European Foundation for the Improvement of Living and Working Conditions

Employment and industrial relations in the railways sector

Executive summary

Introduction

The European railways sector has witnessed a steady decline over the past 30 years, both in terms of infrastructure availability and transport capacity. The sector has also undergone intense restructuring as a result of EU legislation to encourage competition. Despite these reforms, in most countries the sector maintains its quasi-monopolistic structure with one operator – normally still fully state-owned. This report provides comparative information across 26 European countries: the EU27 countries (except for Cyprus and Malta, where there is no rail network) and Norway. For the purposes of the study, the sector is divided into two sub-categories: railway transport services (passenger and freight transport); and railway infrastructure management.

Compared with other modes of transport, railways have diminished in importance in the EU27, especially in the area of freight transport. The share of rail among other land freight transport modes (road, inland waterways and pipelines) fell from 19.7% in 2000 to 16.5% in 2009. The share of passenger transport by rail compared with other land transport was around 7% in the EU27 in 2009 – a slight increase since 1998. Available data for 2009 show that the economic and financial crisis hit freight much harder than passenger rail transport. Nevertheless, railways remain a safe and environmentally friendly mode of transport, with a high transport capacity. Revitalisation of the railway sector is therefore a priority in the EU common transport policy.

Policy background

Many of the developments in the railway sector over the past two decades have been driven by EU legislation aimed at opening up the sector to competition and improving its competitiveness. In 1991, European Council Directive 91/440/EEC on the development of the Community's railways stipulated that railway companies should be run like commercial companies, independent from the state. The directive also called for a distinction between the provision of transport services and the operation of infrastructure. Three packages of European directives, known as the 'railway packages', launched in 2001, 2004 and 2007 continued the EU-led reform of the sector.

As a result of the restructuring triggered by EU legislation, railway companies have reduced costs and improved efficiency, with clear implications for employment levels, work organisation and market structure.

EU legislation pushed for liberalisation of the sector but not for privatisation of the railway companies, and many of the older national monopolies typically remain fully state-owned companies. However, they have evolved into holding companies split into different entities, leading in some cases to complicated organisational arrangements such as the French SNCF or the German DB Group with their many subsidiaries. Examples of countries where the liberalisation process has translated into railway companies changing from public to private hands are not common, the most outstanding being the UK.

Although the state-owned companies maintain a dominant position in the market, new privately owned companies have entered the sector, leading to increasing degrees of competition, mainly in the rail freight transport sector.

Key findings

Sectoral structure

In general, the sector maintains its quasi-monopolistic structure where one operator dominates the market. In rail passenger transport, some countries either have a single operator or one combined with other local and regional public operators. Private operators,

typically covering local or regional routes, exist in many countries and are increasingly entering the market.

The rail freight market was fully opened up to competition in 2007. The level of competition in this market is higher: joint ventures, partnerships and subsidiaries set up by foreign groups have been common, leading to an increasing level of internationalisation of certain companies

Most EU countries have a fully state-owned infrastructure manager company. However, multiple companies exist because activities such as maintenance and repairs have been largely subcontracted to subsidiaries within the incumbent's group or contracted out to private companies.

Employment trends

The majority of persons employed in the sector are men. Employment levels are higher in countries with an extensive railway network, such as France, Germany and Poland.

Depending on the stage of restructuring, reforms have affected employment both quantitatively and qualitatively. Overall employment levels have declined while employment relationships have shifted from public sector regulation to private law.

Between 2001 and 2010, employment in railways service provision (passenger and freight) declined significantly in most European countries but especially in countries such as Austria, the Czech Republic, Estonia, Germany, Portugal and Slovakia. Labour shedding has continued due to ongoing restructuring processes in the incumbent companies in many European countries.

In most countries, employees are employed under private legal contracts and their working conditions are determined by sector- and company-level collective agreements that may apply. In some countries such as Belgium, France and Luxembourg, employees of the state-owned national operator have retained their particular status.

Industrial relations

The railway sector has a unique system of industrial relations due to the large employment share by state-owned companies.

Sector-specific employer organisations involved in multi-employer collective bargaining are not common. Indeed, some countries do not have employer organisations due to the predominant role of national railway companies. In some cases, employer organisations represent only entities belonging to the state-owned group and typically cover wider segments of the public sector. In other cases, there are employer organisations involved in multi-employer collective bargaining, but the agreements exclude the incumbent company which represents most of the employment in the sector.

Trade unions are very numerous: there are five or more in over half the 26 countries studied. Density rates are relatively higher than in other sectors and some unions cover specific professional groups such as engine drivers.

Collective bargaining coverage in the sector is very high, with collective bargaining at company level predominant in most countries. The difference between company-level collective bargaining and multi-employer sector collective bargaining tends to be blurred. This is because the scope of company-level bargaining for the state-controlled employees is much more relevant than the multi-employer sector bargaining that may exist for the other private rail operators.

Social partners at European level signed two important agreements on working conditions in the railway sector in 2004, one of which was subsequently adopted as a directive. In 2007, European social partners produced two joint recommendations – one on employability and one on better representation and integration of women – both of which include a regular follow-up process. Social partners at national level play an important role, too, in improving working conditions in the sector. The report describes a wide range of collective bargaining outcomes and company measures in different European countries in areas such as health and safety, gender equality, work–life balance, violence and harassment at work, vocational training, employability and other aspects of working conditions.

Further information

The report, *Employment and industrial relations in the railways sector*, is available at www.eurofound.europa.eu/eiro/studies/tn1109030s/index.htm

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