargaining building on the sectoral increase – fell from 4.5% in 2008 to 2.3% in 2009. In Sweden, the pay increases agreed in 2007 to apply in 2009 averaged 3.3%. However, average hourly wage levels increased by less than this amount, especially among blue-collar workers in industry, who lost overtime pay and shift work premiums. Further, some workers, especially in metalworking, had their 2009 pay increases deferred until 2010.

A striking feature of 2009 was that many governments, faced with deteriorating public finances, cut or froze public sector pay. Total or selective freezes were applied in Bulgaria, Estonia, Greece (except for one-off payments for low-paid workers), Hungary, Ireland (with take-home pay cut by a 7% ‘pension levy’) and Slovenia, while pay was cut in Latvia and Lithuania.

It should be noted that where lower nominal pay increases were agreed in 2009 than in 2008, this did not necessarily mean a fall in real wage rises, given sharply declining inflation in many countries (the overall EU inflation rate, based on the Eurostat Harmonised Index of Consumer Prices, fell from 3.7% in 2008 to 1% in 2009). Thus, for example, in Austria, the real pay increase agreed in 2009, at around 1%, was similar to that in recent years, when inflation was higher, while in the Czech Republic, real pay increases remained steady at 2.4% in both 2008 and 2009. The effects of falling inflation on pay rises previously agreed on the basis on forecast inflation rates proved a major issue of dispute in Spain in
2009, while there was controversy in Italy over which inflation forecast should be used as a reference in setting pay increases in sectoral bargaining.

As noted above (under ‘Bargaining levels and coverage’), sectoral agreements signed in Norway and the Finnish technology industry in 2009 decentralised some aspects of pay setting to company-level bargaining in the context of the economic crisis. This also occurred in several agreements in Germany, as in metalworking and textiles.

**Working time**
The key working time issue in collective bargaining in 2009 was undoubtedly short-time work (STW) in response to the economic downturn. This usually related to the application of government-supported schemes that compensate employees for part of their loss of earnings resulting from reduced working hours. Most of the EU15 Member States already had such STW schemes in place when the recession started to bite in 2008 and many adapted or extended them to deal with the crisis – this was the case, for example, in Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Luxembourg and the Netherlands. Further, a number of the 12 new Member States introduced STW schemes for the first time: Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia. The adaptation or introduction of STW was based on social partner agreements in France and Poland (see above under ‘Bargaining levels and coverage’) or on joint social partner proposals in cases such as Austria, Denmark, Germany and the Netherlands, while the partners played a consultative role in various other countries.

Sweden has no statutory scheme, but in March 2009, the social partners in the manufacturing sector reached an agreement allowing for the introduction of STW up until March 2010 to prevent redundancies during the recession. The use of STW required a local agreement and the employees affected received at least 80% of their normal pay and, potentially, training during the unworked hours. In Germany, a number of sectoral collective agreements (for example, in the wholesale sector in North-Rhine Westphalia, the wood and plastics industry in Saxony and the paper producing industry) dealt with aspects of implementing the government’s STW scheme, such as additional compensation for employees. In the case of metalworking in Baden-Württemberg, an agreement signed in April 2009 introduced new models for compensating employees on STW, aimed at cutting employers’ costs and delaying redundancies as long as possible, and provided for training for the workers affected. An agreement in the French chemicals sector provided for increased compensation and training during STW, while an agreement in metalworking promoted the use of various training and development measures to help prevent STW, and where STW did occur, provided for training for the employees affected.

In a number of countries, the application of STW schemes based on legislation (or sectoral collective agreements in some cases) requires a company-level agreement, making STW an important bargaining issue at this level in 2009, especially in the manufacturing industry. This was the case in, for example, Belgium, the Czech Republic (CZ09080291), Denmark, Germany, Italy (STW in the form of ‘solidarity’ agreements) and Sweden. STW was also widely used in countries such as Bulgaria, Estonia, France, Hungary, Ireland, Latvia, Lithuania, Slovenia and the UK, with company-level bargaining playing a varying role in its introduction and application.

Permanent working time reduction without loss of pay did not appear to feature significantly in bargaining in any country in 2009, continuing the trend of recent years. In several countries, there was a slight tendency for collectively agreed normal working hours to rise. Average agreed annual hours
increased by 3.6 hours (to 1,752.1 hours) in Spain and average agreed weekly hours by 0.6 hours (to 39 hours) in Slovakia. A new agreement in the Italian chemicals sector increased weekly working time from 37.45 to 38 hours (the equivalent of 1.5 more working days per year).

There were few developments in working time flexibility. In the autumn 2009 bargaining round in Austrian metalworking, employers unsuccessfully sought to introduce a more flexible working time scheme in exchange for pay increases. However, the parties agreed to enter into negotiations about possible working time flexibility measures. The agreement signed in October 2009 in the Finnish technology sector allowed more workplace flexibility in determining working time arrangements.

Other issues
The economic crisis had an impact on the bargaining agenda at various levels in many countries in addition to its overall effect on pay and the issue of STW. At company level, a notable response in some countries was to combine pay, working time and other elements in forms of ‘concession bargaining’ whereby employees traded sacrifices in wages and other areas in exchange for management commitments to prevent or reduce redundancies or to maintain or allocate production. Examples included agreements at Czech Airlines (ČSA) (CZ0908019I) and the DPP Prague public transport company in the Czech Republic, Daimler (DE0905039I) and Schaeffler in Germany (DE0906039I), Audi Hungaria, ISD Dunaferr and ZF Hungária in Hungary (HU0909019I), Sony in Spain (ES0902019I) and Honda and Toyota in the UK (UK0906039I). Another focus of bargaining in some companies was to mitigate the effects of planned workforce reductions and avoid compulsory redundancies or to provide compensation and support for the workers concerned when redundancies did occur; examples included Telecom Italia in Italy (IT0908019I) and Villeroy & Boch in Luxembourg (LU0904029I). Redundancy-related issues reportedly became a major bargaining theme in countries such as Bulgaria and Slovakia.

There were also examples of sector-level agreements providing for specific crisis response measures (in addition to dealing solely with STW work), notably in Germany and Italy. An agreement in the German metalworking region of North Rhine-Westphalia (DE1002039I) introduced a ‘staffing pool’ to allow the temporary leasing of employees from companies with surplus staff to those with staff shortages (an issue also dealt with by an agreement in French metalworking). An agreement in the Baden-Württemberg metalworking region (DE0905049I) allowed companies to employ staff on fixed-term contracts for up to four years – double the statutory maximum duration.

In Italy, the social partners in the retail sector agreed a ‘pact for work’ that promotes a range of initiatives to prevent job losses (IT0909019I). An agreement in the chemicals industry introduced special training schemes for workers who have been made redundant or temporarily laid off, aimed at promoting re-employment (IT1001029I). In metalworking, a special income support fund was created for workers affected by temporary lay-offs or short-time work due to the economic downturn (IT0911029I).

Given the economic circumstances, job security was to the fore in bargaining across Europe in 2009, and there was a sense in some countries that other issues were sidelined. However, a range of other themes figured prominently in particular cases, such as the creation of sector-level supplementary welfare and healthcare funds in Italy; older workers and work-related stress in France; training and employability in the Netherlands; precedence for workers on open-ended contracts in recruitment to open-ended positions in Italy; occupational health protection in German childcare, youth welfare and
Legislative developments

The main items of legislation related to employment and industrial relations adopted or proposed in 2009 are summarised in Table 3 below.

The main driver of legislative activity across Europe in 2009 was undoubtedly the economic downturn and its employment consequences, with other legislative plans in some cases sidelined or delayed (as in Ireland and the UK). This manifested itself most notably in the area of working time, and especially short-time work (STW) schemes aimed at maintaining the employment relationship and preventing redundancies during the recession.

Statutory STW schemes were introduced in Poland and Slovenia and amended or extended in a host of other countries. The main changes to existing schemes, many of which were temporary, included:

- prolonging the duration of pay compensation for employees on STW, as in Austria, Bulgaria, France, Germany and Norway;
- increasing the level of compensation, as in Belgium and France;
- increasing government contributions to pay compensation, as in Luxembourg, Norway and Slovenia;
- exempting employers from social security contributions in respect of workers on STW, as in Austria, Germany, Romania, Slovakia and Spain;
- making schemes more flexible or simplifying access, as in Austria, Denmark, Germany and Norway; and
- promoting or requiring training for workers on STW, as in Germany, Luxembourg, the Netherlands and Slovenia.

Also as a specific response to the crisis, legislation was amended to allow greater flexibility in the organisation of working time (for example, through working time accounts and longer reference periods for averaging weekly hours) in Hungary, Lithuania, Poland and Slovakia. New working time flexibility measures also came into force in Portugal, although these were not directly related to the recession.

Crisis response measures included a range of legislation to promote employment, in some cases with a focus on young people, in countries such as Austria, Luxembourg and Spain. The downturn also prompted changes (sometimes of a temporary nature) to social security and unemployment insurance schemes in many countries. Unemployment benefits were increased, or their duration was increased, in countries such as Belgium, Finland, Lithuania and Romania, and unemployment insurance contributions were cut or entitlement criteria were relaxed in countries such as Belgium, Finland and Sweden. Other social benefits were made available to unemployed people in Portugal and Spain.

Aside from responding to the downturn, equality and work–life balance were the most prominent areas of legislative activity in 2009. New or amended legislation on anti-discrimination and equal treatment was adopted or proposed in the Czech Republic, Cyprus, Italy, Malta, Norway, Portugal and the UK. Measures to enhance, adjust or promote parental leave arrangements were adopted or proposed in...
Austria, Cyprus, Norway, Poland and Portugal, while other forms of family-related leave were introduced or amended in Luxembourg, Norway, Poland and Portugal. In addition, the UK extended the right for parents to request flexible working arrangements.

Other areas that saw notable legislative activity in some countries in 2009 included employee involvement (as in France, Luxembourg, Poland and Portugal); termination of contract (Belgium, the Czech Republic, Estonia and Portugal); employee privacy (Finland, Norway and Sweden); fixed-term contracts (Estonia, Poland and Portugal); temporary agency work (the Czech Republic, the Netherlands and Norway); increasing official retirement ages (Estonia and the Netherlands); the relationship between collective agreements and employment legislation (Lithuania and Portugal); health and safety (Italy and Poland); subcontracting (Austria and Norway); and sectoral minimum wages (Germany and Ireland).

Table 3  Main legislative developments in 2009

<table>
<thead>
<tr>
<th>Area</th>
<th>Description</th>
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<tbody>
<tr>
<td>Atypical work</td>
<td>A new Employment Contracts Act that took effect in Estonia in July allowed for the wider use of fixed-term contracts and provided for compensation for employees if they are terminated early (EE0901019I), while anti-crisis legislation adopted in Poland in August (based on a social partner agreement) limited the duration of fixed-term contracts (PL0909019I) and amendments to Portugal’s Labour Code placed additional restrictions on the use of fixed-term contracts and cut their maximum duration (PT0811019I). Norway introduced a registry for temporary work agencies and banned the use of workers from unregistered agencies (NO0808039I). The Dutch government issued draft legislation that would make employers using temporary agency workers from unregistered agencies liable for any unpaid wages (NL0902029I) and the Czech government proposed amendments to the legislation on employment agencies.</td>
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<tr>
<td>Collective bargaining</td>
<td>Amendments to the Lithuanian Labour Code adopted in July allowed collective agreements to provide for less protection for employees than that laid down by law in areas such as dismissal notice periods and severance pay (LT0904019I). Portugal’s revised Labour Code provided that in certain core areas, collective agreements may not produce conditions less favourable than the minimum legal provisions, and also contained new provisions on the expiration of agreements (PT0811019I). In December, Slovak legislation on the extension of multi-employer collective agreements was amended (SK0906019I).</td>
</tr>
<tr>
<td>Employment, labour market and job creation</td>
<td>Legislation adopted in Italy in response to the economic crisis reformed the system of ‘social shock absorbers’ (measures, including the wages guarantee fund, that cushion the effects of redundancies and restructuring), increased the duration of benefits, extended the schemes to new types of companies and workers and promoted training (IT0812029I). A package of labour market stimulus measures adopted in Austria in July (AT0907019I) made rules on partial retirement more flexible and established a re-employment scheme for young employees. Luxembourg adopted a law in March that provided for a range of training and employability measures to help unemployed people back into jobs, while draft legislation issued in September focused on promoting youth employment. Also in March, the Spanish government introduced subsidies for employers’ social security contributions in respect of previously unemployed recruits (ES0902049I). In August, the Danish government implemented legislation devolving responsibility for public employment services to the municipal level, while Estonia’s new Employment Contracts Act merged the public employment service and unemployment insurance fund (EE0902029I).</td>
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Table 3  (continued)

| Equality/work–life balance | A comprehensive law on anti-discrimination and equal treatment was adopted in the Czech Republic in June (CZ0806029I). In April, Cyprus amended its gender equal pay legislation to harmonise it with European legislation (notably EU Directive 2006/54/EC) (CY0905019I). Italy also made amendments to gender equality legislation to transpose Directive 2006/54/EC in December (IT1001039I). Draft equality legislation introduced in the UK in April 2009 deals with issues such as protection against discrimination, harassment or victimisation, positive action and gender pay equality (UK0905029I), while the Norwegian government proposed legislation to strengthen protection against discrimination at work. (NO0905029I). Amendments to the Portuguese Labour Code that took effect in February aimed to enhance gender equality and work–life balance, for example by increasing time off for family reasons and giving parents the right to work part time until their child is 12 (previously 10). Changes to Poland's legislation on maternity, parental, adoptive, fostering and childcare leave came into force in January (PL0902029I). In July, Norway extended the part of the parental leave period reserved solely for the father from six to 10 weeks (NO0901039I), and amendments to Cyprus's legislation on parental leave were agreed by the social partners at the behest of the government (CY0905029I). A law adopted in Luxembourg in March introduced a new type of compassionate leave for employees with terminally ill close relatives. In December, the Norwegian government proposed legislation granting a right to unpaid leave to take care of close family members over the age of 18 (NO0912049I). In April, the UK introduced a statutory right for parents of children aged up to 16 (previously under six in most cases) to request flexible working arrangements (UK0904039I). In October, Austria amended its childcare benefit scheme to encourage well-paid women to resume work earlier after parental leave and to encourage a higher proportion of men to take leave (AT0812039I). In Bulgaria, the duration of maternity benefit was extended, and Malta adopted legislation applying equal treatment rules to access to self-employment or to a job. Legislation governing civil service and public employment in Austria was amended in December, including a stronger requirement for positive action in favour of women. |
| Health and safety | In August, Italian health and safety legislation was amended to prioritise prevention and to increase sanctions (IT0910019I). Legislation came into force in Poland imposing new health and safety obligations on employers and extending protection against harassment at work. |
| Industrial relations | The Swedish government issued draft legislation in November in response to the European Court of Justice's ruling in the Laval case (C-341/05) (EU0801019I), which would place some restrictions on trade unions' right to take industrial action in relation to foreign-based employers (SE0911029I). Legislation adopted in Hungary removed previous co-decision powers for national tripartite forums and bipartite sectoral dialogue committees and stressed their consultative function as well as introducing new rules for assessing the representativeness of social partner organisations participating in these bodies (HU0910019I). In October, draft amendments were published to Cyprus’s legislation on trade unions (CY0912049I). French legislation changed the criteria for assessing trade union representativeness in the civil service. As part of a package of budget cuts, the Estonian government abolished income tax relief on trade union membership fees from 2010. |
| Information, consultation and participation | Luxembourg introduced legislation in March to transpose Directive 2003/72/EC on employee involvement in the European Cooperative Society, while Portugal adopted a law in September to implement the recast Directive (2009/38/EC) on European Works Councils. In July, Poland amended legislation on information and consultation, for example changing the rule on elections to employee councils and their financing. In March, the French government issued a decree requiring consultations with works councils on public financial assistance awarded to companies. |
| Labour Codes/ general legislation | A revised Labour Code (changes are listed in other sections of this table) came into effect in Portugal in February (PT0811019I). |
**Table 3 (continued)**

### Pay

Germany’s Posted Workers Act, which allows binding minimum wages to be applied to particular sectors, was extended to six new industries in April, while in August the Irish government published draft legislation aimed at strengthening mechanisms that set binding minimum pay rates in specific sectors and placing them on a more secure footing. A national agreement (with legal force) was signed in Belgium in February enabling the one-off flat-rate payments allowed by the 2009–10 intersectoral agreement to be paid in the form of ‘eco-vouchers’ to be spent on environmentally friendly goods or services (BE0910019I). The Belgian government also cut the tax on pay for night, shift and overtime work. Estonia’s new Employment Contracts Act increased the statutory premium for night work, but defined night work more narrowly (EE0908019I). In April, the UK introduced additional penalties for employers failing to pay the national minimum wage (UK0904039I). Latvian legislation simplified the pay system in the public sector from 2010, and Romania also introduced legislation to create a single public sector pay system (RO0912019I). In March, the French government issued a decree banning bonuses and stock options for managers of companies receiving public financial assistance (FR0908029I).

### Social security/unemployment insurance

In February, Finland increased pension contributions and sickness, maternity and paternity and unemployment benefits and cut unemployment insurance contributions. The Swedish government temporarily cut unemployment insurance contributions and relaxed benefit entitlement criteria (SE0907019I). A Belgian economic stimulus package increased unemployment and some other social security benefits and cut contributions, while Estonia increased unemployment insurance contributions (EE0908019I). Lithuania increased the duration of unemployment benefits in some circumstances (and provided greater support for workers made redundant), and the Romanian government extended the duration of unemployment benefits in March. Portugal increased access to social benefits for unemployed people (PT0906029I), while Spain introduced a special benefit for unemployed people who are not entitled to unemployment benefit because they have paid insufficient insurance contributions or exhausted their entitlement (ES0909029I). A number of social security benefits were cut temporarily in Latvia (LV0907019I). In June, Denmark adopted legislation requiring longer periods of employment for married people’s entitlement to social security benefits. The Dutch government published draft legislation increasing the official retirement age from 65 to 67 by 2025 (NL0910019I), while the Estonian government issued draft legislation to gradually increase the official retirement age to 65 by 2026 and also temporarily froze statutory payments to pension funds until the end of 2010 (EE0908019I). The Estonian government also amended the sickness benefit system from July 2009, increased the waiting period for benefits and increased the costs to employers (EE0912019I). In May, the Danish parliament passed legislation requiring employers and the public employment services to keep in closer contact with employees on sick leave to speed up their return to work.

### Termination of contract

Estonia’s new Employment Contracts Act reduced notice periods for termination of contract, cut redundancy payments (with part of the cost shifted from employers to the unemployment insurance fund), increased compensation for unfair dismissal and gave workers more time off during notice to seek new jobs (EE0901019I). Portugal’s revised Labour Code simplified dismissal procedures. A Belgian economic stimulus package introduced new support and outplacement measures for redundant workers and extended outplacement to temporary workers. Czech legislation on the protection of employees in the event of their employer’s insolvency was amended to extend the period for which employees may file pay claims.

### Training

A law adopted in France in October (based on a social partner agreement) reformed the vocational training system (FR0912019I), including measures to help low-skilled and unemployed workers. A package of labour market stimulus measures adopted in Austria in July (AT0907019I) made rules on training leave more flexible. Estonia’s new Employment Contracts Act amended the statutory study leave scheme to encourage take-up (EE0902029I).
Table 3 (continued)

<table>
<thead>
<tr>
<th>Working time</th>
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<tr>
<td>Austria amended its STW scheme in February (AT0903029I) and July (AT0907019I), making it more flexible, prolonging the duration of benefits and exempting employers from some social security contributions. Anti-crisis legislation adopted in Belgium in June temporarily extended STW to white-collar workers (BE0906029I) and introduced temporary collective and individual working time reduction schemes, while STW benefits were increased and temporary workers given access to the scheme. Bulgaria extended the maximum period of STW and regulated compensation for workers affected. In March, the Danish government introduced more flexible rules regarding STW (‘work-sharing’) (DK0903021I). The duration and level of STW benefits were increased in France (FR0905029I). The German government also increased the duration of STW benefits in both February (DE0904039I) and May, as well as cutting employers’ social security costs, simplifying procedures and subsidising training for the employees concerned. Amendments to the Lithuanian Labour Code adopted in July allowed the temporary introduction of STW (LT0904019I). A law adopted in Luxembourg in February provided (temporarily) for full government reimbursement of STW benefits and increased benefits if the employees undertake training. The Dutch STW scheme was extended for a further period in April, with amendments such as increased training provision (NL0905029L). Norway amended its STW scheme, increasing the duration of benefits, reducing the employer’s contribution and enhancing flexibility (NO0902049I). Anti-crisis legislation adopted in Poland in August (based on a social partner agreement) introduced a form of STW scheme, including subsidised training (PL0909019I). In March, the Romanian government introduced exemptions from employers’ and employees’ social security contributions on STW compensation paid by employers. Slovakia introduced subsidies for social security contributions in respect of employees temporarily laid off or on STW (SK0908019I). Legislation came into force in Slovenia in January providing subsidies to employers that introduce STW (SI0903019I), followed by a new law adopted in May that provided for a government contribution to the pay compensation of temporarily laid-off employees, accompanied by a training obligation (SI0906019I). In March, the Spanish government (with the aim of addressing the employment crisis) amended working time legislation, increasing the reference period for averaging weekly hours and giving employers greater unilateral powers in this area, as well as relaxing rules on overtime and rest periods (ES0907029I). The Polish anti-crisis legislation increased reference periods for averaging working time and allowed greater working time flexibility. Portugal’s revised Labour Code increased flexibility in daily and weekly working time and introduced annual working time accounts, while amendments to the Slovak Labour Code in March allowed (temporarily) for flexible working time accounts in companies facing redundancies (SK0908019I). Amendments to the Lithuanian Labour Code adopted in July allowed more use of overtime (LT0904019I). A law adopted in France in August widened the scope of exemptions from the general ban on Sunday working (FR0910019I). Norway amended its legislation on shift and ‘rotation’ work (NO0904019I). In June, the Hungarian government (with the aim of addressing the employment crisis) amended working time legislation, increasing the reference period for averaging weekly hours and giving employers greater unilateral powers in this area, as well as relaxing rules on overtime and rest periods (HU0907029I). The Polish anti-crisis legislation increased reference periods for averaging working time and allowed greater working time flexibility. Portugal’s revised Labour Code increased flexibility in daily and weekly working time and introduced annual working time accounts, while amendments to the Slovak Labour Code in March allowed (temporarily) for flexible working time accounts in companies facing redundancies (SK0908019I). Amendments to the Lithuanian Labour Code adopted in July allowed more use of overtime (LT0904019I). A law adopted in France in August widened the scope of exemptions from the general ban on Sunday working (FR0910019I). Norway amended its legislation on shift and ‘rotation’ work (NO0904019I). The UK increased minimum statutory entitlement to paid holidays from 4.8 to 5.6 weeks a year in April (UK0904039I), and in August applied a 48-hour limit on the average working week of trainee doctors.</td>
</tr>
<tr>
<td>Miscellaneous</td>
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<tr>
<td>The Finnish parliament approved legislation allowing employers to access information on the senders and recipients of employees’ emails if they suspect that corporate secrets are being leaked (FI0903029I). In contrast, new provisions in Norway established strict rules on when and how employers may access their employees’ emails (NO0902029I) and draft legislation published in Sweden aimed to protect workers’ privacy through stricter regulation of employers’ surveillance and control measures (SE0909019I). New liability regulations that came into force in Austria in September made construction companies subcontracting work to other companies liable for the subcontracts’ social security payment duties in order to combat ‘social fraud’ (AT0910039I). In June, the Norwegian parliament adopted legislation giving employers in a contract chain joint and several liability over employees’ wages, making contractors liable for the pay obligations of subcontractors (NO0906019I). Legislation adopted in Hungary in June relaxed rules excluding companies that breach employment law from public subsidies and procurement processes (HU0907029I). Portugal’s revised Labour Code, which came into force in February, redefines the concept of the employment contract in order to make it easier to identify ‘false’ self-employment and also increases maximum probationary periods from three to six months. Estonia’s new Employment Contracts Act abolished a number of procedural requirements on employers (e.g. in registering employees), increased maximum awards in labour dispute cases and for the first time regulated employees’ liability for damages caused at work (EE0902029I). The UK simplified procedures for individual workplace dispute resolution in April (UK0907049I). Legislation governing civil service and public employment in Austria was amended in December, including a stricter ban on bullying and a further harmonisation of the conditions of career public servants and contract public employees. In August, the French parliament adopted a law increasing the mobility of civil servants (FR0910029I). Legislation adopted in May reorganised the Greek Labour Inspectorate (GR0907019I).</td>
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Source: EIRO
Organisation and role of the social partners

Trade unions
Trade union merger activity remained at a relatively low level in 2009 (especially compared with the early years of the decade) and most of the mergers that did occur were fairly small scale. The main examples are from Austria, Finland, Slovakia and Sweden.

- Two mergers occurred within the Austrian Trade Union Federation (Österreichischer Gewerkschaftsbund, ÖGB). The Municipal Employees’ Union (Gewerkschaft der Gemeindebediensten, GdG) merged in June with the Arts, Media, Sports and Liberal Professions Union (Gewerkschaft Kunst, Medien, Sport, freie Berufe, KMSfB), which had become too small to continue independently, to form the 156,000-strong GdG-KMSfB (AT0907029I). In November, the Metalworking, Textiles, Agriculture and Food-processing Union (Gewerkschaft Metall-Nahrung-Genuss, GMTN) merged with the Union of Chemical Workers (Gewerkschaft der Chemiearbeiter, GdC) to create a new blue-collar union called Produktionsgewerkschaft (pro.ge). It represents 255,000 workers across a wide range of manufacturing industries (AT0902029I).

- Two unions affiliated to the blue-collar Central Organisation of Finnish Trade Unions (Suomen Ammattiliittojen Keskusjärjestö, SAK) – the Chemical Workers' Union (Kemianliitto) and the Finnish Media Union (Viestintäalan ammattiliitto) – underwent a merger (effective from January 2010) to create the Team for Professionals in Technology (TEAM), with 67,000 members (FI1001019I). The merger was originally planned to involve six unions to create a ‘super-union’, but the other four dropped out.

- In Slovakia, owing to declining membership and financial resources, a number of unions affiliated to the Confederation of Trade Unions (Konfederácia odborových zväzov Slovenskej republiky, KOZ SR) merged in 2009: the Metallurgy Workers’ Trade Union (Odborový zväz Metalurg, OZ Metalurg) joined the Metal Trade Union Association (Odborový zväz Kovo, OZ Kovo); the Slovak Trade Union Association of Energy (Slovenský odborový zväz energetíkov, SOZE) and the Trade Union Association of the Chemical Industry (Odborový zväz Chémia, OZCH SR) merged to form the Energy-Chemical Trade Union Association (Energeticko-chemický odborový zväz, ECHOZ); and the Textile, Leather and Footwear Industry Workers Trade Union Association (Odborový zväz pracovníkov textilného, odevného a kožiarskeho priemyslu, OZ TOK), the Trade Union Association of Transport, Road Management and Car Repair (Odborový zväz dopravy, cestného hospodárstva a autooprávnenstva) and the Trade Union Association of Construction (Odborový zväz Stavba, OZ Stavba) merged to form the Integrated Trade Union Association (Integrovaný Odborový zväz, IOZ).

- In 2009, two affiliates of the Swedish Confederation of Professional Associations (Sveriges Akademikers Centralorganisation, SACO) – the Swedish Association for Academics within Agriculture, Forest, Gardens and Environment (Agrifack) and the Swedish Association of Scientists (Naturvetareförbundet) – merged to form the Swedish Association of Scientists (Naturvetarna), with 30,000 members. Within the Swedish Trade Union Confederation (Landsorganisationen, LO), the Graphics Industry Union (Grafiska Fackförbundet Mediafacket) and the Forestry and Woodworkers Union (Skogs- och Träfacket) merged to create the Swedish Union of Forestry, Wood and Graphical Workers (Facket för skogs-, trä- och grafisk bransch, GS), with 65,000 members.

There were some indications of potentially significant mergers in the future. Notably, the president of the United Federation of Danish Workers (Fagligt Fælles Forbund, 3F), the largest union affiliated to the Danish Trade Union Confederation (Landsorganisationen i Danmark, LO), argued for the creation of a single blue-collar union from the current 18 LO member unions in order to counter mergers among
employer organisations, respond to a more flexible labour market and address declining membership (DK0912029I). In Spain, the General Workers Confederation (Unión General de Trabajadores, UGT) decided to initiate a debate about reducing the number of its affiliated federations to six, including a merger of the Public Services Federation (Federación de Servicios Públicos, FSP) with the Federation of Education Workers (Federación de Enseñanza, FETE).

The year saw a number of changes in the affiliation of individual unions to confederations, mainly in the new Member States. The Estonian Education Personnel Union (Eesti Haridustöötajate Liit, EHL) and the Federation of the Estonian Universities, Institutions of Science, Research and Development (Eesti Kõrgkoolide, teadus- ja arendusasutuste ametiliitude ühendus, UNIVERSITAS) left the Estonian Employees’ Unions’ Confederation (Teenistujate Ametiliitude Keskorganisatsioon, TALO) on the grounds that their interests were inadequately represented in the confederation. This cut TALO’s membership by over 70%. Following its departure from the Confederation of Malta Trade Unions (CMTU) in 2008 (MT0901019I), the Malta Union of Teachers (MUT) joined FORUM Trade Unions Maltin, a loose confederation of unions formed in 2004. Strengthened by the affiliation of the MUT, the country’s third-largest union, FORUM became more vocal in its requests to be represented at the Malta Council for Economic and Social Development (MCESD), the national tripartite social dialogue institution, supported by the General Workers Union (GWU). In Hungary, the Democratic Union of Health Care Employees (Egészségügyi és Szociális Ágazatban Dolgozók Demokratikus Szakszervezete, ESZDDSZ), the main union organisation in the health and social care sector, switched affiliation from the Trade Unions’ Cooperation Forum (Szakszervezetek Együttműködési Fóruma, SZEFF) to the Democratic League of Independent Trade Unions (Független Szakszervezetek Demokratikus Ligája, LIGA), the latest of several sectoral unions to move from other confederations to LIGA in recent years (HU0710029I). Romanian union federations representing workers in sectors funded from the government budget, such as education, health, the public administration and police, formed a new structure, the Budgetary Alliance (Alianţa Bugetarilor, AB). The move reflected discontent among these federations with the role of national trade union confederations in agreeing new legislation on public sector reorganisation and pay with the government (RO0909019I).

Newly published data confirmed a continuing fall in union membership/density in a number of countries. For example:

- At the beginning of 2009, the membership of the unions affiliated to Denmark’s LO confederation fell below 1 million, having declined from a peak of 1.2 million in the mid-1990s.

- According to labour force survey data, union density among employees in Estonia fell from 11.1% in 2003 to 6% in 2008. The Estonian Trade Union Confederation (Eesti Ametiühingute Kesklit, EAKL) lost 2.9% of its members in 2008, mainly due to large-scale redundancies.

- The Confederation of the German Trade Unions (Deutscher Gewerkschaftsbund, DGB) lost 1% of its membership in 2009 and the Christian Federation of Trade Unions (Christlicher Gewerkschaftsbund Deutschlands, CGB) lost 1.3%, though the membership of the trade union confederation of the German Civil Service Association (dbb beamtenbund und tarifunion, dbb) rose by around 0.1%.

- Trade union density in Slovenia was reported to be 26.6% in 2009, down sharply from 43.7% in 2003.

- Sweden’s blue-collar LO confederation lost around 2.7% of its membership in 2009, continuing a trend in recent years largely attributed by the unions to changes to the system of (mainly) union-
linked unemployment insurance funds (SE0702029I) made by the government in 2007 (and amended in 2009 – SE0907019I). However, the white-collar Swedish Confederation of Professional Employees (tjänstemännens centralorganisation, TCO) and professional SACO registered membership increases of 1.5% and 2.8%, respectively.

According to labour force survey data, in the fourth quarter of 2008 union density among employees in the UK stood at 27.4%, down from 28% a year earlier.

Legislation came into force in France reforming the rules on assessing trade union representativeness at company level, making it largely dependent on support for the unions in workplace elections of employee representatives (FR0808039I). In order to be able to nominate union delegates and participate in company-level collective bargaining, unions must obtain 10% of the votes in the first round of workplace elections. The first elections organised in line with the new system – notably on the railways (FR0904019I) – led to many unions losing representative status. Small unions are increasingly presenting combined lists for the elections in order to keep at least joint representation. However, when the new rules apply at higher levels from 2012 and union organisations must obtain 8% of the votes in aggregated workplace elections in a sector or nationally, this joint approach will no longer work, as individual results must be declared. To respond to the new representativeness criteria, the French Confederation of Professional and Managerial Staff-General Confederation of Professional and Managerial Staff (Confédération française de l’encadrement-confédération générale des cadres, CFE-CGC) and the National Federation of Independent Unions (Union nationale des syndicats autonomes, UNSA) had been considering a merger, but this made no progress in 2009 owing to opposition within CFE-CGC. Draft legislation (based on an agreement between the government and unions) was introduced in 2009 to bring union representativeness in the French civil service closer to the new private sector system.

Amendments proposed to Cyprus’s legislation on trade unions in October included an increase in the minimum number of members required to form a union from 20 to 100. This drew strong opposition from smaller, independent unions (CY0912049I).

Employer organisations
There were few reported changes in the organisation of employers in 2009. In June, a number of employer organisations in Portugal’s construction and real estate sectors announced the creation of a new Confederation of Construction and Real Estate (Confederação da Construção e do Imobiliário, CCI), following the departure of a major construction employer organisation from the Confederation of Portuguese Industry (Confederação da Indústria Portuguesa, CIP) in 2007. CCI aims to be a full national social partner organisation (PT0906039I), but it seems unlikely that the present employers’ representatives on the national tripartite Standing Committee for Social Concertation (Comissão Permanente de Concertação Social, CPCS) will accept CCI joining this body. The Movement of French Enterprises (Mouvement des entreprises de France, MEDEF) experienced internal problems in 2009 and in December the National Food Industry Association (Association nationale des industries alimentaires, ANIA) left MEDEF, as it believed the membership fees were too high for the services provided (FR1001059I).

Social dialogue
There were a number of changes to formal social dialogue structures in 2009. Following a Constitutional Court ruling, national tripartite forums and bipartite sectoral dialogue committees in Hungary were stripped of their previous co-decision powers and given a purely consultative function. At the same
time, new rules were introduced for assessing the representativeness of social partner organisations participating in these bodies, though this is not expected to have a major effect on the current representation situation (HU0910019I). Bulgaria restored tripartite cooperation bodies at sector level and launched new regional cooperation structures. The membership of the Tripartite Council of the Republic of Lithuania (Lietuvos Respublikos Trišalė taryba, LRTT), the country’s main social dialogue institution, was expanded, with the representation of each of the three parties (government, employers and unions) increased from five members to seven, with the aim of increasing the Council’s competence and representing a broader spectrum of social partner interests (LT0909019I). Also in Lithuania, a tripartite national agreement on responding to the economic crisis (see below under ‘Impact of economic downturn’) boosted the social partners’ role, provided that the government would not adopt any decisions with effects on social and economic conditions without prior consultation of the partners.

National responses to the downturn resulted in a number of new social dialogue initiatives and structures in some countries, and these are examined below under ‘Impact of economic downturn’.

**Industrial action**

Full official data on industrial action in 2009 are not yet available from most countries. However, the evidence available indicates that there was little strike activity, or none at all, during 2009 in countries including Austria, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Hungary, Latvia, Lithuania, Malta, Norway, Poland, Slovakia and Sweden. While absolute levels remained low, there was a slight rise in the number of working days lost in Cyprus, Estonia and Malta, but in cases such as Hungary, Lithuania and Poland, strike activity fell off quite sharply from previous years. This was especially notable in Poland, where the number of working hours lost through strikes in the first three quarters of 2009 was only 5% of the figure for the same period in 2008. In Denmark, the number of working days lost in 2009 (all through unofficial action) was the lowest since statistics were first collected in 1991.

In the other countries for which statistics are available, strike activity was at higher levels than in those listed above, but trends varied considerably. Compared with 2008, the level of strike activity in 2009 rose sharply in Finland (though 2008 had been a particularly quiet year) and Ireland, but fell sharply in Romania, Spain and the UK.

It should be noted that in many central and eastern European countries, protests often take the form of demonstrations, meetings, pickets, etc. rather than full work stoppages. These actions do not generally figure in strike statistics, but are considered, where relevant, as examples of industrial action in the discussion below.

In a number of countries, company restructuring, job losses and site closures, caused or exacerbated by the economic crisis, were the cause of considerable industrial action in 2009. Notable disputes of this kind included those at Kremikovtzi AD in Bulgaria; Coca Cola HBC, Leo Pharma (IE0905029I) and Marine Terminals Limited in Ireland; Fiat Termini Imerese (IT1002019I), Indesit and Tenaris Dalmine in Italy; H Cegielski in Poland (PL0911019I); and Vestas in the UK (UK0909029I). In France, a number of disputes (at companies such as Caterpillar, Continental, Faurecia, New Fabris, Nortel, Servisair Cargo, Sony France and 3M) were extremely bitter and sometimes violent, featuring occupations, ‘bossnapping’, threats to blow up factories and ransacking of company offices (FR0911049I). The Vestas dispute, unusually in the UK, also involved a factory occupation, as did several conflicts in Greece (GR0905019I), while there were a number of ‘spectacular’ actions by workers in Italy.
Management attempts to cut pay or conditions in response to the downturn sparked disputes in cases such as ASIG and Fujitsu in the UK (UK0909059I).

As well as clearly restructuring-related industrial action at company level, there were a number of disputes in the private sector over the renewal of collective agreements in a bargaining climate made difficult by the downturn – for example, the number of strikes over the negotiation of new agreements increased notably in Spain. Such cases accounted for the few industry-wide strikes reported from the private sector in 2009, such as action in Germany’s industrial cleaning sector (DE0911029I) and in Italian metalworking (though here, the issue was complicated by inter-union tensions over the conclusion of a new agreement and a strike was called by only one union).

In recent years, the public sector and traditionally public (though in some cases now privatised) services have accounted for much of the industrial action in many countries in a context of reform, restructuring and budgetary restraint. The available information suggests that the public sector and services predominated less in 2009, but were still marked by high-profile conflict in some countries. Areas affected included:

- the public sector as a whole, as in Ireland (IE0912019I), Lithuania (LT0907029I) and Romania (RO0909019I);
- national and/or local government, as in Germany (DE0904019I) and Italy (IT0902039I);
- healthcare, as in Estonia (EE0911029I), Lithuania and Portugal (PT0902039I);
- education, as in Latvia, Lithuania and Portugal (PT0902029I);
- police, prison and emergency (e.g. fire fighting) services, as in Belgium, Bulgaria (BG0901039I), the Czech Republic, Lithuania and Norway (NO0908059I);
- public road and rail transport, as in Bulgaria (BG0911019I), Hungary (HU0903019I), Lithuania, Romania (RO1001049I) and the UK;
- air transport, as in Greece (GR0812019I) and Hungary (HU0903019I); and
- utilities (electricity, gas, water, etc.), as in Luxembourg and Poland.

These disputes had a range of causes. For example, issues related to government privatisation plans sparked industrial action in cases such as Olympic Airways (GR0812019I) and port services in Greece, Hungarian State Railways (Magyar Államvasutak, MÁV) (HU0903019I), municipal gas and electricity services in Luxembourg, and the ENEA energy company and KGHM Polska Miedź copper mining concern in Poland. Disputes arising from the renewal of collective agreements led to strikes among public employees at federal and government (Länder) level and in the public social services sector (DE0909019I) in Germany and in the Italian public sector.

However, it was public sector pay freezes or cuts, job losses and restructuring in response to the effects of the economic crisis on public finances that led to much of the highest-profile and most widespread industrial action in 2009. Such moves prompted general strikes (often lasting a day) across all or most of the public sector in Greece (GR0905069I), Ireland and Romania (RO0909019I), as well as major protest demonstrations in countries such as Bulgaria, France (as part of wider protests against government policy – see below) and Lithuania (LT0907029I). Workers held strikes and other protests against such measures in specific sectors such as education and healthcare in countries including the Czech Republic, Estonia (EE0911029I), Latvia and Lithuania.
In some cases, protests about public sector cuts were part of wider actions against government policy in response to the economic crisis. These actions included general strikes in Greece (GR0906019I) and Italy (organised by only the CGIL union confederation – IT0905029I) and protest rallies in Bulgaria (BG0907029I), France (FR0906019I) and Lithuania (LT0901019I and LT0910019I). In the Czech Republic, unions organised a rally against companies allegedly using the crisis as a pretext to reduce pay and benefits (CZ0905019I). Another ‘political’ action in 2009 was a strike by 1,800 workers in Estonia organised by unions in protest at the new Employment Contracts Act, along with numerous strike meetings held at workplaces and other protests (EE0907029I).

An unusual form of industrial action that occurred during the year involved ‘strikes’ and other protests by milk producers in countries including Austria, Belgium (BE0909019I), the Czech Republic, France (FR0909019I), Germany, Luxembourg, the Netherlands and Spain in protest at low prices.

Finally, a strike in early 2009 at an oil refinery in the UK owned by the Total group (UK0902019I) possibly received more attention, nationally and across Europe, than any other single dispute during the year. The action, which attracted sympathy strikes at other power plants around the UK, was triggered by the use of posted Italian and Portuguese workers. This led to a debate in the UK about immigration, the rights of UK workers and the national application of EU law, and more widely about the application of the EU Directive (96/71/EC) on posted workers.

Regulation of industrial action

The regulation of industrial action and the prevention and resolution of labour disputes received attention in several countries in 2009. Notably, the Swedish government published draft legislation in November in response to the European Court of Justice’s ruling in the Laval case (C-341/05) (EU0801019I), which would place some restrictions on trade unions’ right to take industrial action in relation to foreign-based employers (SE0911029I). In October 2009, Hungary’s Ombudsman presented a comprehensive review of the country’s legislation on strikes, aimed at better enforcing the constitutional right to strike and overhauling rules seen as obsolete and imprecise (HU1001019I). The Slovenian government was preparing a revision of strike legislation during the year. The changes would mainly update outdated terminology rather than make substantive changes, though a provision may be added requiring employers to report strikes to the national statistical office.

In Estonia, the three-year term of office of the Public Conciliator (Riiklik Lepitaja), who is involved in collective dispute resolution, expired at the end of 2009. The conciliator should be jointly appointed by the government and social partners, but as the partners could not agree on a candidate, the government reappointed the current incumbent unilaterally. The unions then filed a complaint in court asking for the appointment to be overturned.

With regard to individual workplace dispute resolution, the UK’s regulations on this issue were reformed with the aim of making them more practical and less legalistic (UK0907049I). A new code of practice was developed by the Advisory, Conciliation and Arbitration Service (ACAS), designed to reduce the number of cases of unfair dismissal brought before employment tribunals.

Restructuring

Reflecting the economic recession, there was a high level of company restructuring in the EU in 2009, with a major negative impact on employment, though restructuring and jobs losses eased as the year
progressed and many economies started to recover. Statistics from the European Monitoring Centre on Change (EMCC) indicate the scale and nature of restructuring during the year (the EMCC data relate to cases of restructuring reported in the media involving the planned creation or reduction of at least 100 jobs or affecting at least 10% of the workforce at sites employing more than 250 people).

The EMCC recorded 2,006 cases of restructuring in the EU in 2009, compared with 1,576 in 2008 and 1,405 in 2007. In 2009, the net effect of the planned restructuring was the loss of around 445,000 jobs, compared with the loss of 248,000 jobs in 2008 and the creation of 179,000 jobs in 2007. Cases of restructuring involving job losses, and the overall level of job loss, were at extremely high levels in the first quarter of 2009, but declined considerably during the remainder of the year. However, cases of restructuring involving job creation, and the overall level of job creation, were also at their highest in the first quarter and fell during the rest of 2009.

In 2009, according to the EMCC data, the sectors accounting for the most cases of restructuring were manufacturing (59% of the total), transport/communication (9%), retail (7%), financial services (7%) and real estate/business activities (6%). The sectors responsible for the largest shares of all planned restructuring-related job losses were manufacturing (49%), transport/communication (14%), financial services (10%), retail (8%) and public administration (7%). The sectors contributing the most to planned restructuring-related job creation were retail (25%), manufacturing (22%), hotels/restaurants (11%), transport/communication (8%) and real estate/business activities (8%). Compared with 2008, in 2009 manufacturing reinforced its position as the sector with the most cases and the highest share of planned job losses (and represented a lower proportion of planned job creation), while public administration was responsible for a markedly lower proportion of job losses.

In national terms, the EMCC recorded the most cases of restructuring in 2009 in the UK (17% of all cases), followed by Poland (11%), France (7%), Germany (6%), the Czech Republic (6%) and Sweden (5%). The UK also accounted for the largest share of all planned restructuring-related job losses (20%), followed by France (12%), Poland (11%), Germany (10%), the Czech Republic (5%), Italy (5%) and the Netherlands (5%) (it should be noted that these figures do not indicate the scale of job losses in comparison with the size of the national labour force). The countries accounting for the largest shares of all planned restructuring-related job creation were the UK (35%), Poland (18%), Portugal (6%), the Czech Republic (6%), France (5%) and Romania (5%). Compared with 2008, the UK reinforced its position as the country with the most cases in 2009, though it was responsible for a slightly smaller proportion of all restructuring-related job losses (and a substantially higher proportion of job creation); Poland accounted for a smaller share of cases but a greater proportion of planned job losses (and a smaller share of job creation); France and Germany were responsible for a notably lower share of planned job losses; and Italy for a greater share.

The most common types of restructuring in 2009 were internal restructuring (57% of all cases), bankruptcy/closure (19%), business expansion (17%) and ‘offshoring/delocalisation’ (4%). The greatest shares of planned restructuring-related job losses resulted from internal restructuring (71%), bankruptcy/closure (22%), offshoring/delocalisation (4%) and merger/acquisition (2%). Almost all planned restructuring-related job creation resulted from business expansion. Compared with 2008, internal restructuring was considerably more common in 2009 and accounted for a slightly greater proportion of planned job losses; cases of business expansion were much less common; and mergers/acquisitions were rarer and responsible for a smaller proportion of planned job losses.
National data underline the negative effects of restructuring on employment in many countries in 2009. For example:

- the number of redundancies announced by Danish companies was two-thirds higher in 2009 than in 2008, while the number of companies making such announcements nearly doubled;
- in Estonia, the number of people granted collective redundancy payments in the first half of 2009 was one-third higher than in the whole of 2008;
- according to unions, the number of employees covered by co-determination talks over redundancies increased three-fold in Finland in 2009, while the number of employees given notice of redundancy doubled;
- in Italy, the level of wages guarantee fund payments (made to workers laid off or on short-time working because of cutbacks in production) was 311% higher in 2009 than in 2008;
- in Lithuania, four times as many cases of collective redundancies were notified in the first half of 2009 as in the same period of 2008, and the number of employees affected increased six-fold;
- during 2009, twice as many employees in Poland lost their jobs through collective redundancies as in 2008;
- in Portugal, more than one-third more companies announced collective redundancies in the first 11 months of 2009 compared with the whole of 2008 and 20% more workers were made redundant;
- the number of job losses attributed to the economic crisis in Slovakia increased 18-fold from 2008 to 2009; and
- in Spain, the number of workers affected by authorised collective redundancy procedures in the first 10 months of 2009 was nearly seven times higher than in the same period in 2008.

As indicated by the EMCC data, the extent and effects of restructuring differed between countries and between sectors. EIRO reports highlight industries where employment was particularly badly affected in specific countries in 2009, such as the automotive and textiles industries in Belgium; automotive imports and sales in Cyprus, along with construction and hotels; automotive suppliers and the civil service in France; the automotive industry in Hungary; telecommunications in Italy; the media sector in Norway; the public sector in Romania; construction in Spain; and financial services and retail in the UK.

Many countries had examples of company restructuring that attracted high levels of attention in 2009, often because of the scale of the job losses and the effects on suppliers and the local labour market. Some of these developments were essentially national in scope, while others resulted from a multinational company's international restructuring process. Examples include:

- the takeover of Austrian Airlines by Germany's Lufthansa, with 1,500 employees standing to lose their jobs by the end of 2010, and the decision of Telekom Austria, the country's main telecommunications services provider, to cut more than 2,500 jobs by 2011;
- the bankruptcy of Kremikovtzi, Bulgaria's largest steel producer, which had employed some 6,000 workers;
- the announcement of over 1,500 redundancies at LM Glasfiber, a Danish manufacturer of blades for wind turbines;
the closure of French sites by multinationals such as Continental, Caterpillar and Goodyear;

- the insolvency of the retailer Arcandor, with 58,000 employees in Germany (which also had implications for employment at an Austrian subsidiary, Quelle Österreich);

- major redundancies at the ISD Dunafer steel producer and its subsidiaries in Hungary (HU0909019I), including the closure of the Diósgyőr steelworks, resulting in 878 job losses;

- the announcement of the end of car production at the Fiat plant at Termini Imerese in Sicily, which has around 1,400 employees, with 700 workers employed at local subcontracting firms (IT1002019I);

- the closure of the German-owned Villeroy & Boch ceramics plant in Luxembourg, which employed 300 workers (LU0904029I);

- the bankruptcy of the Mura textiles group in Slovenia, which employed 3,500 workers;

- in the UK financial sector, the announcement of 10,500 job losses at Royal Bank of Scotland, 5,000 job losses at Lloyds TSB and 2,100 at Barclays; and

- major restructuring at the European operations of General Motors (GM), the US-based automotive multinational. Following the cancellation of a plan to sell off the operations (though Saab in Sweden was still sold) (EU0910029I), GM announced the loss of 8,300 jobs across Europe, with the closure of a plant in Belgium and significant workforce reductions in Germany, Spain and the UK.

Industrial relations aspects

As seen above under 'Industrial action', corporate restructuring and the accompanying job losses were a source of disputes and strikes in many countries in 2009. While there were numerous examples of major restructuring exercises, collective redundancies and site closures that occurred without any consensus, negotiated solutions or responses were found in many cases. As well as agreements on short-time work, these often involved employees making concessions on pay and conditions in exchange for management commitments to prevent or reduce redundancies or to maintain or allocate production (see above under 'Collective bargaining developments'). The other main response was to mitigate the effects of planned workforce reductions and avoid compulsory redundancies and/or to provide compensation and support for redundant workers. Table 4 below provides a number of examples of these approaches.

In many countries, a consensual approach to (often crisis-related) restructuring appeared to be prominent. High-profile cases of restructuring in Austria went ahead despite employee protests, but social plans and re-employment schemes were agreed to mitigate the consequences for the employees affected. Hungarian trade unions reported many instances of good compromises. Even in the often more conflictual environment of France, employee protests led to agreements reducing the number of redundancies and increasing compensation in some restructuring cases.

It is noteworthy that in several countries, the high levels of restructuring linked to the economic downturn appear to have enhanced company-level dialogue. It is reported from Hungary that consultation practices have improved during the recession, with managers and employee representatives meeting regularly to evaluate the situation in some cases. In Latvia (where trade unions and collective bargaining are limited in their coverage), the downturn has reportedly increased the frequency of dialogue between employer and employees, in many cases resulting in consensus on employment
preservation through shorter hours and unpaid holidays, with accompanying pay cuts. A similar trend was reported from Lithuania.

There were cases where management and unions were unable to agree a response to restructuring without external intervention. For example, at Coca Cola HBC in Ireland, a lengthy strike over outsourcing ended only following mediation, when workers accepted a mediation proposal for an enhanced severance package. Also in Ireland, a protracted strike over redundancies and changes to terms and conditions at Marine Terminals Limited ended only when the company accepted a Labour Court recommendation for enhanced redundancy terms and the potential use of arbitration on other issues.

A noteworthy development in Germany related to the creation of new government aid funds at federal and regional level to provide loans and credit guarantees to companies facing restructuring (a controversial example was Opel). The IG Metall metalworkers’ union sought to link the provision of government aid to the introduction of board-level co-determination, and succeeded in the case of the auto component manufacturer Schaeffler (DE0906039I). After it took over Continental, Schaeffler needed its works council and IG Metall to support a request for interim government financing. In February 2009, Schaeffler and IG Metall signed a deal that, as well as providing for job security in relation to the takeover (see Table 4), contained a commitment to co-determination at board level (Schaeffler, being privately owned, was not covered by the relevant legislation). In October 2009, an agreement set up a joint committee as the first step towards the implementation of board-level co-determination.

Table 4 Examples of negotiated responses to company restructuring, 2009

<table>
<thead>
<tr>
<th>Country</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>An agreement was signed at the financially troubled NRIC national railway infrastructure company in October 2009, following union protests (BG0911019I). The agreement halted a wave of redundancies, laid down procedures for workforce reductions and provided for training and additional compensation for redundant workers. An agreement in April provided for additional pay compensation for the most vulnerable workers among the 350 made redundant following the indefinite closure of the Mondi Stamboliiski SPJSC paper plant (owned by the UK-based Mondi) (BG0904019I).</td>
</tr>
<tr>
<td>Denmark</td>
<td>Faced with a decline in orders, as an alternative to redundancies and STW, Vestas, a manufacturer of wind turbine blades, agreed with union representatives to close the company for three weeks during the summer and abolish Sunday shifts (summer shutdowns were also introduced in a number of other manufacturing firms) (DK0907031I).</td>
</tr>
<tr>
<td>Germany</td>
<td>Following its acquisition of Continental, the auto components supplier Schaeffler reached an agreement in February whereby there would be no compulsory redundancies due to the takeover. In May, Schaeffler signed a job security agreement preventing compulsory redundancies before 30 June 2010 (up to 4,500 job losses had been mooted) if personnel cost reductions of €250 million could be achieved through measures such as cuts in working hours and pay, expanded use of STW, voluntary redundancies, partial retirement, cuts in one-off payments and the establishment of ‘transfer companies’ (DE0906039I). At Karstadt, a subsidiary of the insolvent Arcandor retail group, where numerous stores were at risk of closure, a collective agreement was signed by the administrator and the United Services Union (Vereinte Dienstleistungsgewerkschaft, ver.di) in November. The agreement, which covers 28,000 workers, cuts €50 million in additional staff payments for three years in exchange for job guarantees. In April, the car manufacturer Daimler and its works council agreed a cost-cutting package that will save the company €2 billion in labour costs: in return for a number of concessions concerning working time and pay, the company granted a limited job guarantee (DE0905039I).</td>
</tr>
<tr>
<td>Hungary</td>
<td>An agreement (reached after trade union pressure) at Syncreon, an auto components supplier, provided that multiple redundancies among members of the same family would be avoided. At Borsodchem, a manufacturer of plastic raw materials, following the announcement of the impending layoff of 550 workers, the public authorities intervened and management, unions, the local municipality and central government reached an agreement on maintaining jobs.</td>
</tr>
</tbody>
</table>

Table 4 (continued)

<table>
<thead>
<tr>
<th>Country</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ireland</strong></td>
<td>A restructuring agreement signed in April at a plant owned by Leo Pharma, a Denmark-based pharmaceuticals plant, aimed at reducing the cost base to maintain production in Ireland by changing work practices and reducing the workforce in exchange for higher pay (IE0905029I).</td>
</tr>
<tr>
<td><strong>Italy</strong></td>
<td>In July, the Telecom Italia telecommunications group signed an agreement to avoid 470 planned redundancies through redeployment, training and the use of short-time work (based on 'solidarity agreements') with pay and service guarantees (IT0908019I). In March, the Italian operations of the Sweden-based communications equipment multinational Ericsson signed an agreement providing incentives for voluntary redundancies. In July, Indesit, the domestic appliances group, signed an agreement (following trade union protests) guaranteeing production and employment levels at its None plant, which had been threatened with closure.</td>
</tr>
<tr>
<td><strong>Luxembourg</strong></td>
<td>Following the announcement of the closure of a Villeroy &amp; Boch ceramics plant, which employed 230 people, agreement was reached on an accompanying employment maintenance plan. This provided for training, guidance and re-employment assistance (externally and within the company), including the creation of a ‘qualification centre’, ‘employment exchanges’ and a ‘professional coaching cell’ along with redundancy compensation (LU0904029I) (the implementation of the plan proved contentious). Redundancy programmes were also agreed at companies such as Kaupthing (banking) and Duscholux (showers), providing, for example, for increased notice periods and training grants.</td>
</tr>
<tr>
<td><strong>Spain</strong></td>
<td>In January, management and union representatives at the Barcelona plant of Sony, the Japan-based electronics multinational, agreed a two-year pay freeze and a 40-hour increase in annual working time in return for a company commitment to keeping the site open at least until the end of 2010 and cutting 275 planned redundancies by two-thirds (ES0902019I).</td>
</tr>
<tr>
<td><strong>UK</strong></td>
<td>In the context of the crisis in the automotive sector, agreements were reached (UK0906039I) at Honda in May to reduce pay for 10 months in return for a job-preservation guarantee; Jaguar Land Rover in March to cut working time and freeze pay to avoid redundancies; Toyota in March to reduce working time and pay to save jobs; and at Vauxhall in October to freeze pay and make voluntary redundancies to secure the future of plants.</td>
</tr>
</tbody>
</table>

Source: EIRO

Impact of economic downturn

The economic downturn started to take effect in mid-2008, initially affecting Estonia, Ireland, Italy and Latvia and then most other Member States by the last quarter of the year, though Bulgaria, Cyprus, Greece, the Netherlands, Romania and Slovakia did not enter recession until 2009, and Poland remained in growth throughout. The downturn proved deepest in Latvia, Lithuania, Estonia, Ireland and Slovenia and Finland, and shallowest in Norway, Greece, Cyprus, Malta, France and Portugal. The Czech Republic, France, Germany, Portugal, Slovenia and Slovakia started to move out of recession in the second quarter of 2009, joined by Austria, Belgium, Denmark, Ireland, Italy, Lithuania, Luxembourg, Malta, the Netherlands and Romania and Finland in the third quarter, and Estonia and the UK in the fourth quarter (when GDP fell back again in Italy and Romania). The recession continued in Greece, Hungary, Latvia, Spain and Sweden throughout the year.

The recession led to an increase in unemployment in all Member States in 2009. The unemployment rate rose the most sharply in the Baltic states, Ireland, Spain and Slovakia, while the smallest increases were experienced in Germany, Luxembourg, Belgium, Austria, Malta and the Netherlands. During 2009, the rate hit 13% or more in the Baltic states, Spain, Slovakia and Ireland, but did not rise above 7% in the Netherlands, Austria, Cyprus, Luxembourg and Slovenia.

As seen above, the economic downturn had a profound effect on industrial relations across Europe in 2009 in areas such as collective bargaining, employment legislation and industrial action. For example,
long-standing national pay-setting arrangements broke down in Ireland and Spain, temporarily in the latter case and more conclusively in the former case. Across Europe, collectively agreed pay increases fell back, if only relatively moderately in most cases, in the 2009 bargaining round (see above under ‘Collective bargaining developments’). The effect on actual earnings was more notable in many countries, often because of reduced working hours, and workers experienced cuts in average earnings in the Baltic States, Germany and Ireland. This widespread use of short-time work (which contributed to reducing the impact of the crisis on employment levels) was enabled in numerous cases by new or amended legislation on the subject and led to considerable collective bargaining on STW in some countries. Another effect of the downturn on pay was that the national minimum wage was not increased in Belgium, the Czech Republic, Estonia, Ireland, Lithuania and Slovakia. In Malta, the system of statutory cost-of-living wage increases came under strain, with employers calling for the 2010 increase to be awarded only to lower-paid employees or subsidised by the government because of the economic situation, a move opposed by the government and trade unions (MT0910029I).

With public finances under strain, pay was cut in the public sector in Latvia and Lithuania and frozen, for all or some groups, in Bulgaria, Estonia, Greece, Hungary, Ireland and Slovenia, while reductions in public spending were widespread, often with negative effects on employment.

Government measures
In addition to the general economic stimulus measures introduced in many countries to address the crisis, during 2009, numerous governments introduced specific measures aimed at preventing redundancies, getting unemployed people back into work and supporting the unemployed (sometimes building on initiatives launched in 2008). In countries such as Austria (AT0907019I), Belgium, Cyprus (CY0912019I), Denmark (DK0903021I), Estonia (EE0910029I), Greece (GR0905079I), Hungary (HU0907029I), Poland (PL0909019I), Slovakia (SK0908019I) and Spain, these employment measures were bundled in crisis response packages.

A central plank of national policies to tackle the employment effects of the downturn was the introduction or amendment of STW schemes, allowing the employment relationship to be maintained during the worst of the recession and protecting workers from unemployment and excessive income loss, while enabling employers to retain skilled and experienced staff. Most countries took action in this area – often of a temporary nature – as in Austria, Belgium, Bulgaria, the Czech Republic, Denmark, France, Germany, Greece, Hungary, Italy, Luxembourg, Malta, the Netherlands, Norway, Poland, Romania, Slovakia, Slovenia (SI0903019I) and Spain. (More details are provided above under ‘Legislative developments’.) In addition, a number of central and eastern European countries responded by introducing legislation to allow greater flexibility in the organisation of working time, or in employment relations more generally, as in Estonia, Hungary, Lithuania, Poland and Slovakia.

Beyond working time, crisis response measures often included:

- employment subsidies and recruitment incentives, sometimes targeted at specific categories of employees (such as older, young, unemployed or unskilled workers) or companies (such as SMEs), as in Cyprus, Ireland, Luxembourg, Malta, Slovakia, Spain and the UK;
- training measures, both schemes for unemployed people and encouragement for employers to provide continuing training to current employees (sometimes linked to STW) and take on apprentices and trainees, as in Austria, Cyprus, Denmark, Estonia, France, Greece, Luxembourg, Poland, Sweden and the UK;
other employment promotion schemes aimed at moving unemployed people rapidly back into employment, as in Belgium, Estonia, Norway and Sweden, sometimes aimed at specific vulnerable groups, such as young people, as in Austria, Greece and Luxembourg; and

higher or more accessible income support for people who become unemployed, as in Belgium, Italy, Lithuania, Romania, Spain and Sweden.

Social partner involvement
In most countries, the social partners at intersectoral level (see above under ‘Collective bargaining developments’ and ‘Restructuring’ for sector- and company-level developments) were involved to varying degrees in the formulation of measures to respond to the employment effects of the crisis, often through discussions in national tripartite and bipartite bodies. In the three Baltic states, tripartite agreements were reached on aspects of the response to the crisis:

- The Estonian social partners and government signed a tripartite agreement in March, laying down principles for maintaining employment levels, for example through lifelong learning and flexible employment, and providing more effective assistance for unemployed people (EE0905019I).

- A tripartite agreement reached in Latvia in June dealt with reducing the public sector deficit through both revenue-raising measures and reductions in public expenditure, including cuts in the public sector pay bill and in pensions and benefits.

- In October, the Lithuanian government and social partners concluded a national agreement on economic and social policies during the recession, dealing with areas such as tax, public spending, public sector pay, cuts in social security benefits, public sector reform, economic stimulus measures, energy policy, education and training, healthcare and combating the illegal economy (LT0911019I). The agreement was criticised by non-signatory organisations and some experts (LT0912019I).

In the Netherlands, the social partners and government reached a wide-ranging agreement in October 2008 (NL0812019I) on crisis response measures such as moderate wage demands, reduced unemployment insurance contributions, reform of dismissals law, assistance for low-paid and vulnerable groups, job creation and training. In March 2009, the social partners reached a bipartite agreement on tackling the crisis, covering 2009–10, which promoted employment, wage moderation, training, assistance for redundant workers and flexible employment. In April, the government and social partners reached consensus on further anti-crisis measures dealing with the labour market and education, infrastructure, sustainability and innovation and maintaining benefit levels (NL0904039I).

In Belgium, the social partners’ intersectoral agreement for 2009–10, which seeks a balance among companies’ competitiveness, workers’ purchasing power and employment levels, was negotiated in conjunction with the government (which mediated in the talks), relies on government funding for some of its measures and forms part of the government’s response to the downturn (BE0901019I). The agreement provides for moderate increases in purchasing power, reductions in taxation of income from night and overtime work, increases in STW benefits and tax reductions to encourage employers to recruit long-term unemployed people.

In Italy, new legislation increased resources for the system of ‘social shock absorbers’ – measures that cushion the effects of redundancies and restructuring, including special unemployment benefits and other forms of income support for workers who have lost their jobs or are temporarily laid off – and provided for the system to be extended and adapted during 2009 and 2010. The national government
reached agreement with the authorities at regional level on implementing the law, and the operational
details were then determined by agreements signed by the social partners and authorities in each region.
These regional tripartite accords extended support measures to cover types of companies and workers
normally excluded from the social shock absorbers, and some included training obligations for the
workers concerned.

Attempts were made in several countries to reach tripartite crisis response agreements during 2009,
which failed or had not borne fruit by the end of the year. The main examples of failed talks were
Ireland, where no agreement could be reached on a possible national emergency economic plan
(IE0907019I), and Spain, where government efforts to reach a tripartite pact proved unsuccessful
(ES0910029I). The idea of a form of ‘social pact’ was also mooted, without any concrete outcome, in
Bulgaria, Hungary and Malta.

Bipartite national agreements among the social partners formed the basis for government crisis response
measures in France and Poland. The French social partners signed an intersectoral agreement in July
on ‘emergency’ measures to manage the employment consequences of the crisis, many of which were
subsequently implemented by the government. Measures included the extension of the statutory STW
scheme to new groups of employees and an increase in the duration of STW benefit; a framework for
‘employee leasing’ between companies; the promotion of employee mobility; improvements to schemes
to help redundant workers back into employment; and assistance targeted at groups such as the long-
term unemployed, older workers and young people. In March, the Polish social partners agreed on a
package of anti-crisis measures, including greater working time flexibility, the introduction of an STW
scheme and limits on fixed-term employment, as well as minimum wage, social security and tax
measures (PL0906019I). The government enacted many of the initiatives agreed by the social partners,
but not all of them (PL0909019I). In countries such as Austria and Germany, the social partners
successfully made joint calls for amendments to national STW schemes (AT0903029I).

The Slovak government signed a ‘memorandum on cooperation in solving the impact of the financial
and economic crises on Slovak society’ with the main trade union confederation, whereby the
government would seek to maintain employment levels and protection and the unions would pursue
moderate wage demands and a dialogue-based approach (SK0904019I).

While no specific tripartite or bipartite agreements were signed on the theme, the social partners were
heavily involved through consultative processes in the formulation of government crisis response
measures in cases such as Austria (AT0907019I), Bulgaria, Luxembourg, Malta and Romania
(RO0902039I).

Governments held ‘summits’ attended by the social partners to discuss responses to the downturn in
countries such as France, Germany and Hungary. New tripartite structures or initiatives were launched
as part of the crisis response in some countries. Examples included a tripartite committee for assessing
and monitoring the crisis and a ‘social investment fund’ in France (FR0903029I); a Crisis Council
(Krizová rada) in Slovakia; a tripartite ‘crisis team’ on addressing the employment effects of the crisis
in the Netherlands; and a tripartite working group on STW in the Czech Republic. The Greek
government set up new dialogue committees, involving the social partners, to examine legislative reforms
in the fields of industrial relations and social security.
Social partner initiatives and demands
In addition to the bipartite agreements outlined in the previous section, in a number of countries the social partners found at least partial common ground over responses to the downturn and took some form of joint initiative, such as joint demands to the government. Examples included Austria, Bulgaria, the Czech Republic, Denmark, Germany, Ireland, Latvia and Romania. For example, the Latvian social partners issued a joint statement in relation to the 2010 government budget, calling on the government not to increase taxes and arguing that the proposed budget would not promote growth. Many of Romania’s trade union and employer confederations made a joint call to the government to promote the national implementation of the International Labour Organization’s Global Jobs Pact in response to the recession (RO0907029I). Despite their wider disagreements, the Irish social partners agreed in calling on the government to introduce more ambitious job protection measures.

In general, however, trade unions and employer organisations made their own separate proposals for crisis response measures. Employers tended to stress wage moderation and cuts in labour costs (including social security contributions), taxation and public spending, though often also demanding government aid for badly affected sectors and companies, and in some cases called for employment law reforms to increase flexibility. Trade unions generally called for greater public investment and action to preserve workers’ incomes and purchasing power, along with stronger government support for employment maintenance/security and for the unemployed.
Introduction

The global financial crisis was the single most important issue the social partners faced in 2009 and dictated industrial relations that year. Although Europe’s largest economies (Germany and France) appeared to have emerged from recession by the end of that year, the global nature of the crisis meant that no individual Member State could detach itself from the need to adopt anti-recessionary measures. Company closures increased, dramatic restructuring seemed like the only way to save major industries and job cuts continued unabated.

This review consists of six sections. The first sets the year in context, looking at the main political developments and focusing on issues around climate change and the Lisbon Treaty. The second section reviews developments in the European social dialogue. Social partner agreements concluded in the course of the year are reviewed and the key agreements are highlighted. The following three sections provide information on European industrial relations developments at company level: European Works Councils, European companies (SEs) and International and European Framework Agreements established and concluded in 2009.

The sixth and seventh sections deal with key legislative developments at EU level, primarily paternity and maternity leave and working time laws, then highlights landmark decisions of the European courts, covering both individual and collective employment rights.

The eighth section focuses on industrial action at EU level. Where this took place, it was primarily in response to restructuring and the financial crisis.

The review then moves on to look at restructuring and change in Europe, with a focus on bargaining outcomes as a consequence of restructuring and in the context of the recession. The section also looks at the growth in unemployment and the use of structural funds to address job cuts. The final section deals with the impact of the economic downturn, looking in particular at social partner responses.

Political developments

The Czech Republic held the Presidency of the Council of the European Union for the first six months of 2009, followed by Sweden for the second six months of the year. The main priorities during the Czech Presidency were the economy, energy and external relations. Regarding the economy, the aims were to increase Europe’s competitiveness, to enhance consumer confidence and to deal with the financial crisis in an effective and reasonable way, promoting employment in particular. In relation to energy, the Presidency sought a balance between the demands of the environment and the preservation of competitiveness and energy security. The third priority placed an emphasis on Euro-Atlantic relations.

Regarding employment, the key initiatives were in relation to measures to encourage and support re-entry into the labour market, gender equality and improved rights to equal treatment between men and women who are self-employed.

The Swedish Presidency in the second half of 2009 focused on the ratification of the Lisbon Treaty, climate change, the economy and the financial crisis. The June 2008 vote in the Irish referendum on the ratification of the Treaty of Lisbon required that in the lead-up to the second and favourable Irish referendum, agreement had to be reached on legal guarantees in relation to concerns raised by the Irish people around social progress and the protection of workers’ rights; public services; Member State
responsibility for education and health services; and the discretion available to national, regional and local authorities in the commissioning and organising of services (EU0907039I). The Lisbon Treaty finally came into force on 1 December 2009.

The Treaty of Lisbon includes some enhancements to the social dimension of the European Union. ‘Non-discrimination’ and ‘equality between women and men’ have been added to the values of the European Union (Article 2 TEU). The treaty introduces a social clause that obliges the European Union to respect the social dimension and the fight against discrimination in all its policies and activities. Finally, the treaty officially recognises the role of the social partners, particularly the Tripartite Social Summit for Growth and Employment. The treaty inserts a reference to the Charter of Fundamental Rights of the European Union into Article 6 of the Treaty of the European Union, making this charter legally binding. A protocol added to the treaty, however, concedes that the Charter does not create enforceable rights applicable to Poland or the United Kingdom. In the case of the United Kingdom, the British government had particular reservations regarding the social and labour rights of Title IV of the Charter. While Poland declared its support for this part of the Charter, it had serious reservations concerning the ‘sphere of public morality’ and family law.

Climate change issues were high on the political agenda of the Commission and the Parliament and were also considered as key items by the social partners. Although there were differing areas of priority, at the autumn Tripartite Social Summit, a common position was adopted that recognised that responding to climate change needed to be at the core of European strategies. All the social partners highlighted the need for the EU to take the lead in climate change policies, although employers expressed concern that the EU should not commit itself to change that goes beyond that agreed by other major world economies (EU0911049I).

Towards the end of the year, and as part of the European neighbourhood policy, the EU and Egypt agreed a series of social and employment objectives for the period 2007 to 2010 and beyond, including cooperation on combating poverty, tackling discrimination and promoting equal opportunities, fostering employment and strengthening social dialogue.

The year ended with the opening of the European Institute for Gender Equality (EIGE) on 16 December 2009 in Vilnius (LT). The role of the institute is to promote gender equality, fight gender discrimination and raise awareness about gender issues.

Social dialogue developments

Intersectoral social dialogue
A revised framework agreement, signed on 18 June 2009, was historic in that it was the first time the social partners had revised their own framework agreement, clearing the way for the revision of the framework agreement on parental leave (Council Directive 96/34/EC). The agreement, which also applies to adoptive parents, provides for an increased period of leave (from the current three to four months) and for the right to return to the same job. It introduces a right for non-transferable leave for fathers. Furthermore, the agreement gives both parents the right to request flexible working on return from parental leave (EU0907029I).

Sectoral social dialogue
The social partners concluded a number of significant joint texts (a total of 24) in the course of 2009, which are documented in Table 1. A number of these are joint statements in response to the economic
crisis, for example those for the live performance sector as well as for road transport, chemicals and construction. Looking at the range of subject areas covered in the agreements, there was a focus on agreements concerning the prevention of accidents, like those in the postal sector, in hospitals and in commerce. Training was another area of focus, with four agreements covering the issue in the hairdressing, aviation, railways and chemicals sectors.

### Table 1  Outcomes of European sectoral social dialogue

<table>
<thead>
<tr>
<th>Sector</th>
<th>Agreements, declarations, joint opinions, work programmes</th>
<th>Trade unions</th>
<th>Employers' organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audiovisual</td>
<td>Joint opinion on prng creativity, innovation and jobs</td>
<td>Euro-Mei, IFM, FIA, EFJ</td>
<td>ACT, AER, CEPI, FIAPF</td>
</tr>
<tr>
<td>Postal</td>
<td>Joint declaration on accident prevention in the postal sector</td>
<td>UNI Post &amp; Logistics</td>
<td>Posteurop</td>
</tr>
<tr>
<td>Private security sector, contract catering, cleaning, clothing and textiles,</td>
<td>Private security European sectoral social partners statement to expert group on cross border transport of the euro cash</td>
<td>UNI europa</td>
<td>CoESS</td>
</tr>
<tr>
<td>Hairdressing</td>
<td>European agreement on the implementation of the European hairdressing certificates</td>
<td>UNI europa</td>
<td>Coiffure EU</td>
</tr>
<tr>
<td>Maritime</td>
<td>Response to the second phase of consultation of the social partners under Art. 138(2) of the EC Treaty on reassessing the regulatory social framework for more and better seafaring jobs in the EU</td>
<td>ETF</td>
<td>Europeche, COGECA</td>
</tr>
<tr>
<td>Sea fisheries</td>
<td>Contribution of the social partners to the European Commission Green Paper reform of the Common Fisheries Policy</td>
<td>ETF</td>
<td>EUROPECHE</td>
</tr>
<tr>
<td>Finance sector</td>
<td>Cooperation agreement between ATCEUC and ETF</td>
<td>ETF</td>
<td>ATCEUC</td>
</tr>
<tr>
<td>Aviation</td>
<td>Joint declaration on training and qualification in the ground-handling sector</td>
<td>ETF</td>
<td>ACI-Europe, AEA, IAHA</td>
</tr>
<tr>
<td>Railways</td>
<td>Joint declaration of the CER-ETF agreement on a European locomotive driver’s license</td>
<td>ETF</td>
<td>CER</td>
</tr>
<tr>
<td>Electricity</td>
<td>The social aspects of corporate social responsibility in the European electricity industry</td>
<td>EPSU, EMCEF</td>
<td>EURELECTRIC</td>
</tr>
<tr>
<td>Live performance sector</td>
<td>The impact of the financial crisis in the live performance sector: Joint statement by the European sectoral social partners ahead of the Employment Summit 7 May 2009</td>
<td>EAEA (European Arts and Entertainment Alliance representing FIM, FIA and Euro-Mei)</td>
<td>Pearle (Performing Arts Employers Association League Europe)</td>
</tr>
<tr>
<td>Road transport</td>
<td>IRU - ETF statement on the economic crisis</td>
<td>ETF</td>
<td>IRU</td>
</tr>
<tr>
<td>Chemicals</td>
<td>Joint opinion on the global economic crisis</td>
<td>EMCEF</td>
<td>ECEG</td>
</tr>
<tr>
<td>Cross-sector</td>
<td>Framework agreement on parental leave (revised)</td>
<td>ETUC</td>
<td>BUSINESSEUROPE, UEAPME, CEEP</td>
</tr>
<tr>
<td>Hospitals</td>
<td>Implementing the framework agreement on prevention from sharp injuries in the hospital and healthcare sector</td>
<td>EPSU</td>
<td>HOSPEEM</td>
</tr>
<tr>
<td>Regional and local government</td>
<td>CEMR-EP/EPSU joint message to the spring European Council 2009</td>
<td>EPSU</td>
<td>CEMR-EP</td>
</tr>
<tr>
<td>Chemicals</td>
<td>Working group - Education, training and lifelong learning joint declaration</td>
<td>EMCEF</td>
<td>ECEG</td>
</tr>
</tbody>
</table>
Following the longstanding and successful cooperation between the European Metal Workers’ Federation (EMF) and CEEMET (Council of European Employers of the Metal, Engineering and Technology-Based Industries) in their joint ad hoc working group on skills shortages, both organisations agreed in 2009 to set up a permanent social dialogue structure for the metal sector. The European Commission gave its agreement to the establishment of the new social dialogue committee, recognising the CEEMET for employers and the EMF for unions as representatives for the sector. The aim is that the new structure for social dialogue will contribute to creating and maintaining an environment that ensures a competitive manufacturing sector able to deliver high-quality and sustainable employment. The first kick-off meeting of the new committee was held on 14 January 2010.

An important sectoral agreement in 2009 was the social partners’ agreement signed by the European Hospital and Healthcare Employers’ Association (Hospeem) and the European Federation of Public Services Unions (EPSU) on preventing sharp instrument injuries at work in the healthcare sector. This covers all hospital and healthcare workers in the public and private sector and introduces risk assessment, prevention, training and awareness-raising initiatives. Following its conclusion, the agreement was referred to the Commission to be implemented by way of a directive (EU0908029I).

UNI-Europa and Coiffure EU, the recognised social partners in Europe’s hairdressing industry, have agreed to a deal that should contribute to improving working conditions in the industry. The agreement, signed in 2009, involves developing a European hairdressing certificate that specifies the competencies of a hairdresser. The initiative seeks to improve the low status and pay often associated with the hairdressing profession. Its principle objectives are to improve the overall quality and image of hairdressing services in Europe and to facilitate flexibility and mobility through better transparency and comparability of skills.

On 4 December 2009, the social partners in the field of temporary agency work launched a new observatory on cross-border temporary agency work. The observatory was the outcome of more than a year’s discussions between the social partners and represents a response to the directive on temporary
agency work. Through the observatory, the social partners intend to monitor and review cross-border activities involving temporary agency staff, with a special focus on the impact of the implementation of Council Directive 96/71/EC on the posting of workers and Council Directive 2008/104/EC on temporary agency work.

**European Works Councils**

In the course of 2009, 18 new European Works Councils (EWCs) were established (see Table 2), compared to 25 in 2008. The ETUI estimates that there are now 938 active EWCs. The largest number covers the metal sector, followed by chemicals. In terms of the location of company headquarters, the largest numbers that are based in Member States are based in Germany, followed by the UK and France. However, a significant number are based in the US. Large companies are slightly more likely to be represented among the EWC coverage than medium-sized companies, although a surprisingly large proportion of all functioning EWCs (37%) are in small companies of under 5,000 employees in the EEA states. A number of the agreements reached in 2009 were under Article 6, such as those at Aurubis, Det Norsk, Dräger, Flextronics, Flanders, Steria Group and Verizon Business, and such agreement types remain the largest proportion of functioning EWCs. The agreement at Telia Sonera was a renegotiated agreement on renewal/extension. In 2009, the ETUI published *European Works Councils in complementary perspectives*, which expands prevailing research perspectives on EWCs by drawing on theoretical findings from industrial relations research, organisational sociology and international management studies.

**Table 2 European Works Councils established in 2009**

<table>
<thead>
<tr>
<th>Company name</th>
<th>Agreement</th>
<th>Date</th>
<th>Agreement type</th>
<th>Language</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aurubis</td>
<td>Aurubis European Works Council</td>
<td>08/10/2009</td>
<td>Installation</td>
<td>German</td>
</tr>
<tr>
<td>Brink’s</td>
<td>Brink’s European Works Council – subsidiary requirements</td>
<td>n/a</td>
<td>Installation</td>
<td>No information</td>
</tr>
<tr>
<td>EADS</td>
<td>Defence and Security European Committee – art.6 EWC</td>
<td>n/a</td>
<td>Installation</td>
<td>No information</td>
</tr>
<tr>
<td>Det Norske Veritas</td>
<td>DNV Global Employee Forum – art.6 WWC</td>
<td>01/01/2009</td>
<td>Installation</td>
<td>Norwegian</td>
</tr>
<tr>
<td>Dräger</td>
<td>Dräger European Forum – art.6 EWC</td>
<td>11/05/2009</td>
<td>Installation</td>
<td>No information</td>
</tr>
<tr>
<td>E.ON Energy Trading</td>
<td>E.ON Energy Trading SE Works Council – SE EWC</td>
<td>16/04/2009</td>
<td>Installation</td>
<td>German</td>
</tr>
<tr>
<td>Elanders</td>
<td>Elanders AB European Works Council (E-EWC) – art.6 EWC</td>
<td>27/01/2009</td>
<td>Installation</td>
<td>Swedish</td>
</tr>
<tr>
<td>Flextronics</td>
<td>Flextronics European Works Council – art.6 EWC</td>
<td>25/03/2009</td>
<td>Installation</td>
<td>English</td>
</tr>
<tr>
<td>Gras Savoye</td>
<td>Gras Savoye EWC</td>
<td>06/11/2009</td>
<td>Installation</td>
<td>No information</td>
</tr>
</tbody>
</table>
Source: ETUI-REHS database on European Works Council agreements (www.ewcdb.eu)

### Table 2 (continued)

<table>
<thead>
<tr>
<th>Company name</th>
<th>Agreement</th>
<th>Date</th>
<th>Agreement type</th>
<th>Language</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lennox International</td>
<td>Lennox European Works Council</td>
<td>20/01/2009</td>
<td>Installation</td>
<td>French</td>
</tr>
<tr>
<td>Lenze</td>
<td>Lenze SE Works Council</td>
<td>31/07/2009</td>
<td>Installation</td>
<td>German</td>
</tr>
<tr>
<td>LISI (former GFI Industries)</td>
<td>Letter from the SNB to the management of LISI</td>
<td>25/01/2007</td>
<td>Installation</td>
<td>French</td>
</tr>
<tr>
<td>MAN Group</td>
<td>MAN SE Works Council</td>
<td>19/02/2009</td>
<td>Installation</td>
<td>No information</td>
</tr>
<tr>
<td>N&amp;W Vending</td>
<td>N&amp;W Vending European Works Council</td>
<td>08/04/2009</td>
<td>Installation</td>
<td>English</td>
</tr>
<tr>
<td>RR Donnelley</td>
<td>RR Donnelley EWC – art.6 EWC</td>
<td>n/a</td>
<td>Installation</td>
<td>No information</td>
</tr>
<tr>
<td>Steria Group</td>
<td>Steria European Works Council – art.6 EWC 00024</td>
<td>21/10/2005</td>
<td>Installation</td>
<td>French</td>
</tr>
<tr>
<td>Verizon Business</td>
<td>Verizon EWC – art.6 EWC</td>
<td>1/1/2009</td>
<td>Installation</td>
<td>No information</td>
</tr>
<tr>
<td>Wacker Neuson</td>
<td>Wacker Neuson SE Works Council</td>
<td>14/01/2009</td>
<td>Installation</td>
<td>German</td>
</tr>
</tbody>
</table>

### European companies (SEs)

A European company (Societas Europaea, SE) operates on a Europe-wide basis and is governed by an EC regulation directly applicable in the Member States, rather than by national law. An SE may only be registered if an agreement for employee involvement pursuant to Article 4 of Directive 2001/86/EC has been concluded. At the end of 2009, more than 450 SEs were established throughout Europe. However, only around one-third of those are carrying out ’real’ economic activities with employees. This means that so far, the overall majority of SEs are not actively doing business and employing people. Many of the SEs are so-called ‘shelf’ companies that are for sale (70, with most of them in the Czech Republic), ‘empty’ SEs (50) without any employees, and a rather large number of SEs (around 200) on which no information is available at all (’UFOs’). This diverse picture of different types of SEs is also replicated with regard to geographical coverage: in nearly half of all EU Member States (13), no SE at all had been registered by the end of 2009, and the diffusion of SEs in the remaining countries is quite unequal, with Germany being the most important country for ‘normal’ SEs by far (66 out of 135), followed by the Czech Republic (26), Austria (eight) and France (seven).

An interesting agreement transformed the German manufacturer Warema into a European company in 2009. This agreement was shortly followed by another agreement establishing a European company at the German company Tesa (ELI09020891).

### International and European Framework Agreements

International Framework Agreements (IFAs) are bilateral company-related agreements concluded between Global Union Federations (GUFs) and central management. European Framework Agreements (EFAs) are transnational company agreements signed by European Industry Federations (EIFs), EWCs and/or national unions and central management and have a regional (European) scope of application.

The Thales agreement of 2009 is a European Framework Agreement on professional development signed by the European Metalworkers’ Federation (EMF) and the management of the company. The aims of the agreement concern issues of employability. The agreement provides for an annual professional development plan for every employee around issues of job and career path information, professional
development, training, diversity and equality of opportunity. It also requires the company to provide an annual report to the trade unions (EU0908019I).

Another agreement was concluded by ArcelorMittal and the European Metalworkers’ Federation on the management and anticipation of change. At the core of the agreement is a provision for no compulsory dismissals and for negotiations with the trade unions to reach socially responsible solutions to ensure the future of employment. It also covers pay protection in cases of short-time working. This goes alongside new provisions on training for skills (EU09110291).

**Legislative developments**

In 2009, the legislative programme at EU level was mainly one of consolidation and review, with the key legislation around parental and maternity leave. In March 2009, the European Parliament also adopted a resolution calling on the European Commission to take action to draft a legal instrument introducing joint and several liability to deal with the cross-border dimensions of subcontracting, as well as adopting the report on the statute for a European private company. In relation to the resolution on joint and several liability, the intention was to ensure that a common enforcement system would apply, regardless of the different legal and industrial relations cultures in the Member States. The social partners adopted different positions regarding the need for a new legal instrument, with the ETUC being strongly in favour of it, while BusinessEurope contended that subsidiary liability was not an appropriate solution (EU0904039I). In relation to the proposed European company statute (Directive 2001/86/EC), the Parliament indicated that workers’ rights should be guaranteed by means of the EPC being required to apply the rules on employee participation in the Member State in which it has its registered office, with these rules continuing to apply in the event of a company transfer, unless a quarter of the employees were located in Member States with a higher level of employee participation (EU0904049I).

**Parental and maternity leave**

On 30 November 2009, the EU ministers agreed the new revised draft directive on parental leave based on the social partners’ framework agreement of 18 June 2009.

In relation to maternity leave, political agreement on the revision of Directive 86/613/EEC was reached in November 2009 to allow self-employed female workers to have the same access to maternity leave as salaried workers and to assist spouses to have access to the same social protection systems as formally self-employed workers.

**Working time**

The proposed revision of Directive 2003/88/EC on working time through the conciliation process was unsuccessful, and in April 2009 the Parliament and the Council failed to reach agreement on its terms. Although the social partners both wanted amendments to the existing Directive, they had identified different areas, with the employers focusing on a new definition of ‘on call’ hours and the unions favouring an end to the ‘opt out’ on the maximum 48-hour week (EU0906039I). Consequently, the provisions of the existing Directive remain in force. Additionally, proposals from the European Commission to amend the directive on working time for road transport workers were rejected by the Parliament in May 2009.
Recast of EWCs Directive
Following its adoption by the European Parliament and Council of Ministers in December 2008, on 16 May 2009 the European Commission announced a revised recast Directive 2009/38/EC. The most important changes relate to the inclusion of a definition of ‘information’ and an improved definition of ‘consultation’. The recast Directive also provides a definition of transnationality and clarifies the transnational competence of European Works Councils. It lays down employers’ obligations to provide training to EWC members and sets out the facilities to be provided. The recast Directive also provides for a recognition of the European social partners, with a specific obligation to inform them of negotiations.

Decisions of the European Courts
Three significant decisions of the European Court of Justice (ECJ) were handed down in 2009: one on the issue of the right to compensatory leave following sickness and the other two on age discrimination issues. The first, in the case of Pereda v. Madrid Movilidad SA (Case C-277/08), held that workers who fall ill while on annual leave or whose sickness prevents them from taking their leave have the right to compensatory holiday leave. The effect of the ECJ ruling is that even where a collective agreement specifies how and when annual leave will be taken, this must not overrule the right of the individual worker to compensatory holiday leave (EU0910039I). The second concerns the issue of whether there are justifiable reasons for dismissing workers on account of their age. In joined cases from Germany and the UK, the ECJ ruled that there was no requirement to specify the reasons necessary to justify a compulsory retirement age (EU0905019I). In the third case, Commission v. Greece (Case C-559/07), the ECJ held that it was contrary to the principle of equal treatment to impose rules that differed on the grounds of the workers’ gender, and that in cases where there were positive action measures they had to be demonstrated as offsetting the disadvantage.

In relation to collective bargaining and industrial action, two judgements of the European Court of Human Rights, Demir and Baybara v. Turkey (Application No. 34503/97) and Enerji Yapi-Yol Sen v. Turkey (Application No. 68959/01), declare that Art. 11 of the European Convention for the Protection of Human Rights and Fundamental Freedoms includes both a right to bargain collectively and precludes a blanket ban on a right to strike (EU0905029I).

Industrial action
At the EU level, industrial action in 2009 was chiefly a response to restructuring and the financial crisis. Protest action at EU level had been organised by trade unions at Hewlett-Packard in 2008 and there were further protests in January 2009. In May 2009, the ETUC organised European days of action in four cities across Europe protesting about the negative impact on employment of the economic crisis. The ETUC called for a ‘new social deal’ and launched a campaign called ‘Fight the crisis: put people first’. The latter mobilised trade unionists for the European days of action held in May 2009 in Madrid, Brussels, Berlin and Prague, which was followed by the adoption of the Paris Declaration. In November, Opel workers in Germany and in Belgium, in protest action against General Motors’s plans for restructuring its plants in Europe, which the trade unions believed would have a particularly negative impact on the German plants, took industrial action (EU0902079I).

Restructuring and change in Europe
As this review has indicated, issues of restructuring and change dominated the industrial relations agenda in 2009. There were significant job losses. For example, in the last quarter of 2009, according
to the European restructuring Monitor quarterly (Issue 4, Winter 2009), of the 285 cases of restructuring, 218 involved job loss. In all, some 97,683 jobs were lost, as against just 23,561 job gains, with the greatest proportions of jobs lost in finance, auto manufacturing, retail, public administration, and transport storage and communications.

One notable impact of these changes has been in the effect on wages and human resource policies in situations of restructuring and change for those remaining in jobs. One study has estimated that wage freezes have been a typical way for companies to manage their cost base, with 47% of surveyed companies having adopted this strategy and a further 10% indicating that they intended to do so in the next 12 months, although this model appeared more notable in Ireland, the UK and Italy than in other Member States. Furthermore, of those that have had implemented wage freezes, four in 10 had no date for lifting them.

Other than in relation to wage freezes, the impact of the recession, restructuring and change has been felt in relation to working time, with combinations of working time flexibility, short-time working and temporary layoffs being adopted, particularly, although not exclusively, in those Member States where changes to wages policies are more constrained (Pay Pulse Survey Report, October 2009, Towers Watson).

At the EU Employment Summit in May 2009, 10 actions were identified to combat unemployment. They included maintaining people in jobs with temporary adjustments to working hours; retraining; encouraging entrepreneurship; improving national employment services; increasing high-quality apprenticeships; upgrading skills; and anticipating change.

The European Globalisation adjustment Fund (EGF) supports workers who lose their jobs as a result of changing global trade patterns so that they can find another job as quickly as possible. When a large enterprise shuts down, a factory is relocated to a country outside the EU or a whole sector loses many jobs in a region, the EGF can help redundant workers find new jobs. A maximum amount of €500 million per year is available to the EGF to finance such interventions. According to the Joint Employment Report (December 2009), the number of applications from Member States to the European Globalisation Fund (EGF) rose strongly in 2009 (20 compared to five in 2008). In total, 12 countries requested support for 24,300 workers who had lost their jobs in sectors such as the steel, automotive and construction industries, for a total amount of €152.7 million. The value of the EGF can be observed in a finding published by the Commission in mid 2009 that 69% of those assisted through the EGF find new jobs.

In June 2009, the EGF rules were revised to strengthen the role of the EGF as an early intervention instrument. The changes came into force on 2 July 2009 and apply to all applications received from 1 May 2009 onwards (ELI0902039I).

Impact of the economic downturn

By the end of 2009, economic indicators suggested that the crisis was almost over. France and Germany were declared to have come out of recession in August 2009 after two quarters of positive economic growth, although Italy and the UK remained in a negative growth situation. For the Council of Europe, the apparently positive data on the crisis required a focus on a ‘fiscal exit strategy’ with a coordinated approach to lowering public spending by means of ambitious cuts and a strengthening of national
budgetary frameworks. However, the ETUC and the European Association of Craft, Small and Medium-sized Enterprises (UEAPME) took positions against a premature exit strategy (EU0911019I).

The draft Joint Employment Report, published in December 2009, focused on the need to reinforce, adjust and phase existing crisis measures, while the *Employment in Europe 2009* report, published a month earlier, showed that the crisis had taken its toll on EU labour markets, reversing most of the employment growth since 2000. It found that men, young people, the low-skilled and workers on temporary contracts had borne the brunt of the employment contraction.

Social partner policy responses to the recession encompassed both general industrial relations issues as well as specific sectoral issues, the latter in response to particular recessionary challenges, chiefly in the service and finance sectors and in car manufacturing (EU0906029I).

In the debate about the measures needed to face the current financial and economic crisis, the European social partners expressed their views early in 2009. While BusinessEurope, representing the employer side, calls for a renewal of the European social market economy, the European Trade Union Confederation proposes a ‘new green deal’ seeking ‘to end “casino capitalism” and base growth and jobs on sustainable investment, fair wages and distributive justice’.

In February 2009, the ETUC issued a dossier on the economic and social crisis (EU0906029I). The following month, it called for a ‘new social deal’ and launched a campaign called ‘Fight the crisis: put people first’. This resulted in a series of European days of action in May 2009, focusing on four European cities. It also led to the adoption of the Paris declaration, which called for social dialogue on issues to resolve the crisis together with support for an international day of action in October 2009 supporting decent work. It argued that the crisis required effective measures to combat job losses while also supporting greater welfare protection. Importantly, the ETUC declared that it was essential that the crisis was seen as affecting both men and women and pointed to the likely longer-term impacts on women’s employment. With an estimated 22.1 million people in the EU out of work by the end of 2009 (an increase of 5 million jobs lost in the year September 2008 to September 2009), the ETUC called for increased public spending to boost the economies of the EU.

This call for social partner dialogue was taken up at the autumn Tripartite Social Summit in October 2009 (EU0911039I). With up to 10 million jobs forecast to be lost in Europe in 2009–10, the employers organisation BusinessEurope strongly supported programmes that would boost employment levels. Ratification of the Lisbon Treaty was also high on their agendas.

Questions around the posting of workers were also relevant in relation to the crisis, but here the social partners held differing positions, with the unions calling for amendments to Council Directive 96/71/EC, while the employers argued that posted workers’ problems were best dealt with at the Member State level.

The crisis had a particular impact on the public sector, and at its 8th Congress, public services union EPSU agreed that the economic and financial crisis had to be addressed through the promotion of increased investment in public infrastructures and services to encourage stability; that the priority of the European Central Bank (ECB) should be to promote policies to prevent mass unemployment; and for strict regulation of the banking sector and financial products (EU0906049I). In relation specifically to the energy sector, EPSU’s Congress also called for pay increases to counter deflation and stimulate demand and for green alternatives as measures to recover from the crisis.
The other sector where the crisis was felt particularly was in manufacturing, with the motor sector experiencing a major downturn in 2009. Some 12 million jobs in the EU depend directly or indirectly on the motor industry, and rationalisation, restructuring and sell-offs meant that by the end of the year the sector looked quite different from how it had looked the year before. Following the declared bankruptcy of General Motors in June 2009, the company planned the sell-off of its European subsidiaries in Belgium, Germany, Poland, Spain and the UK, but following months of uncertainty, it announced in November 2009 that the sell-off plans were on hold and the European plants would instead be restructured in the light of an improved environment for car sales. The European Metalworkers’ Federation, representing the trade unions at European level, called for no plant closures and for no forced redundancies in Europe (EU0910029I). In response to the decision on the future of the company, relevant members of the European Commission met with a representative of GM to discuss issues related to the company’s continued operations in Europe.
Among the challenges faced by both employer organisations and trade unions, particularly prevalent are the internationalisation of the economy, the need for greater flexibility in the labour market and significant changes in employment relationships. Despite profound differences in the nature and trends of the two types of organisations, some evidence of similarities in the responses to these challenges emerges. Eurofound has studied recent developments in both trade unions and employer organisations. Signs of dynamism in social partner organisations across Europe provide a more positive outlook compared with the rather bleak picture regarding trends in membership.

Firstly, both employer organisations and trade unions try to adapt to changes and better meet the needs of their members and/or potential members. Secondly, the social partner organisations have developed strategies to better represent emerging groups. Finally, the gender issue remains a challenge.

This chapter aims to present the outcomes of recent Eurofound research studying employer organisations and trade unions, as detailed in the following reports:

- Developments in social partner organisations – employer organisations;
- Trade union membership 2003–2008;
- Trade union strategies to recruit new groups of workers.

Developments in employer organisations

In May 2010, Eurofound published a study on Developments in social partner organisations – employer organisations (Carley, 2010). The report is not part of the representativeness studies carried out by Eurofound for the European Commission aiming to identify the relevant national and supranational actors (employer organisations and trade unions) in the field of industrial relations in a specific sector of economic activity.

The study analyses questionnaire responses from the EIRO national correspondents on the changes, developments and evolution of these organisations. It primarily focuses on national peak employer organisations (NPEOs) and sectoral employer organisations (SEOs), mainly from the private sector. It uses the following criteria: involvement in negotiating collective agreements, and/or participation in bipartite or tripartite consultations and/or having a department dealing with such issues.

Changing structures

From the outset, it should be noted that large variations exist between the employer organisations in the 27 EU Member States (EU27) in terms of their role, service provision or structure. In several countries, mergers can be observed among organisations or consolidation within them, the aim being to adapt to changing circumstances, and to provide new and added strength to face the realities of a changing economy in a competitive, globalised market. Meanwhile, in some of the new Member States, new employer organisations are being set up. In some countries (Bulgaria and Latvia, for instance), there is a rising trend in the overall membership of employer organisations that are members of NPEOs, whereas a declining trend can be seen in others – for example, in Slovenia, where compulsory membership of employer organisations has been abolished.
Role
Many NPEOs engage in direct negotiations with trade unions and conclude regular intersectoral agreements on general pay and employment conditions, as in Belgium for example. Agreements on specific employment-related issues – such as training, stress at work, telework, social security or industrial relations procedures – are concluded by NPEOs in many countries. In several Member States, NPEOs may engage in bipartite talks with trade union confederations, which lead to joint texts that are not agreements, or in talks with unions and the government that lead to tripartite agreements.

In cases where NPEOs are not directly involved in bargaining, they may play a coordinating role by developing national bargaining recommendations. They also provide, to varying degrees, support for the collective bargaining conducted by their affiliates, through advice, assistance, information, statistics, consultancy and training.

In all of the countries studied, some type of national tripartite consultative or advisory arrangement exists, in which NPEOs are represented alongside peak trade union organisations and the government or public authorities. These arrangements may take the form of:

- standing, formal structures, dealing with general socioeconomic and/or legislative matters, or with specific issues;
- ad hoc committees or working groups focusing on specific concerns;
- representation on the boards of bodies regulating areas such as the labour market, social security, dispute resolution or health and safety;
- less formal arrangements.

The economic crisis that has hit Europe since 2008 has intensified tripartite dialogue in a number of countries, such as Malta and Slovenia. Moreover, it has led to forms of tripartite agreement on measures to tackle the crisis in several Member States, such as Estonia, Lithuania, the Netherlands, Poland, Romania and Spain.

Beyond collective bargaining and representative functions – such as representation in European and international bodies, and the opening of offices in Brussels to represent business towards the EU institutions – all NPEOs provide other services to their affiliates. Because almost all NPEOs are ‘dual’ organisations, representing labour market and industrial relations interests as well as other business interests, many of these services relate to areas other than employment-related matters. Among the NPEOs studied, the most common services and other roles provided are the following:

- lobbying governments and other public authorities;
- providing expert advice and consultancy services to affiliates in a wide range of business-related areas, including legal and industrial relations matters;
- providing information, research, analysis and statistics on economic, social, tax, human resources, environmental and other relevant matters, primarily for affiliates but also sometimes aimed at informing wider debates;
- offering or organising training and education on business-relevant matters to members and their employees;
organising contacts, meetings and networking opportunities for affiliated companies, often including the organisation of or participation in exhibitions and trade fairs;

assisting affiliated companies in exporting and finding foreign trade partners, as well as in some cases promoting foreign inward investment.

Other services offered by the NPEOs studied focus on business development in relation to globalisation and new markets, the provision of assistance to members in preparing projects under programmes funded by the EU budget, or facilitating SMEs’ access to preferential credit.

SEOs organise employers in a particular sector of the economy – or in several adjoining sectors – at national level. It can be argued that the importance of sectoral organisations reflects the importance of the sectors in the national economies. SEOs may cover a wide range of sectors, encompassing almost all economic activities. They organise companies of all sizes, and cover a mixture of broad and narrower sectors, both traditional and new. For example, solar energy is a relatively recently recognised field of economic activity.

Mergers resulting from a decline in the traditional industries have been on the agenda of SEOs, the intention being to optimise resources and to strengthen the influence of industry. Another trend that can be observed is the setting up of new SEOs due to liberalisation or deregulation in the public sector, or as a result of the development of new or growing services and high-technology sectors.

Where sectoral collective bargaining occurs, it is mostly conducted by the national-level SEOs. However, in countries such as Germany, Italy and Spain, regional sectoral organisations play a leading role in collective bargaining with or without the support or coordination of the national SEOs. A recent trend is the decentralisation of collective bargaining: a shift to the company or establishment level can be seen as employers seek greater flexibility in employment and pay conditions. Moreover, in some countries, companies are tending to leave their sectoral organisation or it is becoming more common to insert an opening clause in the sectoral agreement allowing companies to remain members of the sectoral organisation without being bound by the negotiated agreement or with the possibility of deviating from some of its aspects.

As well as involvement in collective bargaining, SEOs are generally involved in tripartite and/or bipartite consultation and dialogue arrangements at the level of individual sectors – such activities cover general matters or specific issues such as training, health and safety or social security. SEOs provide member companies with services similar to those provided by NPEOs, typically including; lobbying, expert advice and consultancy services, information and analysis, training and education, contacts and networking, and foreign trade assistance.

SEOs may be based in a geographical area associated with a particular sector. However, not all of the member organisations have the same characteristics: the companies vary in size, and the large number of SMEs should be underlined. The companies also vary in terms of market importance, in their specific work or in their formation – they may include, for instance, craft enterprises, cooperatives, not-for-profit organisations, self-employed members and enterprises carrying out activities of general economic interest.
**Specific developments**

In many countries, employer organisations have developed with a commitment to pursuing and promoting objectives and policies related to corporate social responsibility (CSR). For example, CSR Europe is a business CSR network and has 27 national member organisations in 24 European countries; they do not act as employer associations but are often engaged in employment-related issues.

Specific organisations for women entrepreneurs and business owners exist in many countries. These organisations are often affiliated or otherwise linked to NPEOs. However, none of them acts as employer organisations, and it seems that few deal extensively with employment matters. Their main focus is generally on promoting and supporting female entrepreneurship, lobbying and networking.

Ethnic or national background is the basis for business organisations in several countries with large communities of recent immigrant origin – notably Germany, Italy, the Netherlands and the UK – but these organisations do not operate as employer associations.

Although data on the gender and ethnic background of people in leading positions in employer organisations are mostly absent, it can be presumed that executive positions are largely held by men. The Nordic countries – in particular, Norway are an exception in this regard, where legislation has been introduced on gender quotas on company boards. In other countries, some movement towards more balanced gender representation can be observed.

**Trade union development and actions**

Membership is one structural feature of social partner organisations. It helps to determine organisations’ power and influence, and it adds to the credibility and strength of trade union actions. Therefore, the evolution in trade union membership and density in Europe raises concerns. Various studies recently published by Eurofound – for example, *Trade union membership 2003–2008* (Carley, 2009) – based on data presented by the EIRO network, show distinctly declining trends. The research on *Trade union strategies to recruit new groups of workers* (Pedersini, 2009) presents the policies and actions of organisations across Europe to address this decline.

**Declining trends**

Carley (2009) identifies that trade union density in the EU is around 39%, or 35% when weighted for the size of the national workforce. A clear divide emerges between the EU15 and Norway, where trade union density is at 49% (about 36% weighted), and the 12 new Member States, where the density rate is lower (27% or 23% weighted).

These figures already indicate a low influence of trade union organisations across Europe, but the trends are of even more concern. Between 2003 and 2008, the majority of trade unions in the EU Member States report decreasing membership and density trends. The decline among the Member States is widespread, with the largest decrease being found in Slovakia and Sweden, where density fell by more than 10 percentage points; on the other hand, in Portugal, Romania, Spain and the UK, the decline was more modest, amounting to less than one percentage point. Belgium is almost the only country showing positive trends in both dimensions.

Trade union density fell over the period even when membership was rising – this was the case in Cyprus, Finland, Ireland, Italy, Norway, Portugal, Romania, Slovenia and the UK. One reason for this situation
could be that, despite their capacity to increase their membership, trade unions are not organising areas of economic activity in which employment has recently been created. Density is defined as the ratio of trade union membership compared with the eligible workforce.

Analysing data since the late 1990s, Pedersini (2009) finds that some countries had fairly limited losses in terms of trade union membership and density, including the Nordic countries with a high level of trade union density (Denmark, Finland and Sweden) as well as France, which presents the lowest level of union density in Europe. Maltese, Slovenian and UK trade unions are also in this group. Trade unions face a more significant pace of erosion in terms of union density in Bulgaria, Greece and Portugal; in Austria and Germany, the rate of decline has been substantial in both dimensions. Meanwhile, in eight central and eastern European countries, both trade union density and membership have been falling sharply – namely, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia. According to Pedersini, in five EU Member States – Cyprus, Ireland, Italy, Luxembourg and Spain – trade union membership increased, while union density declined. As noted, Belgium, and to a lesser extent Norway, are the only countries reporting growth in both dimensions.

Adapting to a changing environment
Various reasons could explain these downwards trends. Firstly, one important reason lies in the evolution of the economy. The shift of focus from the manufacturing sector, which is traditionally heavily unionised, to services, which is less unionised, and furthermore the reshaping of the whole public sector, which is a principal source of union members, have had a severe impact on trade union membership figures.

Secondly, the diversification of employment relationships partly explains the trade union membership crisis. Trade unions’ existence and role were originally structured around the homogeneity of workers’ situations. However, the rule of unity – one employer, one workplace and one status – is no longer a fundamental part of new forms of employment relationships and work arrangements; this development challenges the capacity of trade unions in addressing collectively the interests of all workers. Moreover, increased trends of unilateralism in management decisions on personnel issues and the individualisation of employment contractual arrangements jeopardise trade unions’ actions and threaten collective protection.

Furthermore, certain regulatory frameworks do not encourage the potential expansion of trade union membership. Institutional recognition may downplay, in some cases, the crucial role of membership and density levels in sustaining collective labour representation. Trade union organisations with lower union density may counterbalance this with an established integration in social dialogue structures, as was reported for some central and eastern European countries. Moreover, the existence of a legal system of employee representation and effective mechanisms for the extension of collective bargaining coverage may reduce the relevance of membership and density levels, as has long been the case in France – at least until the recent reforms of representativeness, which will fully take effect by 2012. In Spain, as in France, the elections of employee representation bodies are considered more indicative of the strength of trade union representativeness than membership data.

Recent reforms in some Member States regarding the organisation of unemployment benefits weaken trade unions’ role and therefore directly affect union membership. In the Nordic countries of Denmark, Finland and Sweden, trade unions’ membership figures have traditionally been high, due mainly to the involvement of trade unions in the provision of unemployment benefits. Recent changes in the union-
administered unemployment benefits system (the so-called ‘Ghent system’) have been cited to partly explain the decline in trade union membership.

Finally, the ‘free rider’ problem has an impact on trade union organisations, whereby some workers do not want to bear the costs of trade union representation but nevertheless take advantage of the results of such representation. The nature of trade unions in working towards the common good may encourage this behaviour as the outcomes achieved usually benefit all of the workers, regardless of whether they are members of the union.

Strategies for increasing membership
Despite the widespread downward trends, in some countries discussion on trade union membership has been almost inexistent, such as in Greece, Latvia, Romania and Slovakia. However, in general, trade unions have made efforts to organise various categories of workers, going beyond their initial ‘natural’ target. The workers targeted through these specific strategies are more difficult to organise due to either little expressed interest in collective action (young workers) or restricted accessibility (women and migrants). For instance, women and migrant workers tend to be concentrated in certain economic sectors and are often employed under atypical contracts.

In some instances, these strategies were already developed in the 1980s or even before. In Belgium, trade unions are continuing their long tradition of focusing on specific groups of workers with a view to strengthening membership. This policy had already included migrant workers as far back as the 1960s; shortly after, it also specifically targeted women, while young people have been integrated into these group-based organising initiatives since the 1980s.

The specific categories of workers mostly targeted by trade union recruitment strategies are young workers, women and migrants (Table 1). In France and Portugal, older workers are also a target group.

Table 1 Groups targeted in trade union recruitment strategies, by country

<table>
<thead>
<tr>
<th>Target group</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>Austria, Belgium, Cyprus, Greece, Luxembourg, Portugal</td>
</tr>
<tr>
<td>Young people</td>
<td>Belgium, Bulgaria, Denmark, Estonia, Finland, Ireland, Lithuania, Luxembourg, the Netherlands, Norway (students), Slovenia, Sweden</td>
</tr>
<tr>
<td>Migrants</td>
<td>Austria, Belgium, Cyprus, Greece, Ireland, Luxembourg, Malta, Norway, Portugal, Slovenia, UK</td>
</tr>
</tbody>
</table>

Source: Pedersini, 2009 and EIRO national centres

Developing trade union membership requires the organisations to go beyond labour market segmentation in terms of relying on particular sectors of economic activity and groups of workers. Various examples of targets chosen by trade union recruitment strategies are the following:

- specific types of workers - for example, in almost all of the countries under consideration, young workers and migrants have lower than average density levels;
- specific occupations - such as white-collar or professional workers (Sweden);
- specific employment contractual arrangements. The timeframe and/or the work location may make it particularly difficult to fit into a traditional collective scheme. For instance, particular target groups
for trade unions include workers on temporary employment contracts (Sweden), workers with ‘atypical’ contracts (Austria, Greece and Italy), freelance workers (Italy) and self-employed workers (the Netherlands). Some sectoral organisations develop strategies to target specific employment arrangements that are common in their industry, such as temporary agency work contracts in the German metalworking sector.

In some cases, overlapping situations occur and various identities and interests have to be addressed at the same time. Segmentation of trade union membership can represent a more significant weakness than the erosion of density levels, since it challenges the general representation of trade unions and threatens the possibility of generational renewal.

Despite the negative trends, trade unions are proving their dynamism as various strategies have been deployed to increase their visibility for new potential members. A variety of these are outlined under the following four subheadings.

**Granting an ‘internal voice’ to certain worker groups**

Specific departments for women and young workers have been established in various trade unions across Europe. In Austria, departments focusing on women’s issues have been set up in sectoral trade unions and at regional confederal level; a gender mainstreaming plan launched in 2001 committed the Austrian Trade Union Federation (Österreichischer Gewerkschaftsbund, ÖGB) to ensuring that the proportion of female representatives in all of its member unions is at least as high as the share of women in ÖGB’s total membership. The Greek Federation of Bank Employee Unions (Ομοσπονδία Τραπεζουπαλληλικών Οργανώσεων Ελλάδας, ΟΤΟΕ) created a Secretariat for Equality in 1993, which set up Joint Committees for Equal Opportunities in each bank and which submits collective bargaining proposals to the OTOE executive.

With a view to increasing membership and ensuring generational renewal, the Confederation of Independent Trade Unions in Bulgaria (Конфедерация на независимите синдикати в България, CITUB) created the Youth Forum 21 century (YF21), first as a regional structure, then as a non-governmental organisation (NGO). In Lithuania, the three peak organisations have set up youth centres, involved in national and international events.

**Recruiting as an ordinary task and consequence of representation**

The General Confederation of Portuguese Workers (Confederação Geral dos Trabalhadores Portugueses, CGTP) has recently integrated recruitment efforts into the ordinary activities of the confederation, abandoning its previous campaign-based approach.

As Lithuanian trade unions emphasise, membership growth is an indirect consequence of internal representation, the mobilisation of workers during collective disputes, and negotiations with the employers on terms and conditions of work and with the government on public policies. Similarly, in Spain, efforts to increase trade union membership among temporary workers have focused on including the issue of employment security in social concertation.

In various countries, information and awareness-raising campaigns are still used to promote the advantages of collective representation and bargaining in everyday practices.
Targeting workplaces and building networks

An interesting disparity appears among trade unions in terms of strategies for increasing membership at workplaces. In some cases, such as the Slovenian Trade Union of Maribor Region KNSS (Sindikat mariborske regije KNSS Neodvisnost, SMBr-KNSS) – affiliated to the Confederation of New Trade Unions of Slovenia (KNSS-Neodvisnost, Konfederacija novih sindikatov Slovenije, KNSS) – and in Slovakia, organisations target already unionised workplaces. This strategy requires fewer resources, as trade union representation is already in place; furthermore, this approach contributes to reducing the free rider behaviour of non-members who are already covered by collective bargaining. In other cases, however, trade unions try to establish union representation in non-unionised workplaces, sometimes with the help of external intervention – perhaps even from other countries, as was reported in the Hungarian contribution.

Using internal networks is another way to strengthen the capacity for performing organising activities. For example, Belgian trade unions have developed network contacts in SMEs to try to organise workers in subcontractors’ workplaces. Some French trade union organisations have a tradition of mandating workers in workplaces with a view to negotiating collective agreements in companies that do not have any trade union representatives. For instance, more than a third of the collective agreements on the application of the Law on the 35-hour working week introduced in 1998 were signed by mandated workers. However, the outcomes are not entirely convincing. Only 50% of mandated workers finally joined a trade union; moreover, even when they joined, the membership was short term and rarely led to the creation of a trade union section in the company.

Organising strategies at individual level

Increasing individual motivation to join a trade union is another way for unions to expand their membership. Trade unions either try to encourage mobilisation and worker involvement or they attach personal incentives to membership. The provision of special services is particularly important when trade unions try to extend their membership to workers who cannot be represented in current collective bargaining rounds – such as self-employed people, for example.

Trade unions have devised a range of initiatives and innovative approaches to encourage new members to join – these include reduced entry fees (Finland), the provision of selective services or benefits to trade union members only (Luxembourg, Slovakia, Slovenia) and bonuses for members who recruit new members. Significant aspects of social protection have also been addressed – from health plans to pension schemes – to enable collective coverage. For example, in the Netherlands, the Dutch Trade Union Federation (Federatie Nederlandse Vakbeweging, FNV) and the Christian Trade Union Federation (Christelijk Nationaal Vakverbond, CNV) offer health and disability coverage and pension schemes to self-employed people. Acknowledging that many self-employed people – particularly in the construction sector – were previously employees who may have been forced into their current situation by company restructuring and outsourcing, the trade unions have extended social protection to these workers. Furthermore, some specific services are offered to certain groups of workers, such as migrants (Cyprus, Ireland, Portugal) or unemployed people (Greece, Luxembourg).

Trade unions can override their traditional policy of working for the common good by limiting consultations and reserving certain benefits to members. The German Metalworkers’ Union (Industriegewerkschaft Metall, IG Metall) in the western state of North Rhine Westphalia has developed a comprehensive strategy to support membership by linking trade union actions to members. For instance, decisions to opt out of sectoral agreements are taken by consulting members only. Moreover, IG Metall’s commitment to undertake negotiations with company management is conditional on the
level of workplace organisation. The trade union is also attempting to include in agreements, particularly in the case of opt-outs, special benefits for members only.

Conclusion
As the research into the social partner organisations in the EU Member States shows, there is a strong willingness to adapt to the changing economic and social environment. Some actions are more developed than others, depending on the timeframe and particular circumstances. In 2009, for example, mergers were not significant among trade unions – as has been mentioned in the first chapter of this annual review of industrial relations developments in Europe. Nevertheless, one common feature is the gender gap within the management and the executive level of both employer organisations and trade unions. This challenge has still largely to be addressed.

References


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This annual review highlights the most significant developments that took place in industrial relations in the EU Member States and Norway in 2009, both at national and EU level. It first sets out the political context, then goes on to examine levels of coverage of collective bargaining, and trends in bargaining regarding pay, working time and a number of other topics. In addition, this review outlines the year’s main developments in employment legislation, social dialogue, industrial action and company restructuring, and explores the impact of the global economic crisis. A specific thematic chapter examines recent developments in social partner organisations in Europe.

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite EU body, whose role is to provide key actors in social policymaking with findings, knowledge and advice drawn from comparative research. Eurofound was established in 1975 by Council Regulation EEC No 1365/75 of 26 May 1975.