



Developments in collectively agreed pay 2016



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This article discusses developments in collectively agreed wages in the European Union in 2016, putting them into the perspective of developments over the past 15 years. The tendency for growth in both nominal and real collectively agreed wages from 2015 continued. In two countries (Belgium and Malta), collectively agreed pay in real terms was still not above the pre-crisis level. Belgium was the only country where collectively agreed pay fell in real terms in 2016.

Introduction

Wages are a significant part of working conditions. Last year's review by Eurofound of developments in collectively agreed pay found that [real collectively agreed wages started to recover in 2013](#), with progressive increases over 2014 and 2015. A similar trend was reported for average wages, with the report, *Benchmarking working Europe 2017*, from the European Trade Union Institute (ETUI) stating that [real wages have been recovering in the past two years](#). In some countries (particularly Croatia, Greece and Hungary), however, this growth has not yet fully compensated for the decline of real wages during or after the crisis. Moreover, a working paper from ETUI shows a [divergent trend in wages between Germany and central and eastern European countries](#) such as the Czech Republic, Hungary and Poland. While German wages have increased in the period since the onset of the economic crises, wage growth in the Czech Republic, Hungary and Poland slowed down or even stopped. This development shows that the convergence in wages between newer and older Member States remains far from complete.

Collective wage bargaining determines, to a significant extent, wage growth in many Member States. [Around two-thirds of workers in the EU are covered by some form of collective agreement](#), according to the 2015 Eurofound report, *Pay in Europe in different wage-bargaining regimes*. Although this points towards the importance of wage bargaining for macroeconomic outcomes, the impact of collective wage bargaining varies between countries depending on the collective bargaining coverage. The way in which wage change is determined in collective wage bargaining also differs between countries, reflecting their history and collective bargaining tradition.

This topical update provides a brief glimpse into the important discussions and changes in collective wage bargaining round that took place in 2016. It discusses the developments in collectively agreed wages in the EU in 2016, putting these data within the perspective of changes over the past 15 years.

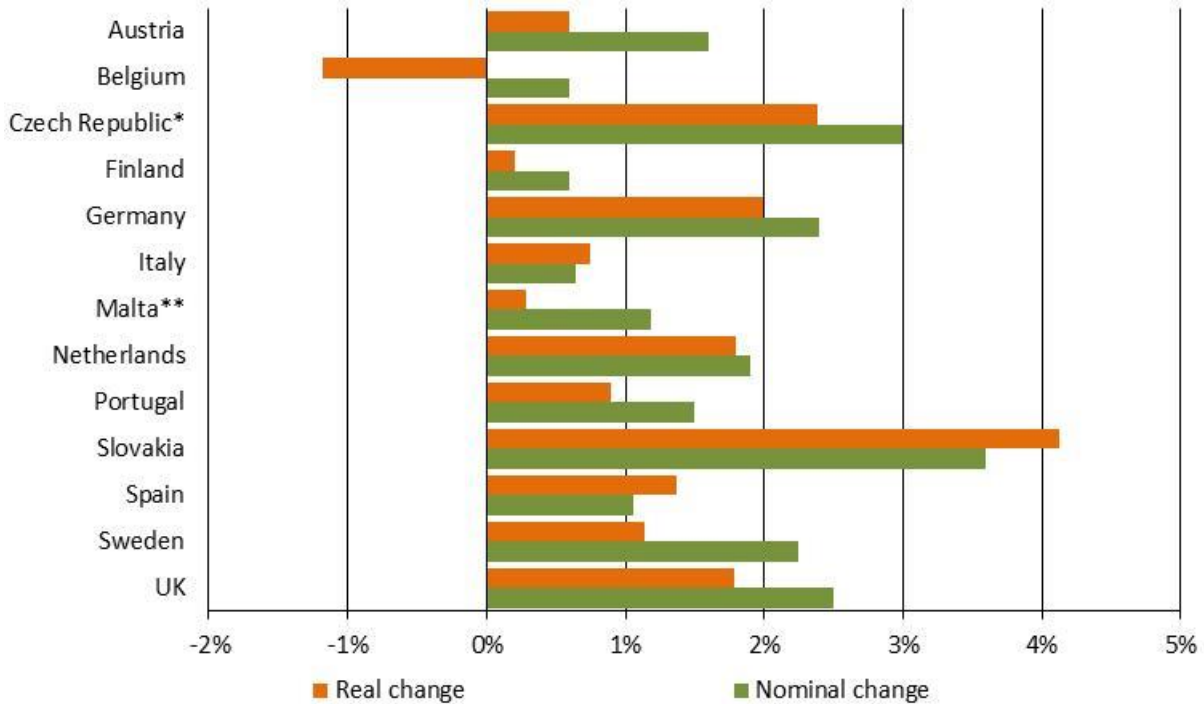
Changes in collectively agreed wages

Only 13 EU Member States have data available on collectively agreed wage increases in 2016 (Figure 1). France will have data available later in 2017; other countries have no databases containing this information.

The highest nominal wage increases were in the Czech Republic (3%) and Slovakia (3.6%). The highest nominal increases in the older Member States were in Germany (2.4%) and the UK (2.5%). However, the lowest nominal increases were in the older Member States of Belgium, Finland and Italy (all 0.6%).

In terms of real wage increases (that is, wage increases taking into account the change in the level of prices), Slovakia had the highest increase (4.1%), followed by the Czech Republic (2.4%) and Germany (2%). The lowest real increases were observed in Finland (0.2%) and Malta (0.3%), while the real collectively agreed wage actually fell in Belgium by -1.2%.

Figure 1: Nominal and real collectively agreed wage change in the EU, 2016



Note: * Only agreements with nominal wage changes agreed. ** Private sector only.

Real wage increase calculated using Harmonised Indices of Consumer Prices from Eurostat (variable *prc_hicp_aind*).

Source: **Austria** Index of minimum collectively agreed wages | **Belgium** Indice des salaires conventionnels/Index van de conventionele lonen | **Czech Republic** Information System on Working Conditions | **Finland** Index of negotiated wages | **Germany** WSI Collective Bargaining Archive | **Italy** Contractual wages and salaries | **Malta** Economic survey | **Netherlands** StatLine | **Portugal** Weighted average change between salary tables | **Slovakia** Information System on Working Conditions 2016 | **Spain** Statistics on labour collective agreements | **Sweden** National Mediation Office's data on wage increases in central agreements | **UK** Labour Research Department's Payline database

When looking at the trend over the past 12–15 years, collectively agreed wages increased steadily in nominal terms in all countries with available data, ranging between 1.7% and 4.7% per year on average (Table 1). In real terms, however, when taking into account the change in price levels, the picture is considerably more heterogeneous (Table 2).

The Czech Republic and Slovakia experienced the highest growth of collectively agreed wages in both nominal and real terms. Belgium and Malta were the only countries where collectively agreed wages in 2016 were in real terms lower than in 2002 (Table 2). In other countries, where real collectively agreed wages decreased during or after the economic crisis (Austria, Italy, Netherlands, Portugal and Spain), they had generally reached or surpassed the pre-crisis level by 2016. Exceptions are Finland (which has an incomplete time series) and the UK.

Table 1: Nominal index of collectively agreed wage change in the EU, 2002–2016

Country	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Austria	100.0	102.2	104.2	106.6	109.5	112.3	115.6	119.6	121.5	123.9	128.0	131.3	134.3	137.3	139.5
Belgium	100.0	102.0	104.3	106.9	109.3	111.4	114.8	117.8	118.5	121.7	125.4	127.9	128.9	129.0	129.8
Czech Republic*	100.0	104.1	108.1	112.3	116.6	121.5	128.1	133.7	137.9	141.9	145.9	150.0	153.7	157.7	162.4
Finland**	100.0	102.9	105.4	108.0	109.8	112.1	117.0	N/A	N/A	119.3	122.8	124.5	125.7	126.1	126.9
France	100.0	103.0	106.1	109.6	113.3	116.6	120.6	123.7	125.9	128.6	131.9	134.3	136.2	137.8	N/A
Germany	100.0	102.5	104.6	106.2	107.8	110.2	113.4	116.3	118.4	120.8	124.1	127.4	131.4	134.9	138.1
Italy	N/A	N/A	N/A	100.0	104.9	105.2	110.7	112.1	114.3	116.0	117.8	119.4	120.8	122.3	123.1
Malta***	100.0	103.0	104.6	108.3	112.3	114.6	116.6	118.7	121.7	122.3	124.6	126.6	128.6	129.8	131.3
Netherlands	100.0	102.8	104.1	104.9	107.0	109.2	112.8	116.1	117.6	118.9	120.7	122.0	123.2	124.9	127.3
Portugal	100.0	102.9	105.9	108.7	111.7	114.9	118.5	121.9	124.8	126.7	128.5	129.8	131.1	132.0	134.0
Slovakia	N/A	100.0	107.0	113.4	120.0	127.7	135.7	143.1	148.1	153.5	159.1	164.6	169.9	175.8	182.2
Spain	100.0	103.8	107.5	111.8	115.9	120.7	125.1	127.9	130.7	133.7	135.2	135.9	136.6	137.7	139.2
Sweden	100.0	102.2	104.0	106.1	108.5	111.3	114.8	118.5	120.8	123.0	126.5	129.3	132.1	135.1	138.2
UK	100.0	103.2	106.6	109.8	113.0	116.4	120.1	123.0	125.1	127.4	128.7	130.0	131.9	135.9	139.3

* Only agreements with nominal wage changes agreed. ** There is a break in the series for Finland. Note that the value of the index in 2011 directly follows the 2008 value. *** Private sector only.

Notes: Index where 2002 = 100 (in Italy 2005 = 100, in Slovakia 2003 = 100). N/A = not available.

Source: **Austria** Index of minimum collectively agreed wages | **Belgium** Indice des salaires conventionnels/Index van de conventionele lonen | **Czech Republic** Information System on Working Conditions | **Finland** Index of negotiated wages | **France** 'La négociation collective en 2015' published by Ministry of Employment's Office for Research and Statistics | **Germany** WSI Collective Bargaining Archive | **Italy** Contractual wages and salaries | **Malta** Economic survey | **Netherlands** StatLine | **Portugal** Weighted average change between salary tables | **Slovakia** Information System on Working Conditions 2016 | **Spain** Statistics on labour collective agreements | **Sweden** National Mediation Office's data on wage increases in central agreements | **UK** Labour Research Department's Payline database

Table 2: Real index of collectively agreed wage change in the EU, 2002–2016

Country	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Austria	100	100.9	100.9	101.1	102.1	102.4	102.2	105.2	105.1	103.5	104.2	104.7	105.5	107.0
Belgium	100	100.5	100.9	100.8	100.8	100.9	99.5	102.1	100.4	99.7	100.1	100.9	101.2	100.7
Czech Republic*	100	104.2	105.4	107.8	109.7	111.1	110.2	114.3	116.5	117.3	116.5	118.1	120.5	123.3
Finland**	100	101.6	103.9	105.7	106.1	106.6	107.0	N/A	N/A	105.7	105.4	104.5	104.3	104.9
France	100	100.8	101.5	102.9	104.4	105.7	105.9	108.6	108.7	108.5	108.9	109.7	110.6	111.8
Germany	100	101.5	101.7	101.4	101.1	101.0	101.1	103.5	104.2	103.7	104.3	105.5	107.9	110.7
Italy	N/A	N/A	N/A	100.0	102.6	100.9	102.6	103.0	103.4	102.0	100.3	100.5	101.4	102.6
Malta***	100	101.1	100.0	101.0	102.1	103.4	100.5	100.5	101.0	99.0	97.8	98.4	99.1	98.9
Netherlands	100	100.6	100.5	99.7	100.1	100.6	101.7	103.6	104.0	102.6	101.3	99.8	100.5	101.7
Portugal	100	99.7	100.1	100.7	100.4	100.9	101.3	105.2	106.2	104.0	102.6	103.2	104.5	104.7
Slovakia	N/A	100.0	99.5	102.6	104.1	108.7	111.2	116.2	119.4	118.9	118.8	121.2	125.2	130.0
Spain	100	100.6	101.1	101.8	101.8	103.1	102.7	105.2	105.3	104.6	103.3	102.4	103.1	104.5
Sweden	100	99.9	100.7	101.9	102.6	103.5	103.4	104.7	104.8	105.2	107.2	109.1	111.3	113.0
UK	100	101.8	103.7	104.6	105.3	106.0	105.6	105.8	104.2	101.6	99.8	98.2	98.2	101.2

Notes: * Only agreements with nominal wage changes agreed. ** There is a break in series for Finland. Note that the value of the index in 2011 directly follows the 2008 value. *** Private sector only. Index where 2002 = 100 (in Italy 2005 = 100, in Slovakia 2003 = 100). N/A = not available.

Source: As for Table 1.

Coverage of collective wage bargaining

It is difficult to obtain comparable and timely data on collective bargaining coverage. Table 3 summarises the available data on the coverage of collective wage bargaining in the EU28 Member States and Norway.

The highest coverage (exceeding 80%) can be found in Austria, Belgium, France, the Netherlands and the Nordic countries (Denmark, Finland, Norway and Sweden). From the newer Member States, Slovenia has the highest coverage, estimated at between 65% and 75%. The countries with the lowest coverage are mostly newer Member States (Estonia and Hungary), Greece and the UK.

Table 3: Collective wage bargaining coverage

Extent of coverage	Countries
High (66% or more)	Austria, Belgium, Denmark, Finland, France, Netherlands, Norway, Portugal, Slovenia, Spain*, Sweden
Medium (between 33% and 66%)	Croatia, Cyprus*, Czech Republic, Germany, Ireland, Italy*, Luxembourg, Malta, Romania
Low (33% or less)	Bulgaria, Estonia, Greece, Hungary, Latvia*, Lithuania*, Poland, Slovakia, UK

Note: Coverage is given as a percentage of the labour force for which collective wage bargaining is allowed.

*Source: [EurWORK's Database of wages, working time and collective disputes](#) except * (source is [ICTWSS 5.1](#))*

For **Portuguese** trade unions, a priority in 2016 was to increase both the number of signed agreements and the number of workers covered by them. Collective bargaining plunged into deep crisis during the financial and economic crisis. In 2012, the numbers of published agreements and of workers covered reached was very low (only 94 agreements covering 24,539 workers). The slow recovery of these indicators during the following years continued in 2016 when 146 agreements were signed covering 749,000 workers. This was a better outcome than in 2015 when 138 agreements had been signed covering 490,000 workers. The growth in coverage in 2016 was to a large extent due to the increase of the number of workers covered by sector agreements (from 446,000 to 649,000).

In **Croatia**, a large number of collective agreements do not specify some of the most important provisions on workers' material rights. For example, the level of the basic wage is not fully defined in about half the valid collective agreements, giving employers substantial leeway to determine wage levels autonomously. The lack of specificity is especially present in collective agreements signed at branch level, which account for the largest share of total collective bargaining coverage.

Collective wage bargaining in 2016

Changes in the collective wage bargaining system

A number of countries reported changes in their systems of collective wage bargaining or aspects of wage setting during 2016.

Determination of wage changes

Belgian state interventions aimed at moderating wage growth happened amid continued discussion about a revision of the 1996 law; they were also stimulated by European recommendations. In December 2016 the government finally proposed [a revision, passed by parliament](#) in early 2017. Although very technical, the main provision is that the strictness of the wage norm is increased with correction mechanisms based on actual wages. The maximum allowed wage increase by collective bargaining is forecast at the national, intersectoral level every two years by calculating a weighted average of the anticipated wage developments in the neighbouring countries of France, Germany and the Netherlands. This forecast figure acts as a wage norm for the biennial wage bargaining in Belgium. Under the new law, the correction mechanism based on the actual wages achieved is more detailed. The calculation will now also take account of potential incorrect forecasts in previous years (for example, when Belgian wage growth turns out to be higher than that estimated for the neighbouring countries).

In **Cyprus**, the Minister of Labour began tripartite social dialogue in October 2016 for the reactivation and reformation of wage indexation (Cost of Living Allowance, COLA) in the private sector. COLA was suspended in January 2013 in response to the requirements of the Memorandum of Understanding concluded in 2013 between the government and its creditors. Issues to be discussed in the tripartite negotiations relate to the annual frequency of wage adjustments and the suspension of indexation in case of adverse economic conditions.

The **Italian** National Collective Bargaining Agreement in 2016 bypassed the previous computation method of wage increases. In some sectors (such as the food industry and services sector), concrete average increases were agreed without the usual links to specific indicators. Most national agreements have involved wage increases that anticipated the expected growth in inflation and which were eventually adjusted according to the actual inflation rate. However, actual inflation has remained below the provisional rate in recent years. The employer organisations attempted to offset agreed wage increases, triggering strong opposition from the trade unions. In the energy, chemical, woodworking and metalworking sectors, the national agreements involved adjustments in line with actual rather than provisional inflation indicators, possibly compensating for the delayed increase by lump sum payments. Most national agreements included increased contributions to paritarian welfare funds, taking advantage of income tax reliefs. The metalworking industry agreement introduced a gradual detachment between the different levels of bargaining – increases set by national agreements would not add up to those potentially agreed at company and individual levels from 2017 onwards unless the latter stipulated this.

Changes in the roles of social partners

In the context of the review of **Greek** labour market institutions (including collective bargaining) called for by the Third Memorandum (Law 3436/2015), five key national social partners signed in July 2016 a [joint statement on the agenda set by the government and the international institutions](#) (European Commission, European Central Bank, European Stability Mechanism, International Monetary Fund). In September 2016, the international Expert Group for the Review of Greek Labour Market Institutions (set up by the Ministry of Labour with the international

institutions) presented its recommendations on re-establishing collective bargaining, collective dismissals and trade union law. These were intended to serve as a basis for the negotiations between the government and the institutions within the framework of the second evaluation of the economic adjustment programme for Greece. Nevertheless, negotiations on the review of labour relations with the institutions continued until May 2017, when the government finally concluded an agreement for the second evaluation. Under this agreement, the existing framework for collective bargaining will remain unchanged until August 2018 when the support programme expires.

Romanian Social Dialogue Law no. 62/2011, which regulates the country's collective bargaining process, was modified and amended by Law no. 1/2016. An important change is that an employer/union can be affiliated to only one employer federation/union federation, which in turn can be affiliated to only one employer confederation/union confederation of peak-level rank at national level. Sectoral bargaining activity will be initiated by the Tripartite National Council for Social Dialogue and approved by a government decision, in the hope of unlocking the collective bargaining process at sector level.

Decentralisation continues

In **Finland**, the Confederation of Finnish Industries (EK) changed its internal rules in November 2015 to stop its participation in concluding centralised wage agreements and instead assuming only a supportive and coordinating role in sectoral-level collective bargaining. This decision effectively brought to an end the system of central-level collective bargaining that has dominated the Finnish labour market since the 1960s. The decision took effect in May 2016 and will affect collective bargaining from 2017 onwards. EK believes that centralised collective bargaining is too inflexible for the current economic landscape and that bargaining should be brought down to the company level. The peak-level trade unions were not surprised but met the news with varying degrees of reservation. The Finnish Confederation of Professionals (STTK) expressed concern that decentralised bargaining might have implications for wage setting in less productive sectors and the public sector, and that pay inequalities might be harder to address at local level.

French labour law reform in 2016 continued the decentralisation of collective bargaining with its associated impact on wages. The law on 'employment, the modernisation of social dialogue and safeguarding career paths' of 8 August 2016 gives company-level agreements precedence over those at sectoral level or the law itself if the latter so provides. This reversal came into effect on 1 January 2017 on an experimental basis in connection with the legislation on working time. On overtime, the new regulation stipulates that a company-level agreement may fix the rate of pay for hours worked beyond the legal maximum. However, this rate cannot be lower than the statutory additional payment of 10% (Labour Code, Article L3121-33). This means that social partners at company level could agree an additional payment of 15% even if the branch-level agreement provides for 20%. A company-level agreement can now decide that the compulsory wage negotiations that have to take place every year could be launched only every three years. The revision of the Labour Code planned for 2018 is expected to pursue this shift to decentralisation and to increase the power of social partners at company level on other aspects related to wages.

In March 2016, **Slovakia's** Constitutional Court decided that the form by which multiemployer collective agreements are extended (by a decree from the Ministry of Labour, Social Affairs and Family) does not comply with the constitutionally acceptable manner of law making. No extensions of collective agreements were implemented in 2016.

Collective wage bargaining introduced in new sectors

In 2016, several EU Member States reported the introduction of collective bargaining or the conclusion of collective agreements in sectors where this was not common before.

One of the first steps of the new **Croatian** government (approved in October 2016) was to revive public sector collective bargaining in response to the pressing need to resolve the level of salaries paid to civil servants and other public sector employees. Issues included a previously denied right to a salary increase linked to years of service and the provision in a 2009 agreement that stated that the basic salary would increase by 6% in the event of growth in gross domestic product (GDP) exceeding 2% in two consecutive quarters. The government proposed extending the required period to three consecutive quarters, but while the unions in the public sector refused to accept this, the Trade Union of State and Local Government Employees of Croatia ([SDLSN](#)) accepted the proposal.

Czech unions from the non-business sphere concluded, for the first time, a higher-level collective agreement with the Czech government covering state employees. The unions involved were the Trade Union for State Bodies and Organisations ([STATORG](#)), the Czech-Moravian Trade Union of Workers in Education ([ČMOS PŠ](#)), the Trade Union of the Health Service and Social Care in the Czech Republic ([OSZSP ČR](#)) and the Czech-Moravian Trade Union of Civilian Employees of the Army ([ČMOSA](#)).

In **Hungary**, there have been discussions since 2015 about the possibility of concluding a sectoral collective agreement in the health sector. These discussions led in 2016 to a partial agreement on working and resting time. According to certain legal interpretations, it is not possible to conclude a collective agreement at a level above local level in the health sector. The professional organisations participating in the discussions thought that this objection could be overcome by a legislative modification that has not so far been put in place. In the government's opinion, collective bargaining at sectoral level could replace the introduction of a professional career model – something long promised to workers in the health sector. This model is meant to settle wages in the sector in a transparent and predictable manner, along with professional advancement.

In **Ireland**, two Employment Regulation Orders were agreed in 2016 – one covering the contract cleaning sector and one covering the security sector. The orders set out statutory minimum pay and conditions for the sector concerned. They were agreed under new legislation that seeks to remedy the constitutional defects in the original legislation. Under the new legislation, the Labour Court has to take account of a range of economic factors before approving an order and there are limits on what an order may stipulate as the statutory minimum pay and conditions for a sector.

In **Latvia**, collectively agreed wages still do not exist at sectoral level. However, the introduction of a reference wage or the conclusion of a general agreement has been discussed in the construction sector. The proposals included the identification of reference wages for particular occupational groups by the State Revenue Service ([VID](#)) or the government. The collective agreement could include wages and it would be binding if it included companies accounting for 60% of the sector's turnover. The discussions started in 2015, when a survey revealed that in Latvia the construction sector is the most involved in the shadow economy (50% of employment being in the shadow economy).

In 2016, **Lithuanian** unions and the Ministry of Education continued the negotiations, begun in 2015, on a draft collective agreement in the education sector. The draft agreement was submitted to the government in October 2016. Signing of the agreement is anticipated later in 2017. It would be the first agreement of its kind in Lithuania's history, defining regulatory cooperation between the unions, the government and the Ministry of Education. A similar agreement has been negotiated by the unions representing workers within the environmental protection system and the

Ministry of the Environment. Among other things, any agreement in the construction sector needs to cover issues relating to remuneration for work and incentives for employees.

Portuguese unions sought in 2016 to achieve higher wage increases than in previous years. The employer associations were willing to sign agreements in some of the larger sectors (for example sectors retail, clothing or hotels and restaurants) where there had been a standstill in negotiations. Employers in general were willing to accept wage increases at a moderately higher level than in 2015.

Possibly the biggest challenge for the **Romanian** Ministry of Labour is the development of the unitary pay law in the public sector which, after analyses and consultations, remains a draft.

In April 2016, the first collective agreement for the **Spanish** metal industry was signed at a national level. The first negotiations on such an agreement started 22 years ago. Until now, there has not been a general (national) framework setting the minimum conditions for regional, provincial or company-level agreements. The new national agreement includes respect for the negotiating independence of regional, provincial and company level agreements. In case no new agreement is signed, provincial collective agreements will remain in force even after their expiry date. Thus, the limit of a one-year extension set by the 2012 labour reform will not be applied, leaving the old agreement in force until a new one is signed.

Difficult cases of collective wage bargaining

Despite improving economic climate, the negotiations were reportedly difficult in several EU Member States.

National or cross-sectoral level

The **Finnish** major tripartite Competitiveness Pact labour market agreement from June 2016 aims to improve the competitiveness of industry through lowered unit labour costs. The Pact involves wage freezes for 2017, a 30% reduction in the ‘13th salary’ of public sector employees for 2017–2019, and a 24-hour extension of annual working time without additional compensation (effectively a wage reduction). The wage freeze did not produce significant controversy, but the reduction of the 13th salary was particularly hard for STTK to accept given its many members among public sector employees. Following the preliminary agreement of the peak-level social partners in February–March, these wage provisions were negotiated during the spring of 2016 into most of the country’s approximately 300 sectoral level collective agreements.

In the last quarter of 2016, **Spanish** social partners had to agree the salary recommendations for 2017 which, according to the ‘Agreement for Employment and Social Dialogue 2015–2017’, should be linked to the evolution in Spanish GDP. The General Workers’ Union ([UGT](#)) and the Trade Union Confederation of Workers’ Commissions ([CCOO](#)) supported a recommended salary increase of 1.8% to 3% for 2017, whereas the Spanish Confederation of Employer Organisations ([CEOE](#)) and the Spanish Confederation of Small and Medium Businesses ([CEPYME](#)) argued for a more moderate increase (1.5% salary rise plus 0.5% extra depending on productivity) so as to continue helping Spanish companies to recover the competitiveness lost during the financial and economic crisis. Unlike the situation in previous years, there was no agreement between both sides during the last quarter of 2016.

In the **UK**, the introduction of the National Living Wage in April 2016 had a [major impact on pay bargaining](#). According to the Labour Research Department ([LRD](#)), it prompted increased bargaining activity over wages at the lower end of the pay scale, especially in sectors such as retail, wholesale, hotels, catering, other services, public administration and education, with some major increases agreed in minimum rates. However, LRD also reported cases of employers seeking to ‘claw back’ such increases through:

- low wages
- measures such as reductions in the premium for overtime, weekend and night work
- moves to unpaid breaks
- the introduction of age-related pay.

Overall, pay bargaining in 2016 was relatively free of industrial action, with few strikes reported that centred primarily on pay issues.

Sectoral level

Manufacturing sectors

In the **Czech Republic**, the situation was difficult for the UNIOS Trade Union ([OS UNIOS](#)) as five employer associations in the housing cooperatives, waste management, gas engineering and supply, district heating and communal/municipal services sectors were unwilling to engage with it in the collective bargaining process. This was also the case for the Czech Metalworkers' Federation ([OS KOVO](#)), which failed to conclude a higher level collective agreement with the [Association of Foundries of the Czech Republic](#), even in the context of negotiations before a mediator. Overall, however, the collective bargaining process has stabilised and the atmosphere has improved considerably, mainly due to the economic recovery.

Public sector including healthcare and education

In **Bulgaria**, some sectors experienced significant increases in wage levels. For example, a new agreement in the healthcare sector for the period 2016–2018 was signed by representatives of employers, trade unions and the Ministry of Health in October 2016. The agreement envisaged an increase of 15% to 30% in starting pay. However, some nationally representative employer organisations – the Association of Industrial Capital in Bulgaria ([BICA](#)), the Bulgarian Chamber of Commerce and Industry ([BCCI](#)), the Confederation of Employers and Industrialists in Bulgaria ([KRIB](#)), the Bulgarian Industrial Association ([BIA](#)) – do not recognise this agreement as valid because their representative organisations did not sign the document.

In **Cyprus**, the government's attempt to regulate wage increases in the broader public sector by a law setting upper thresholds equal to the annual growth rate of nominal GDP failed due to strong trade union opposition. In autumn 2016, the government entered into negotiations with the most representative trade unions over a framework agreement for wage increases for the years 2017 and 2018.

In **Estonia**, the collective wage bargaining rounds that received most attention in 2016 took place in the transport and healthcare sectors, which are the only sectors in Estonia with sector-level agreements. In the transport sector, a new collective agreement for bus drivers has been under negotiation since 2015. The main controversy lay in the fact that the employers' side had offered a pay rise of 6% per year for three years, while the employees' side demanded concrete numbers in euros. This resulted in demonstrations by the bus drivers in May 2016 and a delay in signing a collective agreement until September. In the healthcare sector, bargaining began in January 2016 and was concluded at the end of April. The main argument and source of discussions was the overall system of financing healthcare in Estonia. First, there was not enough money to meet the healthcare workers' demands. Second, the workers pointed out basic fundamental flaws in the financing system for healthcare and demanded political decisions on reforming the system. In order to increase the healthcare budget, the government decided in April to start making additional contributions to healthcare for non-working pensioners.

In **Lithuania**, the most active debate on wage bargaining in 2016 took place between the Ministry of Education and the trade unions in the education sector. Major disagreements revolved around

wage increases. The Ministry proposed a gradual increase in official wage rates, reaching the maximum coefficients in 2020, while the unions insisted on reaching the maximum in 2016. It was agreed that the pay of teaching staff with the lowest salaries would be increased by up to 5% from 1 September 2016. Although there was also a plan to calculate the wages of all teachers by applying the highest coefficients by 1 January 2017, this was not implemented. While teachers' pay has been growing since January, the maximum coefficients have not been applied to all teachers.

In **Luxembourg**, several quite difficult collective bargaining cases were recorded in 2016. Unusually, about 6,500–9,000 employees in the health and social care sectors took part in a large demonstration in June, with employees demanding recognition of the value of their professional roles and qualifications. Disputes over sector-level collective bargaining were also recorded in the cleaning, construction and health sectors.

In **Romania**, Government Emergency Ordinance no. 20/2016 on the remuneration of personnel paid from public funds established wage increases from 1 August 2016 for employees in education, health, national defence or ministry bodies. However, these increases were in the end postponed until 2017. Most of these wage increases, which are stipulated in legal regulations, are the result of the collective wage bargaining process.

In June 2016, **Slovenian** police unions achieved higher wages for the majority of police officers. In November, doctors reached an agreement with the government and suspended a two-week strike over demands for the adoption of working standards and wage increases. Both these agreements upset the other public sector unions. They believe that such a separate approach destroys the unity of the wage system, and similar requests are expected on behalf of other public sector professions. In December, the central public sector wage negotiations on wage policy for 2017–2019 were concluded. Some austerity measures will be further relaxed in 2017, but some will remain until the end of 2018. In addition, the anomalies between different occupational groups of public servants will be eliminated in 2017. The wage bill in 2017 will increase by 1.3% due to the latest agreement; when combined with the provisions of the 2015 agreement, it will be higher by 3.8%.

At company level

In **Ireland**, wage bargaining in the private sector took place at company level. Pay disputes made media headlines in 2016, with two high-profile disputes in the transport sector that led to pay agreements at the upper end of local bargaining trends. According to a joint survey of private sector pay by the Chartered Institute of Personnel and Development Ireland (CIPD) and Industrial Relations News (IRN), 59% of employers either 'strongly agreed' or 'agreed' that these pay settlements were [giving rise to unrealistic pay expectations in their companies](#). But 72% said their pay settlement would be agreed without reference to those in the public service or commercial semi-state sectors. Public sector wage bargaining remained at sectoral level in 2016, with debates and talks focusing on the early restoration of pay cuts.

In **Malta**, it was reported that the Airline Pilots Association (ALPA) had requested a 30% rise in 2016 in the salary of airline pilots working at Air Malta. This request came during a challenging period at Air Malta, which has been facing serious financial difficulties for years and was in the process of selling a substantial stake in the company to Alitalia. ALPA accused the airline of not taking collective agreement talks seriously and threatened to escalate its minor industrial action by delaying flights or suspending the service altogether. As the threats came during the peak tourism season, other social partners urged both parties to act with restraint and to safeguard the economy at large. Meanwhile, the Court of Appeal [ruled against an injunction filed by Air Malta](#) aiming to stop any industrial action that could harm talks with Alitalia. Eventually, in August, an

agreement was reached between both parties through the intervention of Malta's President Emeritus George Abela.

In **Slovakia**, global problems in the steel industry had an impact on the negotiations between the Metal Trade Union Association ([OZ KOVO](#)) and the management of the US Steel Company in Košice, which has more than 10,000 employees, on the collective agreement for 2016. Eleven bargaining rounds were needed before the collective agreement was signed in April 2016, with the social partners agreeing on a 3% average wage increase. The negotiations on a multiemployer collective agreement for public servants for 2017 were also difficult. The unions, among others, demanded a 10% increase in salary tariffs, which was much more than the government was willing to accept. Disagreements were resolved by a separate agreement on supplementary salary increases in 2017 and 2018, defined in the Memorandum on the Adjustment of Salaries of Civil and Public Servants.

Conclusions

- The growth tendency in both real and nominal indices of collectively agreed wages from 2015 continued in 2016.
- In two countries (Belgium and Malta), collectively agreed pay in real terms in 2016 had still not surpassed the pre-crisis level.
- Belgium was the only country where collectively agreed pay fell in real terms in 2016.
- Decentralisation of collective wage bargaining was observed in Finland and France. In Slovakia, there was extension of collective agreements following a decision by the Constitutional Court that the way they were extended did not comply with the country's constitution.
- A positive development was seen with the (re-)introduction of collective wage bargaining in a number of cases. Examples included the higher level collective agreement for the non-business sphere in the Czech Republic and the first national level collective agreement in 22 years for the Spanish metal industry.

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