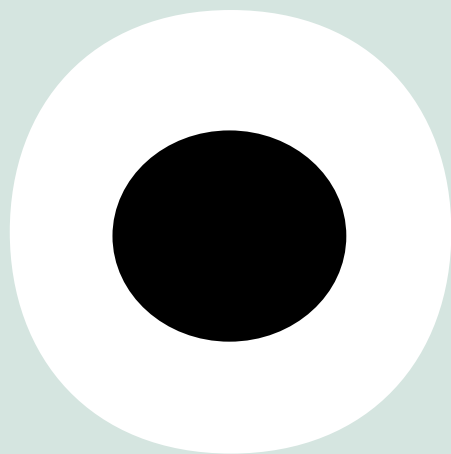


2001

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ANNUAL REVIEW



A review of developments in
European industrial relations



European Foundation for the Improvement of Living and Working Conditions

European Industrial Relations Observatory (EIRO)
Annual Review 2001

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Foreword

The European Industrial Relations Observatory (EIRO) completed its fifth year of operation in 2001, continuing its work of providing accurate and up-to-date information and analysis on developments in industrial relations to its target audience of practitioners and policy-makers in EU institutions, trade union and employers' organisations and government departments.

2001 was a year of continuing development for EIRO, in terms of both its audience and its content. The number of visits to the *EIROOnline* website nearly doubled during 2001, as they had in the previous year, and the website was given a major redesign to improve its usability. Work continued to expand EIRO's coverage to the central and eastern European countries applying for EU membership (in line with the Foundation's overall policy) and the first fruits of these efforts should appear in the near future. Furthermore, in 2001 EIRO compared for the first time aspects of European industrial relations with those in USA and Japan, reflecting the growing attention to global concerns. A further important development during the year was the implementation of an action plan to ensure the appropriate mainstreaming of gender within EIRO's approach and products.

EIRO is one of the Foundation's permanent monitoring tools, which enables it to observe changes in both

industrial relations systems themselves and the issues on their agenda. EIRO serves both the information needs of its external audiences and the needs of the Foundation's four-year rolling programme, *Analysing and anticipating change to support socio-economic progress*. In the coming period, cooperation and synergy will be developed between EIRO and the European Monitoring Centre on Change, the major new information resource on economic and social change being created by the Foundation at the request of the EU institutions and social partners.

This EIRO *Annual Review* provides an overview and summary of western Europe's main industrial relations developments in 2001, drawing on the *EIROOnline* database records entered during the year. The Review also provides a guide to using *EIROOnline*. We hope that the Review will both be of use and interest to those who are already familiar with EIRO, and introduce new users to the value of *EIROOnline*.

Raymond-Pierre Bodin, Director
Eric Verborgh, Deputy Director

European Foundation for the Improvement of Living and Working Conditions

Introduction

Welcome to the 2001 *Annual Review* of the European Industrial Relations Observatory (EIRO). This fifth *Annual Review* presents a snapshot of developments in European industrial relations in 2001. It provides a brief comparative overview of developments across the EU Member States and Norway, followed by a summary of the main events and issues at the EU level and in each of the individual countries concerned. We examine the key issues covered by collective bargaining – pay, working time, pay inequalities, job security, training and skills development – as well as legislative developments, the organisation and role of the social partners, industrial action, National Action Plans for employment, company restructuring, employee participation and new forms of work.

EIRO is a major project of the European Foundation for the Improvement of Living and Working Conditions. The Observatory initiates, collects, stores, disseminates and provides access to information and analysis on developments in industrial relations in the 15 EU Member States, plus Norway, and at European level. EIRO is a network, made up of 16 National Centres and an EU-level centre (see pp. 143-144), from which information and analysis flows in to a central unit. This information is then processed and entered into a database, *EIROOnline*, which is made available through the World-Wide Web (at our new address <http://www.eiro.eurofound.eu.int/>) as the main means of dissemination, alongside printed products – the bi-monthly *EIROObserver* and this *Annual Review*. EIRO exists primarily to serve the needs of a core audience of national and European-level organisations of the social partners, governmental organisations and EU institutions. Fuller information on the aims and operations of EIRO is provided on pp. 136-140

Every month since February 1997 has seen a delivery of records on the most important events and issues in industrial relations across the EU (plus Norway), and

their entry into the *EIROOnline* database. By the end of 2001, *EIROOnline* contained some 4,400 such records, with an average of 70 new records being delivered every month. Over the course of 2001, there were around 411,000 individual ‘user sessions’ (separate visits) recorded on the *EIROOnline* website – nearly double the level recorded in 2000. These and other figures confirm that *EIROOnline* is gaining ever-increasing acceptance as a useful information source, both for its target audience and more widely.

The *Annual Review* has, we hope, a value and interest of its own. However, it is also a guide to the contents of the *EIROOnline* database for 2001, and its usefulness is enhanced greatly if read in conjunction with the database. The text of the *Annual Review* contains numerous references to database records which provide fuller information on the issues in question, and all *EIROOnline* records for the year referring to each country are listed at the end of the individual national reviews. On pp. 137-140, we provide a guide to accessing and using the *EIROOnline* database. As well as in this paper version, the *Annual Review* can also be found in electronic form on the *EIROOnline* database, where the references to database records are direct hypertext links.

The *Annual Review* is based on individual country reviews of 2001 submitted by the EIRO National Centres. These reviews were coordinated and synthesised into a comparative overview by the EU-level centre – Industrial Relations Services – which also provided the EU-level review. The whole was then edited by the EIRO chief editor. Special thanks are thus due to each of the National Centres, and especially Andrea Broughton at Industrial Relations Services.

Mark Carley
Chief Editor

Industrial relations in 2001 – a summary

The worsening economic situation cast its shadow over industrial relations in the European Union and Norway in 2001 (especially after the events of 11 September), with much attention given to pay moderation (which generally held) and the consequences of company restructuring. At the same time equality and diversity issues, the regulation of 'atypical' forms of work and employee participation were prominent themes, especially in terms of EU and national legislation.

Pay

The background to pay bargaining in 2001 was a slowing of economic growth across most of western Europe as the year progressed, exacerbated by the aftermath of the terrorist attacks on the USA of 11 September, which threw many sectors, such as civil aviation, tourism and related industries, into crisis. At the same time inflation fell over the year in most countries, while unemployment also dropped, albeit fairly slightly in most countries, and skills shortages and a tight labour market continued to affect some countries and sectors. The combination of factors led to a rather confused picture of pay bargaining outcomes in 2001.

The average nominal collectively-agreed pay increase across the EU plus Norway rose from 3.2% in 2000 to 3.5% in 2001. However, while the rate of increase rose from 2000 to 2001 in 11 countries (with pay moderation appearing to come under most pressure in Ireland, Belgium and the Netherlands) the rate of increase fell in five countries (most notably Greece and Spain). This divergent trend is even more noticeable if the nominal increases are adjusted for inflation. Average real collectively-agreed pay increases across the EU plus Norway rose slightly from 0.5% in 2000 to 0.6% 2001, reversing a previous downward trend in increases. However, the small average rise in real pay increases disguises the fact that the rate of real pay increase fell in seven countries between 2000 and 2001. Over the two-year period, nominal agreed pay increases were entirely eliminated by inflation in Denmark, Germany, Italy, Portugal and Spain.

Taking productivity as well as inflation into account, it appears that pay moderation continued in 2001, but this moderation was beginning to lessen. Nevertheless, it seemed that the EU's key 'broad economic policy guidelines' on pay - that increases in nominal wages should be consistent with price stability and that increases in real wages should not exceed growth in labour productivity - are largely being observed in most Member States.

Factors in helping to ensure relative pay moderation in 2001 arguably included the application of multi-year national central agreements providing for wage developments generally perceived as relatively moderate - as in Belgium, Finland, Greece, Ireland and Norway. Another factor was that in countries such as Denmark and Germany, many sectors were still covered in 2001 by multi-year agreements concluded in 2000. Pay growth in France continued to be dampened significantly by the effects of the introduction of the 35-hour week, but this effect seemed to weaken as skills shortages contributed to pushing up pay in some areas. In the Netherlands, trade unions largely heeded the government's calls for wage moderation in 2001. In Spain, unions and employers' organisations concluded at the end of the year a central agreement on wage moderation, the first such deal for many years.

Working time

Average collectively-agreed weekly working time in the EU plus Norway was virtually static between 2000 and 2001 at 38.2 hours. Large-scale general working time reductions have been rare in recent collective bargaining rounds in most countries, and this remained generally true in 2001 (though such reductions remain a union demand in some cases). Furthermore, there was relatively little new legislation on working time across Europe in 2001. The main exception is France where, under the pressure of recent legislation, this topic continued to dominate bargaining at all levels. This trend is likely to continue at least into 2002, as the French 35-hour week legislation has now been extended to companies with fewer than 20 employees. At present, the only other wholesale move towards general working time reductions is Belgium's 2001-2 intersectoral accord, which will reduce the maximum normal working week from 39 to 38 hours from January 2003. Elsewhere, collectively agreed working time cuts tended in 2001 to be minor or confined to relatively few specific sectors and companies.

Working time flexibility, tied in with efforts to improve the work-life balance, also featured in collective bargaining during 2001 - as promoted by the EU employment strategy. This was notably the case in Belgium, where agreements and legislation introduced a 'time credit' scheme (allowing long-term leave or half-time working), a one-fifth reduction in employees' working time for up to five years, and half-time working for people over the age of 50. Other countries where flexibility was prominent in bargaining included Denmark, Germany and the UK.

Equal opportunities and diversity issues

In legislative terms at least, 2001 was a period of considerable activity in seeking to promote equality and prevent discrimination. New gender equality legislation

was adopted or implemented in countries such as Denmark, France, Germany, Greece, Luxembourg and Sweden, while at EU level a draft Directive updating and revising the 1976 equal treatment Directive made progress during the year. There was new legislation on time off and leave related to childcare and work-life balance - apparently an increasingly important issue in many countries - in Belgium, France, Luxembourg, the Netherlands and the UK. In terms of equality and non-discrimination on grounds other than gender, there was activity in countries such as Denmark, Germany, the Netherlands and Norway to tackle age and disability discrimination, often with a view to implementing the 2000 EU framework Directive on equal treatment in employment and occupation. However, relatively little bargaining activity was reported in these various areas.

The lack of equal pay for women and men and men is a persistent problem, with the gender pay gap still standing at around 20% across the EU plus Norway. However, it still does not appear to be a central issue in collective bargaining, and few significant agreements related to gender pay equity were reported in 2001. A notable exception was Finland, where the 2001-2 central agreement contains an 'equality allowance' of 0.4% to be used at sector level to improve the position of women and lower-paid workers, while in Belgium, the 2001-2 intersectoral agreement obliges the social partners to take special measures to draw up gender-neutral job descriptions and classifications. However, outside the bargaining arena, there were a number of equal pay developments in 2001, with new legislation in Denmark and Sweden and considerable debate in the UK, Ireland and Finland.

Restructuring

The increasingly difficult economic situation during 2001 added fuel to the wave of corporate restructuring witnessed across Europe in recent years and intensified the negative effects on employment. High-profile company reorganisations, redundancy programmes and/or closures during the year (in some cases affecting more than one country) included Danone, Marks & Spencer, Opel/General Motors, Arcelor, Sonera, Gateway, Moulinex, Fiat, KPN, Kværner, Ericsson and Corus. The events of 11 September exacerbated the situation, notably in civil aviation and tourism. The airline industry was particularly hard hit, with major restructuring at companies such as Aer Lingus, Alitalia, British Airways, LTU and Iberia.

In this context, a number of EU-level initiatives aimed at cushioning the social effects of restructuring were either launched or continued during 2001. Notably, the European Commission issued a package of measures designed to reduce the social impact of large-scale job cuts and launched consultations with the European-level social partners on the issue of industrial restructuring. Furthermore, the European Monitoring Centre on

Change was launched. At national level, company restructuring led to industrial disputes in some cases, and to a number of agreements on minimising the effects on employees. French law on redundancies was amended in the light of several high-profile restructuring exercises.

In the public sector too, 2001 saw much restructuring, sometimes linked to privatisation and liberalisation, as in Belgium, France, Norway, the UK.

Training and skills development

Training and skills development featured prominently in collective bargaining in many countries, often linked to efforts to increase the employability of workers within the framework of the European employment strategy. A large number of collective agreements concluded in 2001 therefore included clauses relating to training and skills development. Examples included Austria, Belgium and Luxembourg. Perhaps most notably, in Germany, the tripartite national Alliance for Jobs issued a joint statement on training which recommended that employers and unions conclude accords to enhance training at company level. An important sectoral accord was reached in the metalworking bargaining region of Baden Württemberg, which gives employees a right to an annual meeting with their employer to discuss their training needs, with the latter paying for the subsequent training.

National Action Plans (NAPs) for employment

The European employment strategy was in its fourth annual cycle during 2001. The strategy is based on the four main 'pillars' of employability, entrepreneurship, adaptability and equal opportunities, and involves the Member States drawing up National Action Plans (NAPs) for employment each year, based on EU Employment Guidelines issued the previous autumn.

The Employment Guidelines call for social partner involvement in the implementation, monitoring and follow-up of the employment strategy. EIRO sought to assess the satisfaction of the national social partners with their involvement in various aspects of their countries' NAPs in 2001. Very generally speaking, it appears that employers' organisations were on the whole more satisfied with all aspects of their involvement in the drawing up and implementation of their country's NAP than trade unions. Overall, the greatest levels of employer satisfaction with NAPs were found in the UK, Austria and Italy, and the highest levels of dissatisfaction in Greece (by some distance), Belgium and Portugal. On the union side, the greatest levels of satisfaction with were found in Sweden and Portugal and the highest levels of dissatisfaction in Spain and Greece. Combining the views of the two sides, the social partners seemed happiest with the NAPs in the UK, Austria and Italy and least happy in Greece (by some distance) and Spain.

Industrial action

2001 was a varied year for industrial action. Some countries saw no significant action at all (as in Denmark, Luxembourg and Norway), while others experienced a difficult year in terms of industrial unrest, for a variety of reasons. However, it should be noted that even in countries which experienced high-profile industrial action in 2001, overall levels of action generally remain low in historical terms. A feature during the year in Austria, Greece, and Italy was 'political' industrial action by trade unions against government policies (notably in the social security field). As mentioned above, restructuring was the focus of industrial action in some countries, notably France and Belgium. It also prompted some incidences of Europe-wide action, as at General Motors and in the rail and road transport sectors. While collective bargaining generally went off relatively smoothly, it generated some disputes in a number of sectors in countries such as Belgium, Finland, Germany, the Netherlands, Spain and Sweden. The healthcare sector and some other public services figured prominently in industrial action in some cases.

The organisation and role of the social partners

The trend towards trade union mergers, witnessed over the past few years, continued in 2001, with major mergers occurring in Belgium, Finland, Germany, Norway and the UK and proposed in Austria and Finland. However, a number of planned mergers were rejected by members in Denmark and Sweden. Employers' organisations too experienced or proposed mergers, notably in Sweden and Denmark. Issues of declining trade union membership and/or representativeness - and unions' responses in terms of new recruitment strategies - featured prominently in countries such as Denmark, Germany, Ireland, Luxembourg, the Netherlands and Sweden.

Employee participation

The issue of employee participation was high on the EU-level agenda during 2001. The proposal for a Directive establishing a national framework for informing and consulting employees made steady progress through the decision-making machinery and was finally adopted in February 2002, while the Regulation on the European Company Statute and the accompanying Directive

providing for worker involvement in European Companies were adopted in October 2001. The new EU legislation appears not to have generated substantial discussion so far at national level, except in Ireland and the UK, where the new information and consultation Directive is due to bring many changes and has caused considerable debate among the social partners. In terms of the domestic employee participation agenda, Germany saw a major reform of its works councils legislation in 2001, while there was also some significant legislative change in France.

New forms of work

As 'new forms of work' continue to expand, so does the amount of legislation and agreements seeking to regulate them. A framework regulating a number of types of 'atypical' work is taking shape at EU level. Following the Directives on part-time and fixed-term work, the Commission is due to issue a proposal for a Directive on temporary agency work in 2002, following the breakdown of EU-level social partner negotiations on this issue in May 2001. The social partners were engaged in negotiations on teleworking in 2001 and hoped to reach agreement by mid-2002.

At national level, new legislation on part-time work was adopted in a number of countries in 2001. For example, the EU part-time work Directive was implemented in Denmark, Germany, Ireland and Sweden, while Spanish labour market reform legislation sought to foster part-time employment. With regard to fixed-term employment, the 1999 EU Directive was implemented in Germany, Italy (on the basis of a joint statement signed by many social partner organisations), the Netherlands, Portugal and Sweden, while new French legislation placed restrictions on fixed-term contracts. In the area of temporary agency work, new legislation was adopted in Greece, Finland and Germany.

In the field of collective bargaining and social dialogue, the regulation of temporary agency work was the subject of a number of agreements and joint approaches in 2001, as in Belgium, Germany, Sweden and the Netherlands. Furthermore, a joint declaration on temporary agency work was signed by the EU-level social partners in the sector. Teleworking was, for the first time, the subject of an intersectoral agreement in Italy (covering small and medium-sized industrial firms). It also featured in the EU-level sectoral social dialogue, with joint texts on the issue signed in commerce and telecommunications.

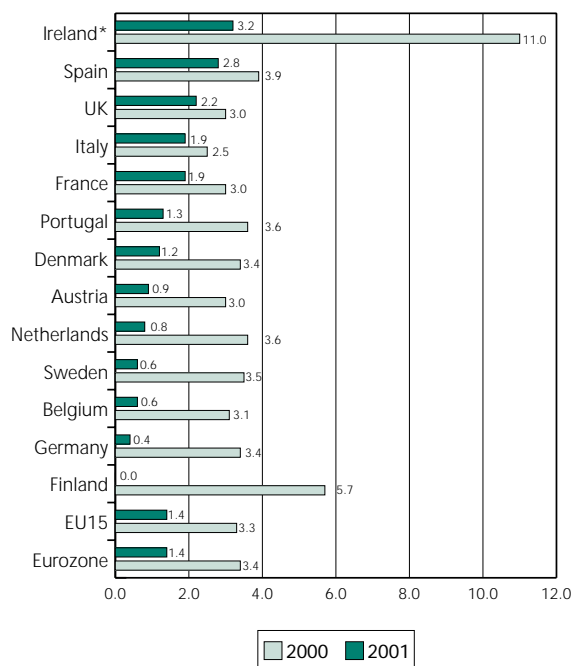
Comparative overview and EU-level developments

COMPARATIVE OVERVIEW

Economic developments

Economic growth continued quite strongly across most of the EU Member States during the first half of 2001, after a robust performance in 2000. However, the economies of many countries began to falter towards the middle of the year and the nascent downturn was exacerbated by the terrorist attacks on the USA of 11 September, throwing many sectors, such as civil aviation, tourism and related industries, into crisis. Thus, annual growth figures for the year to the third quarter of 2001 show that average GDP growth was 1.4% in both the 12 countries of the 'euro-zone' and the 15 Member States, down significantly when compared with the figure of 3.4% in the euro-zone and 3.3% in the 15 Member States for the year to the third quarter of 2000 - see figure 1 below. Growth was highest in the year to the third quarter of 2001 in Spain (2.8%) and the UK (2.2%), and lowest in Finland (0.0%) and Germany (0.4%).

Figure 1. GDP growth in the EU, third quarter 2001 and 2000 (% change compared with the same period in the previous year)

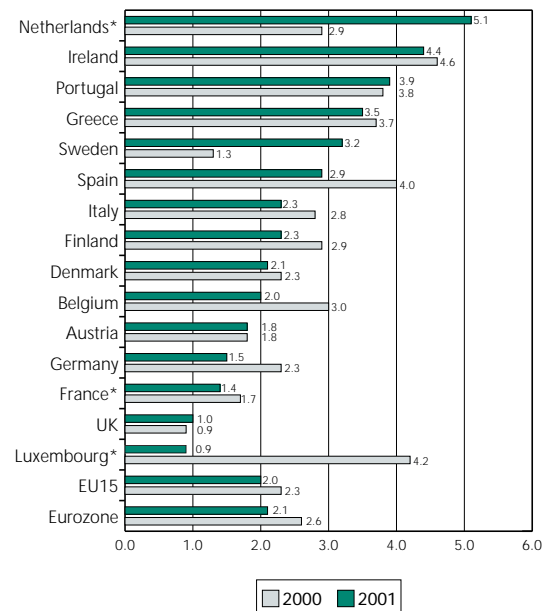


Source: Eurostat; * provisional figure for 2001

Preparations for the introduction of euro notes and coins continued throughout 2001 and the new currency went into circulation on 1 January 2002. All the EU Member States, with the exception of Denmark, Sweden and the UK, are in the euro-zone. The launch of the euro notes and coins was considered to have passed off smoothly and the national currencies of the participating countries were all withdrawn by 28 February 2002.

Inflation levels decreased significantly across Europe as a whole during 2001 - see figure 2 below. The average year-on-year rate of inflation in the 15 EU Member States was 2% as at December 2001, compared with 2.3% as at December 2000. In the euro-zone, the average rate of inflation was 2.1% as at December 2001, compared with 2.6% the previous year. However, differences in the rate of inflation remained between individual Member States, with levels in 2001 ranging from 5.1% in the Netherlands and 4.4% in Ireland to 0.9% in Luxembourg and 1.0% in the UK. Most countries experienced a decline in the rate of inflation over the year, with the rate in Luxembourg falling significantly, from 4.2% in December 2000 to 0.9% in December 2001. The exceptions included the Netherlands, where the rate climbed substantially, from 2.9% in 2000 to 5.1% in 2001 and Sweden, where the rate climbed from 1.3% in 2000 to 3.2% in 2001. There was a slight change in the rate in the UK and Portugal and the rate stayed the same in Austria, at 1.8%.

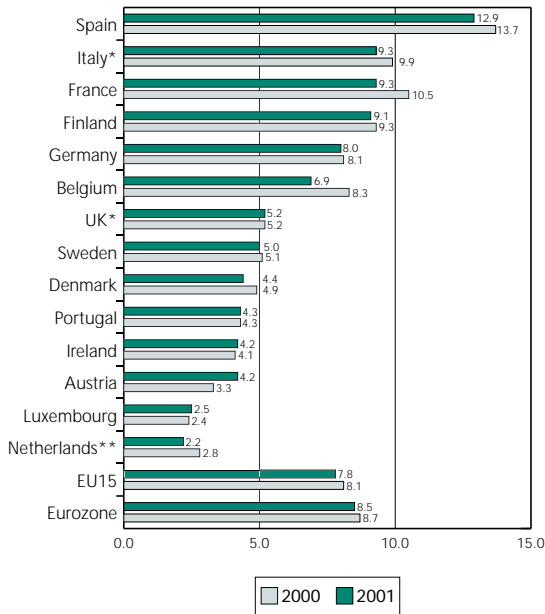
Figure 2. Inflation in the EU, annual % increase, to December 2001 and December 2000



Source: Eurostat; * provisional figure for 2001

2001 was a generally successful year for Europe's labour markets, seen as due partly to the economic climate and partly to the sustained efforts of the 'European employment strategy', actively pursued in all Member States. The overall rate of unemployment in the 15 EU Member States as at December 2001 was 7.8%, compared with 8.1% in December 2000 - see figure 3 on p.15. The euro-zone rate in 2001 was 8.5%, compared with 8.7% in 2000. Unemployment in the majority of Member States decreased during 2001, although wide differences between countries remain. These ranged from a rate of 12.9% in Spain (although down from 13.7% the previous year), 9.3% in France and 9.1% in Finland, to 2.2% in the Netherlands and 2.5% in Luxembourg (although this figure was up from 2.1% the previous year).

Figure 3. Unemployment in the EU, % of workforce in December 2001 and 2000, seasonally adjusted



Source: Eurostat; * Figure October 2001, ** Figure November 2001

Political developments

General elections were held in 2001 in Denmark, Italy, Norway and the UK. In Denmark, the coalition made up of the Social Democratic Party and the Social Liberal Party was defeated by the Liberal Party and the Conservative Party, which formed a new coalition government headed by Prime Minister Anders Fogh Rasmussen. A general election was held in September in Norway, resulting in serious losses for the Labour Party. Consequently, a new centre-right minority coalition government took office in October. In Italy, the general election held in May was won by a centre-right coalition of parties, which took office in June under the new Prime Minister, Silvio Berlusconi. In the UK, the Labour Party won a second term of office in the general election held in June.

Local elections were held in a number of countries during 2001. In Germany, elections were held in the federal state of Baden-Württemberg, Rhineland Palatinate, Hamburg and Berlin, with mixed results. Local elections in France resulted in a considerable loss of support for left-wing parties, while in Portugal, local elections held in December saw a loss of support for the ruling Socialist Party in favour of the Social Democrat Party. This result forced the Prime Minister, António Guterres, to resign, leading to an early general election, set for March 2002. Further, Jorge Sampaio was elected President of Portugal in January 2001. In Austria, elections in Vienna resulted in significant losses for the populist Freedom Party. Finally, elections were held in the Spanish region of Galicia, which returned the ruling People's Party with an absolute majority.

For an overview of all political developments in 2001, see table 1 on pp. 16-17.

Collective bargaining developments

General

A range of important and influential collective bargaining events took place during 2001. For an overview of events in individual countries, see table 2 on pp. 22-23.

2001 was an important year for collective bargaining in Sweden, as many of the three-year sectoral accords negotiated in 1998 expired in the spring of 2001. Bargaining passed off peacefully in the majority of sectors and resulted for the most part in new three-year agreements (SE0105102F).

In Denmark, bargaining took place in the financial and the agricultural sector. The financial sector accord concluded runs for two years and allows for a significant amount of decentralisation, leaving employers and employees free to negotiate enterprise-level accords within its framework (DK0103116F). The agriculture and dairy sectors negotiated four-year accords (DK0101112F). Bargaining was more difficult in the meat sector, where a two-year accord was eventually concluded (DK0104117F). Bargaining in the influential private sector area covered by the Danish Employers' Confederation (Dansk Arbejdsgiverforening, DA) and Danish Confederation of Trade Unions (Landsorganisationen i Danmark, LO) is not due until 2004 (DK0002167F).

In France, widespread continuing negotiations on the reduction of the working week from 39 to 35 hours - following legislation on this issue - still had a distorting effect on collective bargaining in 2001, making quantitative comparisons with previous years very difficult.

In Germany, many important sectors, including metalworking and chemicals, were covered in 2001 by the provisions of two-year accords negotiated in 2000 (DE00112202F). Bargaining in Germany is still dominated by sectoral accords, although their coverage continues to decline (DE0201299F). The latter part of the year was dominated by preparations for the important 2002 bargaining round (DE0112248F) and debate over whether the national tripartite forum, the Alliance for Jobs (Bündnis für Arbeit), should play a role in setting a framework for the bargaining round, as it did in 2000.

In Norway, for the first time in many decades, no central wage negotiations were carried out in 2001 - central increases for 2001 were included in the 2000 main settlement (NO0005192F) - although there were a number of company-level negotiations.

In some countries, bargaining remains fragmented. In Spain, 2001 saw efforts by the government to persuade the social partners to negotiate an agreement on collective bargaining reform, under threat of imposed legislation (ES0107150N). Talks between the social

Table 1. Political situation in the EU Member States and Norway

Country	Political situation
Austria	The most significant political event of 2001 was the local election in Vienna, which resulted in the most significant loss of support for the populist Freedom Party (Freiheitliche Partei Österreichs, FPÖ) since it formed a national coalition government with the conservative Austrian People's Party (Österreichische Volkspartei, ÖVP) in 2000. By contrast, support for the Social Democratic Party (Sozialdemokratische Partei Österreichs, SPÖ) increased. Relations between the FPÖ/ÖVP coalition government and trade unions were tense during 2001 due to the government's ongoing programme of social security and welfare cutbacks.
Belgium	No elections were held in 2001, and the federal government is still made up of the 'rainbow' coalition of Flemish and French-speaking liberal, socialist and environmentalist parties that has been in office since 1999. The next general election is due in mid-2003.
Denmark	Elections to parliament and to county and municipal councils took place on 20 November, resulting in a serious defeat for the Social Democratic Party (Socialdemokratiet), which had been in a coalition government with the Social Liberal Party (Det Radikale Venstre). Consequently, a new government was formed by the Liberal Party (Venstre) and the Conservative Party (Det Konservative Folkeparti), headed by Venstre leader Anders Fogh Rasmussen. The new government will be in office for a four-year term. The government has drawn up a number of proposals in the social policy and employment field which have been fiercely opposed by trade unions.
Finland	No elections were held in 2001 and so the 'rainbow' coalition government consisting of left- and right-wing parties – the Social Democratic Party (Suomen Sosialidemokraattinen Puolue), the conservative National Coalition Party (Kansallinen Kokoomus), the Left-Wing Alliance (Vasemmistoliitto), the Greens (Vihreä Liitto) and the Swedish People's Party (Svenska Folkpartiet) - elected in 1999, remained in power. The next elections will be held in 2003.
France	Local elections during 2001 showed a decline in support for the Socialist Party (Parti Socialiste), the Communist Party (Parti Communiste Français) and the Greens (Verts), which make up the governing 'plural left' (gauche plurielle) coalition. Parliamentary and presidential elections will be held in 2002, and this began to dominate social policy debate during 2001.
Germany	The ruling 'red-green' coalition government, composed of the Social Democratic Party (Sozialdemokratische Partei Deutschlands, SPD) and Alliance 90/The Greens (Bündnis 90/Die Grünen), elected in 1998, remained in power during 2001. Local elections held in Baden-Württemberg resulted in victory for the incumbent regional coalition of the Christian Democratic Party (Christlich Demokratische Union, CDU) and the Free Democratic Party (Freie Demokratische Partei, FDP). Local elections in Rhineland Palatinate resulted in victory for the ruling SPD/FDP coalition, while in Hamburg, a new coalition government was formed by the CDU, FDP and the new Party of Constitutional Offensive (Partei Rechtsstaatliche Offensive), and in Berlin a new coalition government was formed by the SPD and the Party of Democratic Socialism (Partei des Demokratischen Sozialismus, PDS).
Greece	The Pan-Hellenic Socialist Movement (Panellino Sosialistiko Kinima, PASOK) government, which was re-elected in 2000, remained in office during 2001, headed by Prime Minister Konstantinos Simitis.

partners in late 2001 resulted in a wage moderation national framework accord, setting the context for bargaining in 2002 (ES0201207F). This is the first accord of its kind to be agreed in Spain for many years.

In the UK also, bargaining is highly fragmented, taking place at company level with little significant multi-employer bargaining outside the public sector. One development during the year was that new, unified national pay negotiation machinery arrangements were agreed in the higher education sector, introducing 'single-table bargaining' for all staff in both the 'pre-1992' and the 'new' universities.

With regard to the scope and coverage of bargaining, attempts in Italy to devise new industry-level agreements in sectors affected by liberalisation and privatisation continued during 2001, with a new sectoral accord reached in the electricity sector (IT0109197N). In the rail sector and in water and gas distribution, negotiations over new sectoral agreements were still continuing at the end of the year, although an accord on some aspects of reorganisation was signed in the rail sector in November 2001. Also in Italy, the first ever single national collective agreement was signed in July for the one million staff employed by 'professional offices' – ie the offices of employers such as lawyers, engineers and architects

Country	Political situation
Ireland	The current government, elected in 1997 and composed of a coalition between the majority centrist Fianna Fail party and the small right-of-centre party, the Progressive Democrats (PDs), remained in power during 2001. The next general election must be held by June 2002.
Italy	The general election, held on 13 May 2001, resulted in victory over the ruling centre-left coalition for the centre-right coalition, the House of Freedoms (Casa delle Libertà) - made up of Forza Italia, the National Alliance (Alleanza Nazionale), the Northern League (Lega Nord), the Christian Democratic Centre (Centro Cristiano Democratico, CCD) and the United Christian Democrats (Cristiani Democratici Uniti, CDU). The new Prime Minister is Silvio Berlusconi, the leader of Forza Italia.
Luxembourg	The coalition government, made up of the Social Christian Party (Chrëschlech Sozial Vollekspartei, CSV) and the Democratic Party (Demokratesch Partei, DP), which came to power in August 1999, continued in office during 2001.
Netherlands	The present 'purple coalition' government, consisting of the social democratic Labour Party (Partij van de Arbeid, PvdA), the liberal Party for Freedom and Democracy (Vereniging voor Vrijheid en Democratie, VVD) and the social liberal Democraten 66 (D66), continued in office during 2001. General elections will be held in May 2002.
Norway	A general election was held in September 2001, resulting in a collapse of support for the ruling Labour Party (Det norske Arbeiderpartiet, DnA), which subsequently resigned from office. Consequently, a new centre-right minority coalition government took office in October, comprising the Conservative party (Høyre), the Christian Democratic Party (Kristelig Folkeparti, KRF), and the Liberal Party (Venstre). The new Prime Minister is Kjell Magne Bondevik.
Portugal	Local elections were held on 16 December 2001, resulting in a loss of support for the Socialist Party (Partido Socialista, PS) and gains for the Social Democrat Party (Partido Social Democrata, PPD/PSD). This resulted in the resignation of Prime Minister António Guterres and the calling of an early general election in March 2002.
Spain	The centre-right People's Party (Partido Popular, PP), elected in March 2000, continued to govern with an absolute majority during 2001. The year's most important political event was the regional election in Galicia, which returned the PP with an absolute majority.
Sweden	The minority Social Democratic Party (Socialdemokratiska Arbetarepartiet) government, elected in September 1998, continued in office during 2001. A general election and regional and municipal council elections will take place in September 2002.
United Kingdom	The Labour Party won a second five-year term of office at the general election held in June 2001. Its majority over all other parties in the lower house of parliament fell slightly, but remained substantial, at 167 seats.

Source: EIRO.

(IT0109196N). In Sweden, the first agreement for call centre and telemarketing workers was concluded in February (SE0102183N). In Austria, the first specific collective agreements for the information technology sector were negotiated in 2000 (AT0012234N) and 2001.

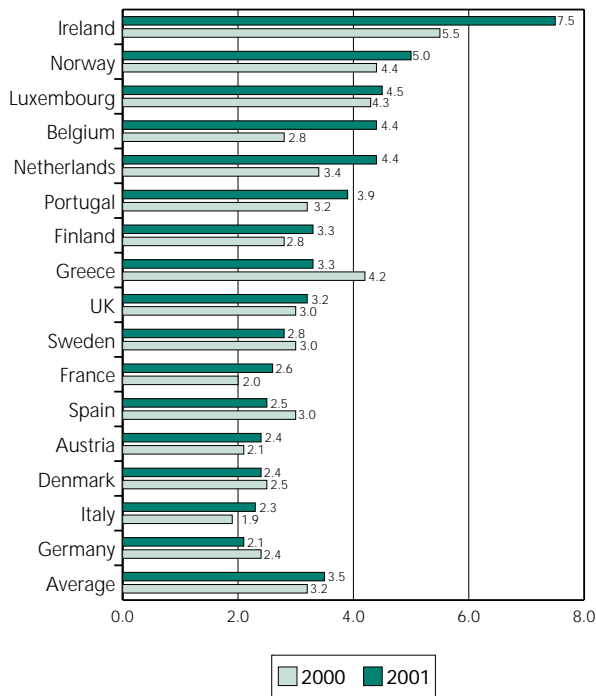
Pay

As indicated by figure 4 on p.18, the average nominal collectively-agreed pay increase across the EU plus Norway was 3.2% in 2000 and 3.5% in 2001, although there were considerable variations between countries (as calculated by EIRO – TNO202102U). While the average increase rose from 2000 to 2001 in 11 countries (with

pay moderation appearing to come under most pressure in Ireland, Belgium and the Netherlands), following the overall upward trend, the rate of increase fell in five countries (most notably Greece and Spain). Adjusting the nominal increases for inflation, average real collectively-agreed pay increases across the EU plus Norway rose slightly from 0.5% in 2000 to 0.6% 2001, reversing a previous downward trend. However, the small average rise in real pay increases disguises the fact that the rate of real pay increase fell in seven countries between 2000 and 2001. Taking productivity as well as inflation into account, it appears that pay moderation continued in 2001, but this moderation was beginning to lessen.

Nevertheless, it appears that the EU's key 'broad economic policy guidelines' on pay - that increases in nominal wages should be consistent with price stability and that increases in real wages should not exceed growth in labour productivity - are largely being observed in most Member States.

Figure 4. Average collectively agreed pay increases, 2000 and 2001 (%)



Source: EIRO.

Looking at individual countries, it appears that overall pay moderation indeed continued during 2001, although skills shortages and a tight labour market put upward pressure on pay in some countries and sectors. However, later in the year, the economic slowdown, which started to grip Europe and was exacerbated by the events of 11 September, meant that any upward pressures on pay began in many cases to be overshadowed by the perceived need to restructure and cut costs, including a need to keep wage expenditure in check. To take some examples:

- in Belgium, pay increases were kept within the norm recommended in the two-year intersectoral accord concluded in December 2000 (BE0101337F) – pay growth of 6.4% over 2001-2;
- in Denmark, the new agreements concluded in 2001 kept within the norms set by accords negotiated the previous year. Thus, agriculture sector branches concluded accords which will increase pay by around 3.7% annually. Nevertheless, trade unions in the meat and abattoir sector succeeded in securing a slightly higher deal, estimated to be worth 9.5% over two years;
- in Finland, pay during 2001 was bargained within the framework of the national incomes policy agreement

concluded at the end of 2000 (FI0011167F), which covers around 90% of employees. The pay terms of the deal are moderate and include a clause triggering an extra increase if inflation rises above a certain point;

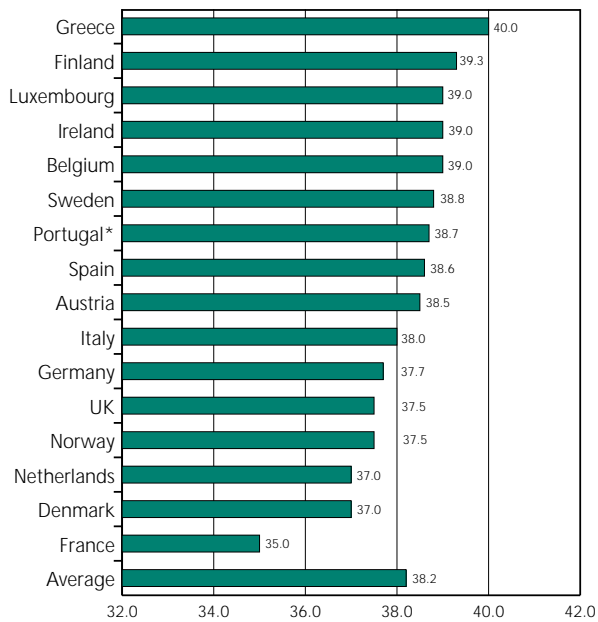
- pay growth in France was dampened significantly by the effects of the 35-hour week – many companies negotiated pay freezes or small increases in conjunction with 35-hour week agreements. However, the picture has been complicated by the fact that skills shortages persist, pushing up pay in some areas. Thus, hourly pay for manual workers rose by over 4% during the year to the end of the third quarter of 2001, significantly above inflation;
 - 2001 was a year of continuing pay moderation in Germany, with most of the country's large sectors locked into two-year deals concluded in 2000 (though one high-profile exception to this was the agreement for pilots employed by the Lufthansa airline, which contained a 26% increase in basic pay and an additional 33.2% increase in variable pay over three years - DE0106226F). Pressures for 'catch-up' increases are building, particularly in the metalworking industry, where the sector's trade union maintained throughout 2001 that 2002 would be a year in which pay moderation would be abandoned, largely on the grounds that employers had not delivered on promised job creation;
 - in the Netherlands, trade unions largely heeded the government's calls for wage moderation in 2001. Collectively-agreed pay rose by an average of 4.4% during the year, which was regarded as modest and was also in line with inflation. The FNV Bouw construction sector union's call for increases of 6% was criticised (NL0103126N);
 - in Spain, collectively-agreed pay rises in 2001 were looked upon as moderate, particularly in the light of higher-than-forecast inflation. Nevertheless, the latter part of the year was spent by the social partners in negotiations on a national wage moderation accord for 2002. This was duly concluded in December 2001 (ES0201207F), limiting collectively-agreed pay increases to the forecast rate of inflation for the year (2%) and expected productivity growth (around 1.1%); and
 - in the UK, collectively-agreed basic pay rose by an average of 3.2% during 2001, with most public sector workers enjoying above-inflation increases. Particular groups, such as newly-qualified teachers and senior nurses, were awarded substantially higher increases, reflecting serious recruitment and retention problems.
- Finally, pay flexibility was an issue in countries such as Austria, where the bargaining parties in the electrical and electronics subsector of the metalworking sector agreed in late 2001 on a so-called 'distribution option', under which increases can be awarded flexibly at individual company level (AT0111229N). However, the

metalworking sector's main new agreement, negotiated in late 2001, did not include such an option, for the first time in a number of years.

Working time

As indicated by figure 5 below, average collectively-agreed weekly working time in the EU plus Norway was virtually static between 2000 and 2001 at 38.2 hours (as calculated by EIRO – TNO202103U). Large-scale general working time reductions have been rare in recent collective bargaining rounds in most countries (though with some exceptions - see below).

Figure 5. Average collectively agreed normal weekly hours, 2001



Source: EIRO; * 1999 figure.

However, working time reduction was one of the prominent themes of the 2001 collective bargaining round in some countries. Under the pressure of legislation, this topic continues to dominate bargaining at all levels in France and more 35-hour week agreements were negotiated over the year. This trend is likely to continue at least into 2002, as the 35-hour week legislation was extended to small companies of fewer than 20 employees from 1 January 2002, albeit with transitional flexibility measures (FR0110108F). As a result of this activity, average weekly working time is falling steadily in France – the average working week was 36.12 hours as at the end of September 2001, a fall of 1.7% compared with a year previously. It was estimated that 68% of full-time employees worked fewer than 36 hours a week at the end of September 2001, compared with 52.9% a year previously.

France is currently the most extreme example of working time reduction. However, the issue features in some

other countries, albeit to a lesser extent. In Belgium, the current intersectoral accord will reduce the maximum normal working week from 39 to 38 hours from January 2003. In Spain, a number of collective agreements now contain provision for a working time cut to 35 hours a week, although on nothing like the French scale, and 2001 saw a modest overall reduction in collectively-agreed working time. Spanish working time reductions are mainly to be found in public services and in regional public administration although, unlike in France, this is not explicitly linked to the creation of new jobs. Small working time cuts featured in many agreements reached in Sweden in 2001, as well as in individual sectors in other countries, such as Italian electricity. In Norway, employees saw their annual working time cut by two days in 2001, as a result of extra holidays introduced as a result of the 2000 central agreements.

In some countries, such as Greece, efforts to reduce working time have not come to fruition – the pilot introduction of the 35-hour week at the Hellenic Telecommunications Organisation, as provided for by its 1999-2000 collective agreement, was never put into practice. In Portugal, although working time was an issue for some companies and sectors, it was less prominent in 2001 than it had been in 2000. The number of company and sectoral agreements dealing with the duration of working time fell from 2000 to 2001 (as did the number of accords on the adaptability and flexibility of working time).

In the UK, the 'long hours culture' is reported to remain a problem, despite the implementation of the EU working time Directive, in the form of the Working Time Regulations 1998 (UK0105133F). Unions representing teachers have called for the introduction of a 35-hour week, threatening strike action if their demands are not met (UK0105130N).

Working time flexibility, tied in with efforts to improve the work/life balance, also featured in collective bargaining during 2001. In Belgium, a chapter of the intersectoral agreement, concluded at the end of 2000, relates to working time flexibility, allowing individual employees to create a better work/life balance. The implementation of these measures was negotiated in the National Labour Council (Conseil National du Travail/Nationaal Arbeidsraad) during 2001 and the measures came into force on 1 January 2002 (BE0108360F). These consist of a 'time credit' scheme (allowing long-term leave or half-time working), a one-fifth reduction in employees' working time for up to five years, and half-time working for people over the age of 50.

Flexible working time was also a prominent theme for the bargaining parties in Denmark during 2001, where more flexible provisions were introduced in the new agreements in the financial sector and the agricultural sector.

In Germany, Auto 5000 GmbH, a new subsidiary of the car producer Volkswagen, concluded a new agreement in 2001 providing for significant working time flexibility, including the establishment of a three-shift system, regular Saturday working, a maximum working week of 42 hours and individual working time accounts (DE0109201F).

In the UK, new agreements on working time flexibility were concluded in 2001 at a number of companies, including the motor manufacturers Land Rover, Nissan and BMW.

The issue of working time flexibility has in recent years been part of a debate in the EU on 'quality of work'. The working time developments which are widely thought to contribute to this quality of work include part-time work, time accounts, family leave and sabbaticals, flexitime, teleworking and flexible retirement. An EIRO comparative study conducted in 2001 (TN0111143S) found that there appears to be a considerable gap between rhetoric and reality so far as working time developments and the quality of work are concerned. While the issue has climbed up the agenda of policy-makers and there have been significant government initiatives, collective bargaining seems to be lagging behind, with relatively few innovative agreements.

Efforts to eliminate pay inequalities

Equal pay and equal treatment for women and men is an area in which limited action was taken in collective bargaining terms during 2001, although the gender pay gap in particular is admitted to be a problematic issue in virtually all countries. Indeed, an EIRO comparative study conducted in 2001 (TN0201101S) reported that gender equality, and especially the issue of pay equity, do not appear to be central issues in collective bargaining in the EU countries and Norway. There are several possible explanations cited for this. Pay discrimination and pay differences are to a certain degree regarded as a matter of legislation and politics, rather than a problem to be solved through collective agreements. Furthermore, existing wage discrepancies between men and women are often seen as a consequence of positional differences in working life, which are too big an issue to be solved through negotiations. Furthermore, the pay equity issue, at least in some countries, seems to be seen as less urgent than measures to increase women's employment participation rate, to make it easier to combine work and family, or to ease the re-entry of women (mothers) into working life.

Few significant collective bargaining development related to gender pay equity were reported in 2001. A notable example was Finland, where the 2001-2 central agreement contains an 'equality allowance' of 0.4% to be used at sector level to improve the position of women and lower-paid workers, and an 'incomes progression'

clause which aims to ensure an equal wage development for those sectors that fall behind the average wage development for all workers. In Belgium, the 2001-2 intersectoral agreement obliges the social partners to take special measures to draw up gender-neutral job descriptions and task classifications. In Germany, the abolition of traditional job descriptions which put 'typical female jobs' in low pay grades has been raised in long-running negotiations between the social partners on the modernisation of the collective framework pay agreements in the metalworking sector. The negotiations, however, have not so far resulted in an agreement.

Outside the bargaining arena, there were a number of equal pay developments in 2001. New legislation in Denmark seeks to create a higher degree of transparency in wage data, especially in the light of equal pay for women and men (DK0106123N). Employees, employee representatives, the Equal Opportunities Board (Ligestillingsnævnet) and trade unions with one or more members in an enterprise may require companies with more than 10 employees to draw up wage statistics. In Sweden, new legislation introduced a new definition of 'work of equal value' in assessing equal pay and an obligation on employers to conduct an annual wage survey (SE0102179N), while a number of Labour Court cases related to equal pay received considerable attention (SE0110101F).

In the UK, equal pay was a focus following a report by the Equal Opportunities Commission's Equal Pay Taskforce, which stated that there was an 18% average pay gap between men and women and made a number of recommendations on how to address this, including advising employers to carry out regular equal pay reviews (UK0104126F). In Finland, research based on a tripartite project was published during 2001 which analysed the statistics on pay differentials between men and women, aiming to identify the causes of the gender pay gap.

In Ireland, considerable debate on the broad pay equality issue took place during the year, largely surrounding the recently introduced national minimum wage, which is one of the main mechanisms used to tackle pay inequality (IE0107170F). The minimum wage has been important in raising income levels amongst the low paid, and has facilitated a small, albeit important, reduction in the gender wage gap. It would appear, however, that it has had little impact on overall trends in income and wealth distribution. This is because relative income inequality, and the gap between rich and poor, has increased in Ireland, as confirmed by several reports issued in 2001.

In Belgium, a new Institute for Equality between Men and Women (Institut de l'égalité des femmes et des hommes/Instituut van de Gelijkheid van Vrouwen en Mannen) was set up in October 2001 with a range of aims, including conducting studies and proposing instruments for the production of gender-related

statistics, issuing recommendations to the public authorities on all matters relating to equality between women and men, organising support for organisations that promote equality between women and men, and providing the public with information.

Job security

The economic climate began to deteriorate in 2001, a trend which was exacerbated by the events of 11 September, the effects of which were felt particularly in the civil aviation and tourism sectors. Companies in these sectors and more widely across the whole economy in all countries experienced difficulties in the latter part of the year, resulting in a spate of company restructuring plans (see below under 'Company restructuring'), including workforce reductions.

A number of agreements containing job security elements were concluded during 2001. One of the most outstanding examples of this is the accord negotiated in Germany for the new employees of the Volkswagen subsidiary, Auto 5000 GmbH. The agreement commits the company to creating a total of 5,000 new jobs, largely among previously unemployed people. In Italy, a company-level agreement reached at Electrolux-Zanussi (IT011136N) commits the company to hiring 320 new employees on a fixed-term basis and to provide assistance to help them subsequently find a job, in the context of a deal to move the company's entire production chain for clothes-dryers from Nuremberg, Germany to Porcia in Italy.

In France, job security and job creation are linked to working time reduction. The government is encouraging employers to negotiate working time reduction deals which include a job-saving or job-creating element, by reducing their social security charges if certain criteria are met. This process is widely held to have been successful and will no doubt continue during 2002 as smaller companies negotiate working time reduction agreements.

In Luxembourg, although job security agreements appear to be relatively rare, an accord was concluded in 2001 in the hospitals sector which protects employees against dismissal and permits them to retain all contractual and collectively-agreed rights for 10 years in the event of a merger or a takeover. Further, if a service is closed down and its activities are taken over by an external company, no workers may be made redundant if the establishment employs more than 100 people (LU0102161N).

In the Netherlands, job security is mainly linked to issues such as employability and performance-related pay. Nevertheless, the slower growth and increasing number of redundancies experienced in the country during the second half of the year have brought this issue to the fore (NL0111103N).

In Spain, a national approach has been taken in relation to job security – the new national pay moderation agreement contains a number of commitments to job creation as a trade-off for pay moderation.

Training and skills development

Training and skills development featured prominently in collective bargaining in many European countries during 2001, often linked to efforts to increase the employability of workers within the framework of the European employment strategy (see below under 'National Action Plans (NAPs) for employment'). A large number of collective agreements concluded in 2001 therefore included clauses relating to training and skills development:

- in Austria, an agreement for blue-collar employees in the paper and pulp sector gives employees the right to one week of paid leave per year in order to participate in training programmes. Provisions relating to training were also included in the agreements for blue-collar employees in the oil industry and for white-collar employees in the telecommunications sector;
- in Belgium, the 2001-2 intersectoral agreement commits employers significantly to increase their spending on training in order to match training expenditure in Belgium's three main neighbouring countries by 2004. Employers are requested to give priority to vulnerable groups such as older workers, women and unskilled workers, in addition to occupations experiencing labour shortages. Furthermore, the agreement again allocated a contribution of 0.10% of total paybill for the training and employment of people in vulnerable groups. It also provided that part-time workers too are now entitled to paid education leave for vocational training, and created additional training opportunities for workers over the age of 45;
- in Germany, the tripartite national Alliance for Jobs issued in March 2001 a joint statement on training which recommended that employers and unions conclude accords to enhance training at company level (DE0103213F). One important sectoral development in 2001 was the conclusion of a training accord in the metalworking bargaining region of Baden Württemberg, which gives employees a right to an annual meeting with their employer to discuss their training needs, with the latter paying for the subsequent training (DE0107233N). Training was also an important component of the agreement at VW's new subsidiary (see above under 'Working time'), which gives employees the right to receive an average of three hours of training per week, half of which will be in paid company time. It also gives employees the right to an individual training plan;
- in Luxembourg, an accord in the hospitals sector (LU0102161N) contains provisions relating to

Table 2. Trends in collective bargaining in the EU Member States plus Norway in 2001

Country	Trends
Austria	The 2001 bargaining round was conducted, as usual, on a sectoral basis, with metalworking playing its usual pattern-setting role. Metalworking sector provisions giving an option to distribute a part of pay increases on a flexible basis were not renewed, although the electrical and electronics subsector accord (a new development in 2001) did include such an option. In general, negotiations were overshadowed by the ongoing conflict between trade unions and the government on a range of social policy issues.
Belgium	Numerous sectoral accords were concluded in 2001 which implemented the provisions of the 2001-2 intersectoral agreement. One notable trend was for 'protocol' accords to be signed, for subsequent detailed implementation. Bargaining focused on pay (in line with the intersectoral pay 'norm') and working time, the two main issues covered by the intersectoral agreement.
Denmark	Bargaining took place in the finance and agriculture-related sectors (the main DA/LO private sector bargaining area having concluded four-year agreements in 2000). Four-year accords were concluded in agriculture, two-year accords in finance and a two-year agreement in the meat and abattoir sector (after some difficulties).
Finland	2001 was covered by a new national two-year incomes policy accord negotiated at the end of 2000 and implemented by sectoral agreements. The new accord covers 90% of Finnish employees and deals with a range of issues, including pay, working time, holidays, unemployment benefit, labour market issues, training and review of employment legislation.
France	Bargaining at both company and sectoral level continued to be dominated by negotiations on the introduction of the 35-hour week. As in 2000, this has had a dampening effect on pay, although there were also some upward pressure on pay due to skills shortages in some areas of the economy.
Germany	Sectoral bargaining remained predominant, though its coverage continues to be eroded. Many of the large sectors were covered by the second-year provisions of two-year accords negotiated in 2000. The pay provisions of these accords were largely moderate. One exception to pay moderation in 2001 was an accord for Lufthansa pilots. Bargaining took place in 2001 in sectors such as retail, banking and insurance.
Greece	Bargaining at sectoral, occupational and company level during 2001 was carried out within the framework of the National General Collective Agreement for 2000-1. The most important sectoral agreements concluded during 2001 included the banking and telecommunications sector accords.
Ireland	Bargaining in 2001 was carried out largely at company level within the framework of the national agreement, the Programme for Prosperity and Fairness (PPF). The first half of the year saw some wage drift as skills shortages and a tight labour market forced employers to pay above the ceiling set by the PPF. However, the economy slowed down in the second half of the year, decreasing the upward pressure on pay.
Italy	Bargaining at both sectoral and company level occurred during 2001. At the end of November, a total of 66 industry-wide collective agreements on pay were in force (out of 80 covered by an Istat survey), covering around 10.9 million employees. During 2001, 32 industry-wide agreements were signed, covering around

continuing vocational training, providing for measures including the setting up of a foundation for continuing training in the sector. Further, the agreement in the vehicle sales and maintenance sector gives employees the right to one hour a month for the purposes of continuing training;

- training has been an issue for the social partners in Norway for some years. Trade unions failed in 2000 to push through their demands for a central fund to finance employees' time off for training. The social partners made a commitment to examine further this issue, although no progress has been made and the issue is unlikely to be high on the agenda in the 2002 bargaining round;

- training remained an issue which featured in a modest number of agreements in Portugal during 2001. A total of six sectoral agreements and one company agreement contained provisions relating to training during the year, compared with six and two, respectively during 2000; and

- finally, in the UK, although this issue has not been prominent in collective bargaining in recent years, much work is being carried out within other forums. Further, recent legislation, such as the Employment Relations Act 1999, gives a higher profile to training, requiring employers to consult employee representatives over training issues. Recent proposed

Country	Trends
Italy (cont.)	7 million employees. One of the most important accords of the year was concluded in the metalworking sector, although there was disagreement between trade unions, resulting in Fiom-Cgil refusing to sign the accord. Other sectoral accords concluded in 2001 include new agreements for staff in 'professional offices' and the electricity sector.
Luxembourg	Bargaining in 2001 largely focused on pay, although some accords touched on subjects such as working time, training and job security. As usual, bargaining occurred mainly at company level. One development in 2001 was that the average length of collective agreements has increased from around one year to closer to two years. Specific accords included an innovative agreement in the hospitals sector, an accord in the vehicle sales and maintenance sector and an accord on harassment at the BRAM retail firm.
Netherlands	Collectively-agreed pay rose by an average of 4.4% during 2001, a figure which was largely seen as moderate, although the range was 3.3% to 5.3%. Other issues covered in mainly sectoral bargaining included working time (including extending the working week), improving work/life balance, flexible pay systems and training.
Norway	There was no central bargaining in 2001 - all major issues had been dealt with in the 2000 main agreement. Company-level agreements focused on pay.
Portugal	The number of agreements concluded during 2001 rose by 6.6% compared with figures for the previous year. As usual, sectoral agreements predominated, although some multi-employer accords (agreements covering more than one company, but not signed by an employers' association) and particularly company-level accords were also concluded. The agreements covered a wide range of issues, including pay, working time, training, flexibility, job security, health and safety, equal opportunities and atypical work.
Spain	Collective bargaining in 2001 was conducted, as usual, at both the sectoral and the company level. Negotiations between the social partners on the reform of the collective bargaining system were ongoing throughout 2001, but no agreement was reached. However, a national agreement on pay moderation for 2002 and a range of other social issues was concluded in December 2001.
Sweden	2001 saw the conclusion of a large number of sectoral agreements, following the expiry of the three-year accords concluded in 1998. Bargaining passed off relatively smoothly, with limited recourse made to the new dispute resolution structures provided for by agreements and by legislation adopted in 2000. The new agreements were mostly three-year deals, providing for an average wage increase of 8.5% over the whole period, plus minor working time cuts in some cases.
United Kingdom	Bargaining continued to be highly decentralised in 2001, taking place at workplace or company level, with little multi-employer bargaining outside the public sector. New, unified pay negotiation machinery arrangements were agreed between employers and unions in the higher education sector.

Source: EIRO.

legislation (UK0112104N) includes a right for 'union learning representatives' to take paid time off to promote training and development in the workplace.

Legislative developments

As indicated in table 3 on pp.24-25, numerous new items of national legislation on a wide range of industrial relations and employment themes were adopted or enacted during the course of 2001. Many new items of legislation brought national law into line with EU Directives, and equality and atypical work were a particular focus, reflecting both EU and domestic agendas.

In terms of sex equality, there was considerable activity. In April, a law was adopted in France lifting the previous ban on night work for women (FR0010196F), while Austria also initiated moves during the year to abolish its ban on such work (AT0107222F). Germany adopted new legislation to promote equal opportunities for employees of the federal civil service and of the federal courts (DE0112206N), though proposed new legislation on equal opportunities in the private sector was put on hold following an agreement on the issue between the government and employers' associations (DE0107231F). An amendment to the Greek Constitution introduced in April 2001 now allows for positive action in promoting equality between men and women (GR0108119F). A law

Table 3. Main legislative developments in 2001

Subject	New legislation
'Atypical work'	In <i>Germany</i> , new legislation on part-time work and fixed-term contracts came into force on 1 January 2001 (implementing the EU Directives on these subjects). In <i>Denmark</i> , the EU part-time work Directive was implemented in June, by giving legal status to a DA/LO collective agreement. The Directive was implemented in <i>Ireland</i> in December and in <i>Sweden</i> in June. The EU Directive on fixed-term work was implemented in <i>Italy</i> in September, in the <i>Netherlands</i> , in <i>Portugal</i> in August and in <i>Sweden</i> in June. In <i>Greece</i> , new legislation on temporary employment agencies was adopted in October.
Employee representation	In <i>France</i> , a new law, passed in May, improved the rights of works councils in takeovers, mergers and proposed share exchanges. In <i>Germany</i> , new legislation on the rights of works councils was adopted in June.
Employment, labour market and job creation	New <i>German</i> labour market legislation was passed in November and came into force on 1 January 2002. In <i>Spain</i> , new legislation on the reform of the labour market was adopted.
Equality	In <i>France</i> , new legislation lifted the ban on night work for women in April. The EU Directive on the burden of proof in sex discrimination cases was implemented in <i>Luxembourg</i> in September. New <i>German</i> legislation on equal opportunities in the civil service was approved in November, along with measures on access to the labour market and equal opportunities for people with disabilities. Legislation was revised to comply with the new EU equal treatment framework Directive in <i>Denmark</i> and the <i>Netherlands</i> . In <i>Norway</i> , the general anti-discrimination legislative framework was strengthened. In <i>Portugal</i> , legislation adopted in May 2001 strengthens existing discrimination legislation and provides for the publication of an annual report on equal opportunities. <i>Danish</i> equal pay legislation was amended in June, and new <i>Swedish</i> legislation on equal pay and other equality matters came into force in January. In November, a <i>Belgian</i> national agreement introduced a right to breastfeeding breaks for nursing mothers. New <i>Dutch</i> legislation provided for various new types of care leave. A law adopted in <i>Luxembourg</i> in August improved protection for pregnant workers and new and nursing mothers. The <i>UK's</i> legislation on parental leave was changed to bring it in line with the relevant EU Directive.

that came into effect in Luxembourg in September 2001 transposed into national law EU Directive (97/80/EC) on the burden of proof in cases of discrimination based on sex (LU0109171N). A new Portuguese law strengthened the supervisory and disciplinary mechanisms in relation to sex discrimination at the workplace.

With regard to time off and leave related to childcare, a new Dutch Work and Care Act (NL9903128F) was adopted in 2001. The legislation brings together various existing and new leave provisions and seeks to facilitate the reconciliation of work and family responsibilities (NL0002182F). In addition to the amendment of existing regulations, such as those governing maternity and parental leave, new provisions cover: the right to adjust working hours if personal circumstances require; paid paternity leave; adoptive leave; and paid leave for urgent personal reasons and to care for family members. Belgium's National Labour Council concluded a national collective agreement (with legal effect) introducing a right to breastfeeding breaks at work for nursing mothers from July 2002 (BE0112361F). The French social security funding law for 2002 (FR0112153F) provided for increased paternity leave. A Luxembourg law adopted in August 2001 improved the protection of pregnant workers and new and nursing mothers against dismissal for serious misconduct and abolished the previous absolute ban on night working (LU0110108F).

Following litigation which reached the European Court of Justice, the UK's legislation on parental leave (UK0105128N) was changed to bring it in line with the relevant EU Directive. Furthermore, an Employment Bill published by the UK government in November 2001 provides for extended parental leave rights and will be amended during its passage through parliament to oblige employers to consider requests for flexible working arrangements from parents with young children (UK0112105N).

As mentioned above (under 'Efforts to eliminate pay inequalities'), there was new legislation related to equal pay in Denmark and Sweden. The Swedish legislation also extended the ban on sex discrimination to the whole recruitment process, and adjusted the burden of proof. Institutional developments included legislation creating a new Institute for Equality between Men and Women in Belgium, and a new Portuguese law providing for the publication of an annual report on equality of opportunity between men and women.

In terms of equality and non-discrimination on grounds other than gender, there was activity in some countries to implement EU Directive (2000/78/EC) of 27 November 2000 establishing a general framework for equal treatment in employment and occupation (EU0010274F). New legislation thus focused on age discrimination in

Subject	New legislation
Industrial relations	In <i>Greece</i> , the wide-ranging Law 2874/2000 on employment regulation was implemented in the spring. In <i>Finland</i> , a new Employment Contracts Act (covering matters such as the 'general validity' of collective agreements) came into force in June. The controversial <i>French</i> 'social modernisation' law (covering a variety of measures) was passed in December. In <i>Ireland</i> , legislation implemented in June introduced important new bargaining and trade union recognition rights. In the <i>UK</i> , a new arbitration procedure was introduced in May, providing an alternative means of resolving claims of unfair dismissal, while changes to employment tribunal rules came into force in July. .
Social security	In <i>Norway</i> , new occupational pensions legislation came into force in January. In May, new <i>French</i> legislation regulated unemployment insurance. New <i>German</i> pensions legislation was passed in May. In <i>Sweden</i> , legislation was controversially amended to introduce a right to work until the age of 67. Legislation in <i>Austria</i> reformed the central institution of the social insurance system.
Termination of contract	The <i>French</i> social modernisation law adopted in December contained various measure making redundancies more onerous for employers. However, provisions on amending the definition of collective redundancies were annulled by the Constitutional Council in January 2002.
Working time	In June, the EU working Directive was fully implemented in <i>Denmark</i> , by giving legal status to a DA/LO proposal. In <i>Portugal</i> , a decree-law issued in May increased working time flexibility. A <i>Belgian</i> law adopted in July contained several measures aimed at reducing working time collectively and individually.
Miscellaneous	In <i>Finland</i> , a new Act on the Protection of Privacy in Working Life came into force in October. A <i>Belgian</i> law adopted in October clarified the employment status of childminders. <i>French</i> legislation reformed employee savings schemes and sought to combat 'moral harassment' (bullying) at work.

Source: EIRO.

Denmark (DK0102113N) and both age and disability in the Netherlands. In Germany, disability was also the focus of several new items of legislation relating to social security and employment (DE0112238F). In Norway, the prohibition against discrimination in recruitment and selection was extended to cover people with disabilities (NO0108138F) and general anti-discrimination law was strengthened

One thrust of national legislation on atypical work in 2001 was implementation of the EU Directives on part-time work (97/81/EC) and fixed-term work (1999/70/EC). The part-time work Directive was implemented in Denmark (DK0106123N), Germany (DE0011293F), Ireland (IE0202202F) and Sweden (SE0106104N). In Denmark, implementation of the part-time work Directive was particularly interesting. Normally, the Directive would have been implemented in Denmark exclusively through collective agreements. However the government decided to use legislation to give legal status to an agreement on the issue drafted by the LO union confederation and DA employers' confederation. The legislation provides that fields which are not covered by their own agreements implementing the Directive are covered by the LO-DA agreement. The fixed-term work Directive was implemented in Germany, Italy (on the basis of a joint statement signed by many social partner organisations - IT0105282F), the Netherlands, Portugal (PT0108160F) and Sweden (SE0106104N).

Another main thrust of atypical work legislation was wider labour market concerns. A French 'social modernisation' law (FR0101121F) adopted in December 2001 (see below) included measures to tackle precarious employment through restrictions on fixed-term contracts. Spanish labour market reform legislation sought to increase employment and improve its quality, by limiting temporary recruitment slightly and fostering part-time employment (ES0103237F). In Greece, legislation adopted in October introduced a new legislative framework on temporary employment agencies, which for the first time lays down specific rules on the establishment, operation and obligations of agencies and the employment rights of temporary agency workers (GR0111101F).

Key legislative developments relating to working time in 2001 included the completion of the implementation of Directive (93/104/EC) on certain aspects of the organisation of working time in Denmark (DK0112158F) through the new dual legislation/bargaining method used for the part-time work Directive (see above). Elsewhere, in parallel with Belgium's 2001-2 intersectoral agreement (see above under 'Working time'), a law was adopted in July 2001 containing several measures aimed at reducing working time collectively and individually with a view to giving workers more time to meet their family and social obligations. It was proposed that the Dutch 1996 Working Time Act be amended to give employees the

right to refuse to work on Sundays. In Portugal, a decree law adopted in May provides for greater working time flexibility for workers in a precarious employment situation.

In terms of general labour market policy, a new German law, the so-called 'Job-Aktiv-Gesetz', was passed in November 2001 and came into force on 1 January 2002 (DE0112203F). The new legislation aims to improve the efficiency of employment services, improve skills levels and allow for a better reconciliation of work and family life. In Portugal, a new law which came into force in January 2001 regulates the status of immigrant workers (PT0101131F).

In the area of social security, a new French law on unemployment insurance was implemented in July (FR0106161N), while the social security funding law for 2002 (FR0112153F) provided for a general rise in pensions. In May, the German government's pension reform was approved, thus clearing the way for a substantial revision of the pensions system (DE0106227N). In Norway, new occupational pensions legislation came into force on 1 January 2001 (NO0101119F). In Sweden, the government proposed a reform of the occupational injury insurance scheme in December (SE0106106F) and earlier in the year introduced a right to work until the age of 67. This was challenged by trade unions on grounds of infringement of collective bargaining rights, as it would overrule collectively-agreed provisions stating that the retirement age is 65 (SE0201113N). The Austrian government controversially reformed the central institution of the social insurance system, changing significantly its representational structure (AT0108225N).

Job security was one of the issues at the centre of a French 'social modernisation' law (FR0101121F), which was finally approved by parliament in December 2001. It provides for measures to make redundancies more onerous for employers, including: a doubling of the minimum redundancy compensation; the extension of deadlines; a requirement to convene negotiations on the 35-hour week prior to any redundancy plan; increased powers for works councils; nine-month redeployment leave for redundant workers; and a contribution to the regeneration of closed sites by companies with a workforce of over 1,000. However, in January 2002 the Constitutional Council (Conseil constitutionnel) ruled that a provision of the law tightening the definition of collective redundancies was too restrictive and therefore unconstitutional (FR0201102F).

The most significant legislative development relating to employee participation in 2001 was the wide-ranging reform of the German Works Constitution Act, approved in June, which sought to adjust many aspects of works councils to a changing environment (DE0107234F). In France, a law on 'new economic regulations' (FR0105156F) strengthened to some extent the powers

of works councils in takeovers, mergers and proposed share exchanges.

General industrial relations legislation passed in 2001 included Ireland's Industrial Relations (Amendment) Act 2001, which introduced important new bargaining rights (IE0112226N). In the UK, changes to employment tribunal rules came into force in July and the government subsequently issued further proposals to reduce the number of tribunal applications (UK0108142N). Further, a new arbitration procedure was introduced in May, providing an alternative means of resolving claims of unfair dismissal (UK0109101F).

In June, a revised Employment Contracts Act came into force in Finland (FI0107193F). The main aims of the reform were to improve the position of fixed-term and part-time employees, to define more precisely the system of 'general validity' of collective agreements, and to clarify provisions concerning employment security. In Greece, 2001 saw the implementation of Law 2874/2000 on 'employment regulations and other provisions' (GR0104104N). In addition to seeking to encourage working time flexibility, this law regulates a range of important issues relating to labour relations, such as overtime, redundancies and matters involving leave;

Finally, notable legislation on other issues in 2001 included: a new law in Belgium on the employment status of childminders (BE0107356F); a new Finnish Act on the Protection of Privacy in Working Life, regulating issues such as the testing of employees, the handling of information concerning their health, and rules on monitoring the workforce (FI0106191F); and French legislation reforming employee savings schemes (FR0102129N) and seeking to combat 'moral harassment' (bullying) at work (FR0105152N).

The organisation and role of the social partners

A wide range of significant developments concerning both the organisation and the role of social partner organisations took place during 2001. As usual, there were a number of trade union mergers, in keeping with the trend seen over the past few years, though also some failed attempts to merge. The most notable trade union mergers and proposed or failed mergers included the following:

- in Austria, the Union of Salaried Employees (Gewerkschaft der Privatangestellten, GPA) and the blue-collar Metalworking and Textiles Union (Gewerkschaft Metall-Textil, GMT) announced in October their intention to merge (AT0110205N);
- in Belgium, two affiliates of the Confederation of Christian Trade Unions (Confédération des Syndicats Chrétiens/Algemeen Christelijk Vakverbond, CSC/ACV) merged to form CSC/ACV Transport and Communications (CSC/ACV-Transcom) in April;

- in Denmark, two proposed mergers failed in 2001. The proposed merger between the Danish Union of Metalworkers (Dansk Metal) and the Danish Union of Electricians (Dansk EI-Forbund, DEF) was rejected in a ballot (DK0110101N), as was a proposed merger between the Danish Federation of Early Childhood Teachers and Youth Educators (Forbundet for pædagoger og klubfolk, BUPL) and the National Union of Nursery and Childcare Assistants (Pædagogmedhjælpernes Forbund, PMF);
- in Finland, a proposal for a merger between the Central Organisation of Finnish Trade Unions (Suomen Ammattiliittojen Keskusjärjestö, SAK), the Finnish Confederation of Salaried Employees (Toimihenkilökeskusjärjestö, STTK) and the Confederation of Unions For Academic Professionals (AKAVA) was discussed in principle during 2001. In May, four member unions of the white-collar STTK confederation merged to form the Union of Salaried Employees (Toimihenkilöunioni, TU) (FI0106189N);
- in Germany, the new Unified Service Sector Union (Vereinte Dienstleistungsgewerkschaft, ver.di) came into being on 1 March 2001 (DE0104220F), following the merger of five unions;
- in Norway, the founding congress of a new teachers' union, Utdanningsforbundet, was held in October 2001 and the new union became operational on 1 January 2002 (NO0110105N). This is the result of a merger between the Norwegian Union of Teachers (Norsk Lærerslag, NL) and the Teachers' Union Norway (Lærerforbundet);
- in Sweden, the planned merger of four white-collar trade unions affiliated to the Swedish Confederation of Professional Employees (Tjänstemännens Centralorganisation, TCO) failed in December 2001 following the narrow refusal of one of the trade unions, the Salaried Employees' Union (Handelstjänstemannaförbundet), to accept the deal (SE0201111N); and
- in the UK, the Amalgamated Engineering and Electrical Union and the technical union Manufacturing Science Finance announced in April that the proposed merger between the two organisations had been approved in membership ballots. The new 'super-union' - named Amicus - came into being on 1 January 2002. Another new union, Prospect, came into being on 1 November 2001 as a result of a merger between the Institution of Professionals, Managers and Specialists and the Engineers' and Managers' Association.

In terms of developments in the structure of employers' organisations, 2001 saw the merger of Sweden's main central private sector employers' and industry organisations - the Swedish Employers' Confederation (Svenska Arbetsgivareföreningen, SAF) and the Federation of Swedish Industries (Industriförbundet) - to

create the Confederation of Swedish Enterprise (Svenskt Näringsliv) (SE0105199N). In Denmark, four organisations representing companies in the service sector tabled a proposal in June for a large-scale merger, bringing together organisations representing both employers' and business interests (DK0107127F). In Belgium, the Belgian Producers of Construction Materials (Producteurs Belges de Matériaux de Construction) joined the Federation of Belgian Enterprises (Fédération des Entreprises de Belgique/Verbond van Belgische Ondernemingen, FEB/VBO) in May 2001. In Germany, the issue of declining membership of employers' organisations, particularly in the east, is an ongoing problem.

Social partner conferences and congresses held during 2001 include those staged by the Greek General Confederation of Labour (GSEE) and the Confederation of Public Servants (ADEDY). In Italy, the Confindustria employers' confederation held a conference in March at which it presented proposals to reinvigorate the Italian economy (IT0104185F) and the Italian Confederation of Workers' Unions (Confederazione Italiana Sindacati Lavoratori, Cisl) held its 14th national congress in June (IT0107191N). In Norway, the Norwegian Confederation of Trade Unions (Landsorganisasjonen i Norge, LO) held its four-yearly national congress in May 2001 (NO0105132F), at which Gerd-Liv Valla was elected as president, the first woman to hold this post.

One issue preoccupying trade unions in many countries during 2001 was declining membership or density levels - as in Germany (DE0103210N), Ireland (IE0104233N) and Sweden (SE0106105F). A number of unions embarked on recruitment drives during the year, including the German union ver.di's attempts to attract high-skilled employees in the media industry (DE0111204N). Low trade union density was an issue during 2001 in the Netherlands, where the liberal Party for Freedom and Democracy (Vereniging voor Vrijheid en Democratie, VVD) pointed out the relatively small number of employees represented by unions (density is under 30% in the Netherlands) and questioned the high-profile role they play in many public bodies and in the 'extension' of collective agreements to cover whole sectors (NL0103127F). An issue in Denmark was the question of whether there are too many unions (169 in 2001, of which one-third had fewer than 1,000 members) for the purposes of efficient operation and representation of members (DK0105120F).

More generally, in Austria, both the Austrian Trade Union Confederation (Österreichischer Gewerkschaftsbund, ÖGB) and the employers' body, the Chamber of the Economy (Wirtschaftskammer Österreich, WKÖ), announced during the course of 2001 their intention to reform their internal structures, with WKÖ reducing membership dues in November (AT0105215N).

In France, 2001 was a troubled year for the social partners, as illustrated by the refusal of the Movement of French Enterprises (Mouvement des entreprises de

France, MEDEF) employers' confederation and the the General Confederation of Small and Medium-sized Enterprises (Confédération générale des petites et moyennes entreprises, CGPME) to take up their seats on the joint administrative boards of social security funds (FR0111104N). Nevertheless, 2001 saw dialogue on the 'overhaul of industrial relations' (FR0102134F), originally proposed by MEDEF in 1999, with some agreements reached.

In Luxembourg, the debate about the nationally representative status of trade unions continued to rage during 2001. In June, the Administrative Court ruled that the Luxembourg Association of Bank and Insurance Employees (Association luxembourgeoise des employés de banques et d'assurances, ALEBA) was nationally representative. In October, the government presented a draft reform of the legislation governing nationally representative status (LU0111102F).

Norway remains a country which is experiencing considerable upheaval in terms of the organisation of the social partners. The Confederation of Norwegian Professional Associations (Akademikernes Fellesorganisasjon, AF) was formally dissolved in 2000 (NO0006195N) and a new public sector trade union confederation, involving teaching, nursing and police officers' unions, Utdanningsgruppenes Hovedorganisasjon (UHO) was established in December 2001 (NO0201184F). 2001 also saw significant changes in bargaining responsibilities on the public sector employers' side.

Industrial action

2001 was a varied year in terms of industrial action. Some countries saw no significant industrial action at all during the year (as in Denmark, Luxembourg and Norway), while others experienced a difficult year in terms of industrial unrest, for a variety of reasons.

In Austria, there was widespread unrest throughout most of the year due to trade unions' opposition to a range of the new government's social policy proposals. This is in contrast to Austria's largely peaceful industrial relations climate of recent years. In the summer, the ÖGB union confederation mobilised workers to protest against the centre-right government's plans to reform the public social insurance system (AT0108225N). It also held, in October, a membership ballot which gave it a mandate to take industrial action in protest against government reform plans (AT0111201F). Commentators note that the traditional consensus surrounding social policy in Austria is under considerable pressure.

'Political' industrial action by trade unions against government policies (notably in the social security field) was also a feature in Greece, where two one-day general strikes were held in protest against government plans to reform the social insurance system (GR0105108N), and in Italy, where a national strike was threatened in protest

against government proposals to reform the pensions system, the tax system and the labour market, and regional strike action was taken towards the end of the year (IT0201108N). A planned general protest strike was called off in Luxembourg after a deal with the government on pensions (LU0110101N).

In France, there were a number of disputes in the public sector, largely connected with the implementation of the 35-hour week and aspects of pay and conditions. Further, various disputes during the year were connected with restructuring or closure plans at companies such as Danone, Marks & Spencer (FR0104147F), AOM-Air Liberté (FR0109175N) Moulinex (FR0111103N). A similar pattern of public sector action over reform plans and private sector action over restructuring could be seen in Belgium.

In Spain, civil servants took strike action over a wage freeze, there was a long dispute at the bankrupt telecommunications company Sintel over the relocation of parts of its workforce (ES0111301N) and unions staged regional strike action in protest against continuing high industrial accident rates, a perennial problem in Spain (ES0104241N).

In the UK, strike action was staged by tube train drivers over safety issues, by postal workers over new working time arrangements and by firefighters over appointments to senior management positions.

A number of disputes took place in connection with collective bargaining. These included:

- a range of actions in sectors across the economy in Belgium, mostly in connection with the implementation of the current intersectoral agreement;
- in Finland, the year's main industrial action - and indeed the country's longest-ever strike - arose from a dispute over a new pay deal between the Finnish Medical Association (Suomen Lääkäriliitto, SLL) and the Commission for Local Authority Employers (Kunnallinen Työmarkkinalaitos, KT). Strike action of various forms taken by doctors lasted for 20 weeks before the dispute was resolved by the conclusion of a two-year agreement (FI0108195N);
- in Germany, one of the year's most high-profile disputes was the action taken over pay by pilots employed by the airline Lufthansa (see above under 'Pay'). In addition, a number of warning strikes accompanied collective bargaining in sectors such as retail and public broadcasting, and in the metalworking sector in connection with negotiations for a new agreement on training (see above under 'Training');
- in the Netherlands, strike action was taken by healthcare unions in support of pay claims, eventually leading to the conclusion of a new agreement (NL0106134N);

- in Spain, strike action took place in a range of sectors and companies across the economy, including in the bus sector in Barcelona (ES0101227N) and at the Spanish division of the Ford motor company (ES0111211F); and
- in Sweden, the 2001 collective bargaining round passed off smoothly, with a few exceptions, such as strike action by train drivers (SE0111102N).

However, it should be noted that even in countries which experienced high-profile industrial action in 2001, such as France, overall levels of action remain low in historical terms

National Action Plans (NAPs) for employment

The European employment strategy, as set out in the employment title of the Treaty establishing the European Community, was in its fourth annual cycle during 2001. The basic shape of the strategy, as set out at the European Council's special employment summit held in Luxembourg in November 1997 (EU9711168F), remained unchanged – the strategy is based on the four main 'pillars' of employability, entrepreneurship, adaptability and equal opportunities. Member States draw up National Action Plans (NAPs) for employment each year, based on Employment Guidelines issued the previous autumn by the European Commission and approved by the Council of Ministers. The Council and the Commission then draw up a joint report, assessing the labour market performance of each Member State, in addition to recommendations on how performance may be improved the following year.

The current Employment Guidelines state that the 'Member States shall develop a comprehensive partnership with the social partners for the implementation, monitoring and follow-up of the Employment Strategy. The social partners at all levels are invited to step up their action in support of the Luxembourg process. Within the overall framework and objectives set by these guidelines, the social partners are invited to develop, in accordance with their national traditions and practices, their own process of implementing the guidelines for which they have the key responsibility, identify the issues upon which they will negotiate and report regularly on progress, in the context of the National Action Plans if desired, as well as the impact of their actions on employment and labour market functioning.' However, this social partner involvement is realised to varying extents in the individual Member States. The 2001 joint employment report stated that 'the contribution of social partners, which is an essential condition for the success of the strategy, needs to be better integrated in the process and better evaluated.'

For the purposes of this overview, EIRO national centres were asked to assess the satisfaction of employer and employee representative groups with their involvement in the various aspects of their NAP in 2001 and with the

NAP process generally, marking this satisfaction from 1 ('very unhappy') to 5 ('very happy'). The findings are set out in table 4 on p.30. Where there is more than one central social partner organisation on the employer or union side in a country, and their views differ, their identity is indicated in the table. No data are available for Denmark, Germany and Luxembourg and no data on employers' views are available for Sweden.

Very generally speaking, employer representative organisations were on the whole more satisfied with all aspects of their involvement in the drawing up and implementation of their country's NAP than employee representative organisations and trade unions. Having said that, however, employee representatives in Portugal and Sweden stated that they were very happy at least with the timing of their consultation in drawing up the NAP. Further, a number of employers' organisations were very unhappy with certain aspects of the NAP – for example, some employers' groups in Portugal were very unhappy with the lack of inclusion of their views in the NAP and the way in which the NAP is handling labour market issues in general. Similarly, in Greece, employers are very dissatisfied with the issues covered in the NAP, their level of involvement in the implementation of the NAP and the way in which the Greek NAPs are handling labour market issues in general.

Overall, the greatest levels of employer satisfaction with NAPs were found in the UK, Austria and Italy, and the highest levels of dissatisfaction in Greece (by some distance), Belgium and Portugal. On the employee side, the greatest levels of satisfaction with were found in Sweden and Portugal and the highest levels of dissatisfaction in Spain and Greece. Combining the views of the two sides, the social partners seemed happiest with the NAPs in the UK, Austria and Italy and least happy in Greece (by some distance) and Spain.

For more details of social partner views on these issues, see table 5 on pp.32-33.

Company restructuring

2001 was a difficult year for companies, employees and the organisations which represent them. The second half of the year in particular was characterised by an economic slowdown which was given momentum by the events of 11 September. A large number of company restructuring initiatives had already taken place throughout the year, but these multiplied in the final quarter of the year as companies in civil aviation, tourism and related industries struggled to survive.

At European level, a number of initiatives aimed at cushioning the social effects of restructuring were either launched or were ongoing during 2001. A high-level group briefed to examine industrial relations and managing change, created by the European Commission, held its first meeting in February 2001 and issued a final report in January 2002 (EU0103200N). Further, the

Table 4. Social partners' views on their involvement in a range of aspects of their NAP, 2001
(1 = very unhappy, 5 = very happy)

1	2	3	4	5
1) Were the social partners consulted early enough in the process of drawing up the NAP?				
<i>Employer representatives</i>				
	Greece, Portugal (CIP, CCP)	Belgium, France, Ireland, Netherlands, Spain,	Austria, Finland, Italy, Portugal (CAP)	UK
<i>Employee representatives</i>				
Austria, Italy (Cisl), Spain	Finland, Greece, UK	Belgium, France, Ireland, Italy (Cgil), Netherlands, Portugal (UGT), Sweden (LO)		Portugal (CGTP), Sweden (SACO)
2) Were the social partners happy that their views, once heard, had been taken on board in the drafting of the plan?				
<i>Employer representatives</i>				
Portugal (CIP)	Belgium	Austria, Finland, France, Greece, Ireland, Italy, Netherlands, Portugal (CCP, CAP), Spain	UK	
<i>Employee representatives</i>				
Austria, Spain	Belgium, Portugal (CGTP)	Finland, France, Greece, Ireland, Italy (Cisl), Netherlands, Portugal (UGT), Sweden (LO), UK	Italy (Cgil), Sweden (SACO)	
3) Were the social partners happy with the issues covered by the NAP?				
<i>Employer representatives</i>				
Greece	Finland, Portugal (CIP)	Austria (WKÖ), France, Ireland, Netherlands, Portugal (CAP), Spain,	Belgium, Italy, Portugal (CCP),	Austria (VÖI), UK
<i>Employee representatives</i>				
Greece	Finland, Spain	Austria, France, Ireland, Italy, Netherlands, Sweden (LO)	Belgium, Portugal, Sweden (SACO), UK	
4) Are the social partners happy with their involvement in the implementation of the NAP?				
<i>Employer representatives</i>				
Greece	Belgium, Portugal (CCP),	Finland, France, Ireland, Italy, Netherlands, Portugal (CIP,CAP), Spain	Austria (WKÖ)	Austria (VÖI), UK
<i>Employee representatives</i>				
Greece, Italy (Cgil), Spain	Belgium, Italy (Cisl), UK	France, Ireland, Netherlands, Portugal, Sweden (LO)	Austria, Finland, Sweden (SACO)	
5) Are the social partners happy with the way in which NAPs are handling labour market issues in general?				
<i>Employer representatives</i>				
Greece, Portugal (CIP)	Belgium, Finland	France, Ireland, Netherlands, Portugal (CCP, CAP), Spain,	Austria (WKÖ), Italy	Austria (VÖI), UK
<i>Employee representatives</i>				
Greece	Belgium, Portugal (CGTP), Spain	France, Ireland, Italy (Cisl), Netherlands, Portugal (UGT), Sweden (LO)	Austria, Italy (Cgil), Sweden (SACO), UK	

Source: EIRO.

European Parliament adopted a resolution on the social consequences of industrial restructuring in February (EU0103199N). The European Commission issued in May a package of measures designed to reduce the social impact of large-scale job cuts (EU0106216N). Finally, the Commission launched consultations with the European-level social partners on the issue of industrial restructuring in January 2002 (EU0201235F) – the social partners had six weeks in which to give their views on the subject.

There were numerous examples of restructuring programmes in 2001, many involving significant job losses, in individual countries and by multinationals operating across Europe. They include the following:

- in Belgium, restructuring took place across the economy, including at the motor manufacturer Opel (BE0109301F), the retail firm Carrefour (BE0104347N), the Electrabel electricity company (BE0103343F) and the Arcelor iron and steel group formed by the merger of Usinor, Aceralia and Arbed (BE0104344F). In April 2001, Danone, the French-based food group announced that it was closing its Belgian factory, with the loss of 412 jobs, and the UK retailer Marks & Spencer announced that it was closing its four Belgian shops, with the loss of 315 jobs ;
- in Finland, the telecommunications company Sonera announced large-scale redundancies in the summer of 2001 (FI0108100F);
- in France, a large number of companies began high-profile restructuring exercises, including Michelin, Danone and Moulinex. This contributed directly led to amendments to redundancy legislation (see below);
- in Germany, one of the most high-profile restructuring exercises took place at Adam Opel AG, (part of the US-based General Motors) where redundancies were agreed between the works council and national management;
- in Ireland, one of the main events of 2001 was the announcement by the US-based information technology company Gateway in August that it intended to close its European headquarters in Dublin, with the loss of 900 jobs. A number of further job losses took place in the Irish information and communications technology sector during the year (IE0108101F);
- in Italy, the motor manufacturer Fiat presented a wide-ranging reorganisation plan in December (IT0201107N);
- in Luxembourg, the main restructuring event of 2001 was the merger of three iron and steel enterprises, Arbed (Luxembourg), Usinor (France) and Aceralia (Spain) to form Arcelor. An agreement provided guarantees for the Luxembourg workforce (LU0201191F);
- in the Netherlands, the telecommunications group KPN announced redundancies which were reduced

from 4,800 to 2,800 after consultation with unions and the works council. All staff will accept a pay cut for a two-year period (NL0111103N);

- in Norway, the engineering and construction group Kværner merged with its competitor Aker Maritime (NO0112108N) in order to address financial difficulties;
- in Sweden, the telecommunications group Ericsson announced in 2001 its intention to make 2,100 workers redundant (SE0104193N). In total, it is estimated that 69,000 workers were made redundant in Sweden during the course of 2001, half of them in the manufacturing industry; and
- in the UK, one of the most high-profile restructuring events of 2001 was the large-scale redundancy programme announced at the Anglo-Dutch steelmaker Corus in February (UK0102113F).

The airline sector deserves a special mention in the list of restructuring exercises carried out in 2001 as it has suffered particularly badly. The main events included the following:

- in Belgium, the national air carrier SABENA went bankrupt in 2001 (BE0109362N). This was preceded by the failure of another Belgian airline, Citybird;
- in Denmark, white-collar employees and pilots at SAS agreed to a 5% cut in pay as part of a restructuring exercise (DK0201124N);
- in Germany, most major airlines were affected by the aftermath of 11 September, with LTU being brought to the edge of bankruptcy (DE0111207F);
- the Irish airline Aer Lingus was in a precarious position at the end of the year and was due to make over 2,000 redundancies;
- the Italian airline, Alitalia, drew up a restructuring plan in 2001 involving over 5,000 redundancies (IT0111103N). Negotiations as to how to implement the plan continued at the end of the year;
- the Norwegian airline, Braathens was bought in 2001 by SAS and both airlines were subsequently to make significant job cuts; and
- the Spanish airline Iberia drew up a workforce adjustment programme which will involve the loss of over 2,500 workers (ES0112243F).

The high incidence of restructuring exercises has had an impact on the regulatory framework in some countries. In France, the fact that companies such as Michelin and Danone had announced redundancies while simultaneously publishing high profit figures led the government to redraft and tighten redundancy legislation. This move ensured a heated debate throughout the year, culminating in the approval of a number of measures making redundancies more onerous for employers, but annulment of a tighter definition of redundancy by the Constitutional Council (see above

Table 5. Main features of the social partners' involvement in Member States' NAPs in 2001

Country	Involvement
Austria	All four main social partner organisations were involved in drawing up and implementing the 2001 NAP, in keeping with the practice of recent years. Close cooperation was maintained, despite the conflicts between unions and the government in 2001 in other areas of labour market and social regulation. In general, employer organisations were more satisfied with all aspects of the NAP than employee representative organisations.
Belgium	Although both employer and employee representatives felt that they had been adequately consulted in advance of drawing up the Belgian NAP, they were not satisfied with the government's take-up of their views in the drawing up of the NAP. Nor were they happy with their general involvement in its implementation and, although they were satisfied with the issues the NAP covered, they were not happy on the whole with the way in which the NAPs are handling labour market issues in general.
Denmark	There is a three-phase process for drafting the Danish NAP: the social partners are invited to preliminary discussions with ministers; the social partners may then submit contributions for incorporation into the NAP; and the draft is circulated, at which stage the social partners may propose amendments. The social partners thus play a central role in the drafting of the NAP and although the government decides on the final draft, there is broad satisfaction with the drafting process.
Finland	Views on social partner involvement in the drafting and implementation of the Finnish NAP were mixed. In general, employers were satisfied with the consultation process, although employee representatives were largely dissatisfied. In terms of their views being reflected in the NAP itself, both employer and employee representatives expressed broad satisfaction. However, neither employer nor employee representatives were happy with the general content of the NAP, although there was more satisfaction regarding both employer and particularly employee involvement in the implementation of the NAP.
France	In France, there were highly divergent views within both employer and trade union camps on the effectiveness of the planning and implementation of the French NAP. Although table 4 indicates that, in general, the social partners on both sides are broadly satisfied with all aspects of the French NAP in 2001, this in fact masks a range of divergent views.
Germany	There is no specialised institution dealing with the implementation of the German NAP. Rather, the government sees the tripartite national Alliance for Jobs forum as the central framework for involving the social partners in the formulating of employment policies, which therefore discusses all issues relating to the NAP. The government made reference in the 2001 NAP to a range of agreements and declarations concluded within the Alliance for Jobs. Apart from this, the 2001 NAP did not feature in public debate.
Greece	In 2001, as in 2000, the social partner organisations on both sides leveled criticism against the government for inadequate involvement of the social partners, both at the planning and implementation stage of the NAP. One positive development during 2001 was the establishment of special meetings between government, employer and employee representatives. Nevertheless, it was thought by the social partners that this dialogue was ineffective and both employers and unions believe the Greek NAP to be largely a unilateral expression of the government's views.
Ireland	There was regular dialogue and consultation of the social partners in relation to the preparation and monitoring of the Irish NAP. The current national agreement, the Programme for Prosperity and Fairness (PPF), states that the NAP should be the main channel for consultation on overall labour market policies. There was a general degree of satisfaction among all the social partners regarding all aspects of the drafting and implementation of the 2001 NAP.

under 'Legislative developments'). In Italy, the new centre-right government is seeking to relax on a temporary basis and for certain categories of workers, legislation obliging employers to reinstate workers who have been unfairly dismissed (Article 18 of the Workers' Statute) in order to stimulate employment (IT0110104F). However, this has caused considerable controversy among trade unions, which staged industrial action towards the end of the year.

An EIRO comparative study conducted in 2001 examined the industrial relations aspects of the massive wave of corporate mergers and acquisitions (M&As) currently affecting Europe (TN0102401S). The study found that,

while M&As do not systematically have a negative impact on employment levels, increased M&A activity does lead to economic uncertainty and industrial relations instability. While the M&A phenomenon has not yet undermined relatively solid industrial relations systems, such as those in northern/central Europe, they have nevertheless been considerably affected, especially in the case of cross-border M&A. In such M&As, national industrial relations systems are laid bare to comparison and as a result, there is a danger of 'social dumping'. Within the EU, this danger has been offset by major harmonisation of some areas of industrial relations between the Member States. A common legislative core now exists in relation to some aspects of M&As, mainly

Country	Involvement
Italy	The Italian 2001 NAP was issued by the centre-left government at the beginning of May 2001, a few weeks before the general election. The new centre-right government that came to office after the election subsequently submitted an additional document to the European Commission without any consultation of the trade unions. There are some divergent views, including between trade unions, as to satisfaction with the drafting and implementation of the NAP. The General Confederation of Italian Workers (Confederazione Generale Italiana del Lavoro, Cgil) stresses that its views on the process (as expressed in table 4 on p.30) are based on what happened before the new government came to power.
Luxembourg	After the major difficulties surrounding the 1998 NAP, the drafting and implementation of the 2001 NAP - the first since 1998 - appeared to go smoothly. The drafting of the NAP was carried out by tripartite committees behind closed doors and the general feeling from all the social partners was that the process was satisfactory.
Netherlands	The social partners are closely involved in the drafting and implementation of the Dutch NAP. In general, there appears to be a broad consensus that the process was satisfactory in 2001, although specific groups have particular demands: for example, employers have criticised subsidised employment schemes, while employee representatives see these as a stepping stone into the labour market.
Portugal	Views on the effectiveness of the drafting and implementation of the Portuguese NAP in 2001 varied considerably, between and among employer organisations and trade unions. In general, employers were more likely than trade unions to feel that they had not been consulted early enough in the process. There was broad satisfaction that views had been taken on board, although the Confederation of Portuguese Industry (Confederação da Indústria Portuguesa, CIP) was very dissatisfied. The social partners were happy with the issues covered by the NAP and broadly satisfied with their involvement in its implementation and with its ability to deal with general labour market issues (with the exception of CIP).
Spain	There was broad dissatisfaction among the social partners with the drafting and implementation of the Spanish NAP in 2001. Trade unions were particularly critical and employers only slightly less so. Nevertheless, the government maintains that it followed the same procedures as those adhered to in recent years. Particular criticisms from the social partners concern the fact that, in their view, information, rather than consultation, meetings were held. On a more positive note, trade unions and particularly employers were particularly pleased with the equal opportunities measures contained in the 2001 NAP.
Sweden	There was a general consensus that the process for formulating and implementing the Swedish NAP worked well in 2001. The Swedish Trade Union Confederation (Landsorganisationen, LO) in particular commented that social partner working groups, linked to the government and dealing with NAP-related issues, functioned particularly well. Nevertheless, unions would have liked to have seen more of their views taken on board in the actual content of the NAP. Employers state that the involvement of the social partners is largely limited to providing the information required by the government and the resulting NAP is essentially a document where the government describes and defends its labour market policies.
United Kingdom	The Trades Union Congress (TUC) and Confederation of British Industry (CBI) were both consulted by the government in 2001 in advance of the drafting of the NAP. However, the practice of including a joint contribution by the two organisations was discontinued in 2001. In general, CBI representatives were more satisfied with the process than their TUC counterparts. The TUC feels that the UK lacks the institutional arrangements to take the process forward.

Source: EIRO.

based on the EU Directives on workers' rights in the event of transfers of undertakings and collective redundancies.

However, while these Directives have undoubtedly helped to harmonise individual workers' rights, differences in the intervention rights of workers' representatives in different countries continue to exist. There are many shortcomings in the national systems providing for workers' representatives to intervene in M&A situations. An example is the point at which the intervention may be made. Very often, representatives are able to take only very belated action, after the economic decisions have been made. This delay considerably reduces any

possibility of changing these decisions to accommodate workers' interests better.

Another EIRO comparative study conducted in 2001 looked at the extent to which employees and collective bargaining are involved in managing and responding to less dramatic, continuous and pervasive company restructuring processes (TN0107201S). It found that works councils and similar structures are usually informed about restructuring decisions taken by management, and participation over organisational restructuring at the workplace occurs in accordance with the level of participation rights granted to employees by legislation or agreements. These rights involve information and

consultation in almost all cases, plus negotiations over certain issues in a minority of countries. The decision to restructure is itself not negotiable and any negotiations most often concern the consequences of restructuring, usually seeking to limit the harmful effects for employees. At company level, it is generally existing employee participation structures and processes which handle restructuring issues. Indeed, dealing with restructuring has increased the importance of company-level employee representatives, giving them new roles and responsibilities, and it is one of the key issues in the work of works council-type bodies.

Perhaps surprisingly, the study found that collective bargaining as such does not deal greatly with issues relating to continuous restructuring. At company level, bargaining with trade unions on restructuring (outside the abovementioned participation arrangements) does occur in some countries, often dealing with specific aspects of the consequences of restructuring, but in only a few cases is such bargaining more important than participation arrangements. At higher levels, both sectoral and intersectoral, where bargaining does touch on restructuring-related matters, it often provides a framework or deals with procedures, rather than containing substantive provisions. Trade unions above the local level and employers' organisations have little or no input into the practical debate on restructuring. Overall, it is argued that the real influence of employees and their organisations in relation to continuous company restructuring is very limited.

Employee participation

The issue of employee participation featured prominently in debates at EU level during 2001. The proposal for a Directive establishing a national framework for informing and consulting employees made steady progress through the EU decision-making machinery during the year, culminating in the issuing of a conciliated text on 17 December which was approved by the EP on 5 February 2002 and by the Council on 18 February. Member States have three years in which to implement its provisions and there is a longer implementing period for smaller companies in countries which have no generalised statutory framework for informing and consulting employees (ie the UK and Ireland). The other main proposal relating to employee participation, the Regulation on the European Company Statute and the accompanying Directive providing for worker involvement in European Companies, was adopted by the Council on 8 October 2001 (EU0110203N).

Despite these developments at European level, there has so far been little debate or other activity on these two proposals in most Member States. There is no indication as yet of the number of companies which will use the European Company Statute to incorporate as a European Company. Further, as most Member States already have extensive provisions in place in relation to informing and consulting employees, the implementation of this new Directive has generally been the subject of little debate.

However, in the two countries where the information and consultation Directive is likely to have the most impact – the UK and Ireland – debate was lively over the course of 2001.

In Ireland, the Directive has been welcomed by trade unions but is viewed as a burden on business by employers, which state that this is contrary to the voluntarist tradition of industrial relations practices in Ireland (IE0106168F).

In the UK, the Directive has been welcomed by the TUC union confederation but the CBI employers' organisation has consistently campaigned against it, although it welcomed the amendments included in the final text of the Directive, in particular the longer implementing period for smaller companies in the UK and Ireland (UK0201116N).

In terms of the domestic agenda, Germany was the country with the most high-profile events in the area of employee participation during 2001. Amendments to the Works Constitution Act (Betriebsverfassungsgesetz, BetrVG), were drafted and passed during the year, in what is considered to be one of the boldest reforms in the field of co-determination since 1972 (DE0107234F). The amendments update the legislation, make it easier to elect works councils, extend co-determination rights in some areas, and encourage the participation of women and ethnic minorities in workplace representation structures.

In the Netherlands, an evaluation of the law on works councils in the government sector, introduced six years ago, was presented to parliament during 2001. It was decided to extend the law to the courts from the beginning of 2002.

In France, the main events in 2001 relating to employee participation were the adoption of provisions improving the rights of works councils in takeovers, mergers and proposed share exchanges (FR0105156F) and a new law encouraging employee savings schemes (FR0102129N). In Belgium, there were some developments in the establishment of 'social dialogue structures' in small and medium-sized enterprises which are not covered by union representation or statutory employee participation structures (BE0102339N). A reform of Finland's legislation on employee participation was being planned at the end of 2001. Finally, in connection with the implementation of the EU Directive on part-time work, Norwegian regulations concerning the election of employee representatives to company boards were changed to enable part-time employees working less than 50% of normal hours to participate in ballots, as both voters and candidates

New forms of work

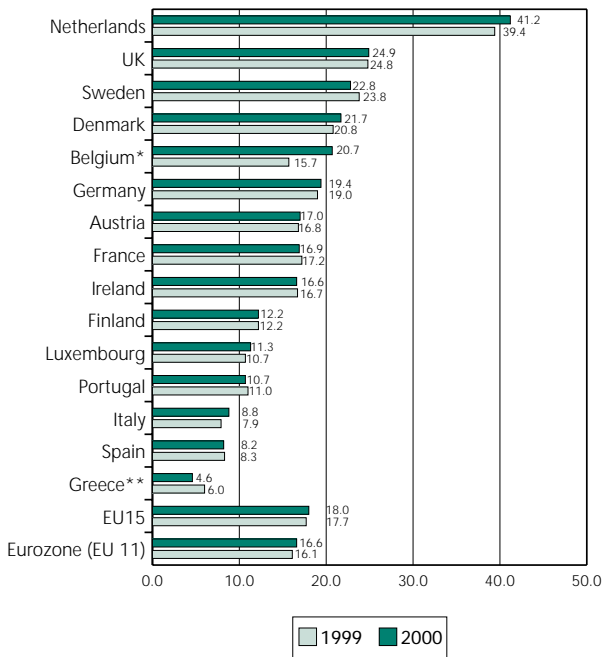
A framework regulating a number of types of so-called 'new forms of work' is now taking shape at EU level.

Following the Directives regulating part-time and fixed-term work, the Commission is soon to issue a proposal for a Directive regulating temporary agency work, following the breakdown of EU-level social partner negotiations on this issue in May 2001 (EU0106215N). The social partners are currently engaged in negotiations on the issue of teleworking, which opened in October 2001 (EU0111102N) and hope to reach agreement by mid-2002.

At national level, the incidence of 'atypical' and new forms of work appears to be increasing, in line with the trend of the past decade. Figures 6 and 7 below give the most recent Eurostat figures for part-time and fixed-term employment.

As noted above (under 'Legislative developments'), new legislation on part-time work was adopted in a number of countries in 2001. For example, the part-time work Directive was implemented in Denmark, Germany, Ireland and Sweden, while Spanish labour market reform legislation sought to foster part-time employment

Figure 6. Part-time work in EU Member States, % of total employment, 2nd quarter 1999 and 2000



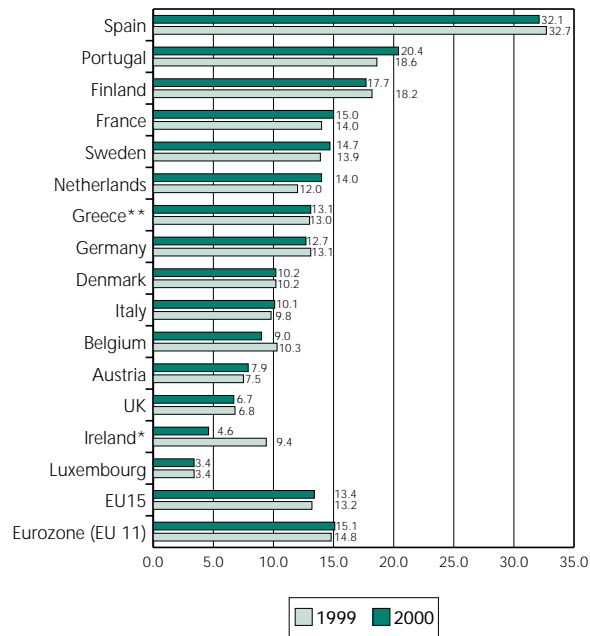
Source: Eurostat; * Figure for employees only for 2000 and 1998 figures for 1999, ** Figure for 1998 for 1999.

With regard to fixed-term employment (see above under 'Legislative developments'), the 1999 EU Directive was implemented in Germany, Italy (on the basis of a joint statement signed by many social partner organisations), the Netherlands, Portugal and Sweden. The French 'social modernisation' law included restrictions on fixed-term contracts.

In the area of temporary agency work (see above under 'Legislative developments'), legislation adopted in Greece introduced a new legislative framework for temporary

employment agencies. Greece was previously virtually the only EU country without a clear framework for the operation of such agencies. In Finland, the new Employment Contracts Act stipulates that employers of temporary agency workers must adhere to the terms and conditions of the collective agreement which applies to the user company, clarifying a situation which was previously opaque. New labour market legislation in Germany sought to enhance the opportunities to integrate unemployed workers into the labour market through temporary work agencies. The maximum period of employment for temporary agency workers with the same employer has therefore been extended from 12 to 24 months. In the UK, the government set out its intention during 2001 to reform existing legislation governing employment agencies in order to protect the interests of both those seeking and offering temporary work.

Figure 7. Fixed-term employment in EU Member States, % of total employment, 2nd quarter 1999 and 2000



Source: Eurostat; * Figure for 1998 for 1999.

The regulation of temporary agency work was also the subject of a number of collective agreements in 2001. In April 2001, Germany's ver.di trade union and the leading temporary employment agency Randstad Deutschland GmbH concluded an agreement on pay increases for about 21,000 of the latter's employees working in various companies (DE0105222N). This sought to set an example for the whole sector, with most agency workers currently not covered by collective agreements. A new collective pay agreement was concluded in November for Sweden's 20,000 white-collar temporary agency workers (SE0112101N). Unlike earlier agreements for these workers, which were linked to the main agreement for all salaried employees, the new accord is an independent agreement for the whole temporary agency work sector. Following an agreement reached by the social partners in

the Belgian construction sector in June, it is now possible to use temporary agency workers (under certain conditions) in this industry (BE0107355N), a practice which had hitherto been banned. In the Netherlands, the bipartite Labour Foundation (Stichting van de Arbeid) agreed a set of recommendations providing a more exact definition of when the pay and conditions set by temporary agency work sector agreements apply, and when they are superseded by those in the sectoral agreement covering the user company (NL0111102F).

In the area of telework, in July the Italian Confederation of Small and Medium-sized Industry (Confederazione italiana della piccola e media industria, Confapi) signed a national intersectoral collective agreement with the Cgil, Cisl and Uil trade union confederations to regulate teleworking in its affiliated companies (IT0108194N). An agreement for teleworkers in the Danish service sector, concluded in 2000 (DK0011102N), remains the only one of this kind in Denmark, although the issue of teleworking was debated during the financial sector bargaining round in 2001. In Ireland, although company-level collective agreements on teleworking are rare, a number of trade unions have drawn up guidelines for use when negotiating teleworking arrangements with employers. Further, the Communication Workers' Union is hoping to recruit teleworkers by establishing a 'virtual branch'.

Outlook

2002 looks set to be a difficult year for many European countries as the economic climate grows ever more uncertain. A recovery is not forecast to take place until the end of 2002 at the earliest. Many countries are likely to experience contradictory trends, as skills shortages in specific areas of the economy persist alongside unemployment levels which may rise over the year. Virtually all countries envisage that redundancies and restructuring initiatives will continue throughout 2002.

In political terms, the Presidency of the EU Council of Ministers is held by Spain during the first six months and by Denmark during the second six months of the year. At national level, general elections will be held in France, Germany, Ireland, the Netherlands, Portugal and Sweden.

In terms of collective bargaining, some countries will experience important bargaining rounds in 2002, although many countries remain covered by multi-year agreements negotiated either in 2001 or 2000. Pay moderation will be a key issue during 2002 as employers strive to keep costs under control. In Germany, bargaining will take place in the first quarter of the year in the influential metalworking sector. After a two-year accord which contained moderate pay increases, the IG Metall metalworkers' trade union is seeking substantial increases for 2002. Employers have so far rejected the demands, stating that pay moderation is imperative in the current economic climate. The outcome of the

metalworking sector settlement will influence bargaining in the whole of Germany over the year.

For Norway, 2002 will be a key year in collective bargaining terms, as the two-year accords negotiated in 2000 will be renewed. The bargaining round will be carried out on an industry basis and significant upward pay pressures are already building, not least in the public sector. Nurses in particular are keen to secure high increases in order to tackle recruitment problems. Commentators therefore fear that the policy of wage moderation, which characterised the 1990s, will not survive.

In Belgium a new intersectoral agreement for 2003-4 will be bargained in the autumn of 2002. In Greece also, a new National General Collective Agreement will be negotiated in 2002, with trade unions set to demand moves toward pay convergence with workers in other countries participating in the European single currency.

In Spain, bargaining in 2002 will take place for the first time in many years within the framework of a national pay moderation accord which commits the bargaining parties to keeping pay increases down to the level of inflation and average productivity growth.

2002 will be a testing year in terms of pay in Ireland. Adherence to the national pay agreement, the PPF - which expires at the end of 2002 - is reported to be high but declining in comparison with previous years. The pay terms of the accord have already been revised upwards once and it remains to be seen whether it will succeed in keeping a lid on pay during 2002. Ireland is one of the countries which has suffered most from skills shortages and resulting wage inflation due to the spectacular growth of the economy in recent years.

2002 also sees the launch of euro notes and coins and the withdrawal of national currencies in the 'euro-zone'. Time will tell whether this will have any harmonising effect on pay across Europe - preliminary indications suggest that so far, this issue has not formed part of bargaining rhetoric, with the notable exceptions of Greece (see above) and Portugal (PT0109101F). It has, however, sharpened debate in countries which are outside the euro-zone, notably Denmark, Sweden and the UK.

In terms of working time, the reduction of the working week to 35 hours continues in France, with the legislation applying to companies of fewer than 20 employees from 1 January 2002. It will be interesting to see what effect the negotiation of 35-hour week agreements has on issues such as pay. It is likely that this will serve to slow pay growth as small companies have less room for manoeuvre in terms of wage costs than larger firms.

Labour market reform is likely to be an issue in some countries, particularly in the light of the more uncertain

economic climate. In Spain, 2002 may well see new legislation on this issue if the social partners cannot reach a consensus. In Denmark, labour market reform is set to be even more controversial, with trade unions strongly opposed to many of the new government's plans.

Finally, social security reform will also feature prominently in many countries. In Norway, efforts will be

concentrated on reducing sickness absence, while in France, the stand-off between employers and the government over the administration of social insurance funds continues. Pension reform will dominate proceedings in many countries. In Italy, unions and the government are currently clashing over the latter's plans for pension reform, which many believe will be resolved during the course of 2002.

Transnational: 2001 Records

February	Workers with disabilities: law, bargaining and the social partners	TN0102201S
	<i>French version of above study</i>	TN0102233S
	<i>German version of above study</i>	TN0102244S
	Industrial relations aspects of mergers and takeovers	TN0102401S
	<i>French version of above study</i>	TN0102402S
	<i>German version of above study</i>	TN0102403S
March	Gender perspectives - annual update 2000	TN0103201U
	<i>French version of above update</i>	TN0103202U
	<i>German version of above update</i>	TN0103203U
	Working time developments - annual update 2000	TN0103999U
	<i>French version of above update</i>	TN0103222U
	<i>German version of above update</i>	TN0103333U
	Pay developments - annual update 2000	TN0103888U
	<i>French version of above update</i>	TN0103666U
	<i>German version of above update</i>	TN0103777U
April	Variable pay in Europe	TN0104201S
	<i>French version of above study</i>	TN0104202S
	<i>German version of above study</i>	TN0104203S
July	The involvement of employees and collective bargaining in company restructuring	TN0107201S
	<i>French version of above study</i>	TN0107195S
	<i>German version of above study</i>	TN0107196S
August	Industrial relations in the information and communications technology sector	TN0108201S
	<i>French version of above study</i>	TN0108199S
	<i>German version of above study</i>	TN0108100S
September	Progressive retirement in Europe	TN0109184S
	<i>French version of above study</i>	TN0109198S
	<i>German version of above study</i>	TN0109199S
November	Work-related stress and industrial relations	TN0111109S
	<i>French version of above study</i>	TN0111150S
	<i>German version of above study</i>	TN0111149S
	Working time developments and the quality of work	TN0111143S
	Industrial relations in the EU, Japan and USA, 2000	TN0111148F

EU-LEVEL DEVELOPMENTS

Economic developments

The third stage of Economic and Monetary Union (EMU), during which the value of the currencies of the 12 participating countries was fixed to the euro, continued during 2001. Euro notes and coins came into circulation on 1 January 2002 and all national currencies in the 'euro-zone' were withdrawn by 28 February 2002. The value of the euro remained relatively stable against other major currencies during 2001. The average value of one euro in 2001 was USD 0.896, JPY 108.7 and GBP 0.609.

There were no further developments concerning membership of the 'euro-zone' during 2001 and so the single currency came into circulation on 1 January 2002 in 12 countries as planned – ie all EU Member States with the exception of Denmark, Sweden and the UK.

According to figures from Eurostat relating to the third quarter of 2001, annual GDP growth averaged 1.4% in both the 15 EU Member States and the 12-member euro-zone. This represented a significant decrease on comparable figures for 2000 – annual third-quarter growth in GDP was 3.3% in both the 15 EU Member States and the euro-zone countries (11 countries participated in the single currency during 2000 as Greece joined from 1 January 2001).

The unemployment rate in the 15 EU Member States was 7.8% as at December 2001, while the rate in the euro-zone was 8.5%. These levels represented relative stability, compared with the figures of 7.9% and 8.4% respectively in December 2000. While this was good news in the sense that unemployment levels were not leaping upwards despite the worsening economic climate, it also pointed to the fact that unemployment levels were not falling significantly either, despite attempts to improve labour markets in Europe. Labour costs in the 15 EU Member States increased by an annual average rate of 3.5% to the third quarter of 2001, compared with 3.3% in the euro-zone.

Political developments

The Presidency of the Council of Ministers was held by Sweden during the first half of 2001. In keeping with commitments made at the Lisbon Council held in March 2000 (EU0004241F), the new annual spring European Council meeting to discuss economic and social issues was held in March 2001 in Stockholm (EU0104208F). The main result of the 2001 spring Council was agreement that, in order to smooth the way towards the attainment of the employment goals set at the Lisbon Council, intermediate targets should also be set. Thus, the Council agreed on targets of an overall employment

rate of 67% and a female employment rate of 57% by 2005. The Lisbon targets are an overall employment rate of 70% and a female employment rate of 60% by 2010. The Stockholm Council also set a target of an employment rate of 50% for men and women aged between 55 and 64, to be reached by 2010. The outgoing Swedish Presidency held its end-of-term Council in Gothenburg in June (EU0106221F), at which enlargement, the ageing population, full employment and quality of work were the main topics of debate.

The Presidency was held by Belgium during the second half of 2001. The incoming Presidency stated that its main four aims in the social policy field were: employment; a socially fair Europe; equality between men and women; and developing a European 'social economy' (EU0107223N). In order to achieve these aims, a range of new initiatives were launched, including proposals for a new European pensions strategy (EU0110207F), based on the model of 'open coordination' (ie the setting of common objectives and agreed indicators, regular reporting and the identification of best practice), which is used to coordinate the existing employment strategy (see below under 'European employment strategy'). The Presidency held its end-of-term Council in Laeken in December 2001 (EU0201231N), at which a range of issues was discussed, including employment, the 'European social model', gender equality, social inclusion and pensions.

In terms of progress of legislative instruments (see below under 'Legislative developments'), the most significant developments of 2001 included the final adoption, in October, of the Regulation on the European Company Statute (ECS) and its accompanying Directive on worker involvement (EU0110203N). Further, the draft Directive on a general framework for informing and consulting workers in the EU progressed significantly during 2001, with a text agreed on 17 December by a European Parliament (EP)/Council conciliation committee. The Directive was finally adopted by the EP and the Council in February 2002.

The Treaty of Nice, concluded in December 2000 (EU0012288F), has not yet been ratified by all Member States (with Ireland voting against the Treaty in a referendum in June 2001). Despite this, preparations were underway in 2001 for a new Intergovernmental Conference (IGC) to discuss further Treaty reform, notably in the light of the forthcoming enlargement of the EU to the south and the east. A new body to debate the future of the EU, the Convention, was convened at the Laeken European Council. Presided over by Valéry Giscard d'Estaing, the former French President, the Convention comprises one representative from the heads of state or governments of each Member State, two members of each Member State's parliament, 16 members of the EP and two members of the European Commission. The Convention will meet for one year, from 1 March 2002.

Legislative developments

A range of social policy legislative instruments were progressed during the course of 2001 - see table 1 below for details. Developments included the formal adoption of proposals, political agreement on the text of proposals, the issuing of new proposals and other progress made on existing texts during debates in the Council of Ministers and other institutions.

The Regulation on the European Company Statute - establishing a new form of company incorporated at EU level - and the accompanying Directive providing for worker involvement in European Companies were formally adopted in October 2001 (EU0110203N), following a breakthrough political agreement on the texts, reached in the Council in December 2000 (EU0012288F), and subsequent approval by the EP (EU0109233N).

The proposal for a Directive putting into place a general framework at national level for informing and consulting employees in the European Community progressed through the decision-making machinery of the EU during 2001. Political agreement on a common position was

reached in the Council of Ministers in June (EU0106220F). Amendments made by the EP on second reading of the text in October (EU0110206F) were not all accepted by the Council and, in accordance with the procedure provided for in the Treaty establishing the European Community, a joint text was negotiated and agreed in December by an EP/Council conciliation committee. The text was formally adopted by the EP and the Council in February 2002.

The proposed Directive extending some of the protection afforded by the 1993 Directive (93/104/EC) concerning certain aspects of the organisation of working time to mobile workers in the road transport sector also made progress during 2001. The EP made amendments (EU0107224N) to the text agreed by the Council in December 2000 (EU0101290N) and, as no agreement on the amendments could be reached between the EP and the Council, a joint conciliation committee looked at the issue and produced a joint text in December 2001, which was formally approved by the Council and the EP in February 2002.

In January 2001, the European Commission issued a proposal for a new Directive providing protection to employees in the event of their employer's insolvency.

Table 1. Main EU social policy legislation adopted and proposed in 2001

Equality	The Council agreed a common position on the proposed EP and Council Directive amending Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion and working conditions in July 2001. The text was in conciliation at the end of the year following the rejection by the Council of some of the EP's amendments made at second reading in October 2001.
Health and safety	A common position on the proposed Directive on the minimum health and safety requirements regarding the exposure of workers to the risks arising from physical agents (vibration) was adopted by the Council in June 2001. Text was in conciliation at end of 2001, following Council's rejection of some EP amendments made at second reading in October. EP and Council Directive 2001/45/EC amending Council Directive 89/655/EEC concerning the minimum safety and health requirements for the use of work equipment by workers at work was adopted in June 2001.
Information, consultation and participation	Conciliation committee agreement on an EP and Council Directive establishing a general framework for informing and consulting employees in the European Community was reached in December 2001, following Council common position in June and EP second reading in October (Directive adopted in February 2002). Council Regulation (EC) No.2157/2001 on the Statute for a European Company and Council Directive 2001/86/EC supplementing the Statute for a European Company with regard to the involvement of employees were adopted in October 2001.
Workers' rights	Proposal for EP and Council Directive amending Council Directive 80/987/EEC on the approximation of the laws of the Member States relating to the protection of employees in the event of the insolvency of their employer issued in January 2001. EP gave text first reading in November 2001.
Working time	Political agreement on the proposal for a Council Directive concerning the organisation of working time for mobile workers performing road transport activities was adopted by the Council in March 2001. A conciliation text was agreed in December 2001 following the Council's refusal of EP amendments made in June 2001 (the Directive was formally adopted in February 2002).

The proposal aims to update an existing Directive (80/987/EEC), which dates from 1980. The EP gave the text a first reading in November 2001.

A common position (EU0106220F) on a draft Directive updating and revising the 1976 equal treatment Directive (76/207/EEC) was formally adopted by the Council in July 2001 and the EP made a number of amendments at second reading in October 2001. The text was being considered by a conciliation committee at the end of 2001, as the Council could not accept all of the EP's amendments.

One text which lapsed during 2001 was the proposal for a 13th Directive on company law concerning takeover bids, which included provisions on employee information. A text produced by an EP/Council conciliation committee in June 2001 was not accepted by the EP in July and the proposal therefore lapsed (EU0107224N). Nevertheless, the Commission set up a high-level group in September 2001 to examine this issue once more (EU0109234N).

On the health and safety front, a Directive amending an original 1989 Directive (89/655/EEC) on the use of equipment at work was formally adopted in June 2001. Further, the Council concluded a political agreement on a proposal for a Directive protecting workers against the risks associated with mechanical vibration in June 2001. The EP made a number of amendments to the text at second reading in October 2001, not all of which were accepted by the Council. The text was therefore being considered by a Council/EP conciliation committee at the end of the year.

The organisation and role of the social partners

Social partner activity and social dialogue developments continued during 2001, at both intersectoral and sectoral level. At intersectoral level, the key European-level social partners are: the European Trade Union Confederation (ETUC), along with liaison committee for managerial and professional staff, which brings together the ETUC-affiliated Council of European Professional and Managerial Staff (EUROCADRES) and the independent European Confederation of Executives and Managerial Staff (CEC); the Union of Industrial and Employers' Confederations of Europe (UNICE), in cooperation with the European Association of Craft and Small and Medium-sized Enterprises (UEAPME); and the European Centre of Enterprises with Public Participation and of Enterprises of General Economic Interest (CEEP).

Intersectoral talks on the issue of temporary agency work broke down irrevocably in May 2001 (EU0106215N) following a brief revival of talks which had originally collapsed in March (EU0104206N). The main stumbling block was reported to be disagreements between employer and trade union representatives concerning comparable workers when providing for equal treatment

of, and general terms and conditions for, temporary agency workers. The European Commission is expected to issue a proposal for a legislative instrument on this issue during 2002.

The social partners opened talks on the issue of teleworking in October 2001 (EU0111102N), following a second formal consultation of the social partners on this issue by the European Commission in March 2001 (EU0104205N), and hoped to conclude an agreement (the status of which is still unclear) by the middle of 2002.

More broadly, the intersectoral social partners adopted in December 2001 a joint declaration on the future of the European social dialogue process (EU0112262F), prepared as a joint contribution to the Laeken European Council, held on 14–15 December 2001. In this document, they set out their vision for the future of the social dialogue, including a specific role for the social partners in European governance, a clearer distinction between bipartite social dialogue and tripartite concertation, the creation of a new tripartite concertation committee in the place of the Standing Committee on Employment, and, most significantly, the development of a work programme for autonomous social dialogue.

Further, in May 2001, a joint declaration on the development of the social dialogue as a tool to meet the economic and social challenges of small enterprises was agreed between UEAPME and ETUC (EU0106217N).

Finally at intersectoral level, the process of dialogue continued on a range of subjects, such as the economic situation, lifelong learning and EU enlargement.

At sectoral level, according to the latest data from the European Commission, a total of 26 sectors have established sectoral social dialogue committees, and negotiations for committees are ongoing in a number of other sectors (EU0201236F). Dialogue took place within individual sectors in 2001 on a range of diverse themes, including equal opportunities, training, health and safety, corporate social responsibility and fundamental rights, restructuring, the modernisation of work, teleworking and enlargement.

Notable joint texts concluded during 2001 within the framework of the sectoral social dialogue included the following:

- guidelines for the organisation of telework in the telecommunications sector, adopted in February 2001 by the European-level social dialogue committee in this sector (EU0102296F);
- an agreement on guidelines for teleworking in the commerce sector, signed on 26 April 2001 by the European-level social partners in this industry – the EuroCommerce employers' organisation and UNI-Europa Commerce (the commerce section of the

European regional organisation of Union Network International) for trade unions (EU0105214F). The agreement contains detailed guidelines regulating areas such as the introduction of telework, employment conditions, confidentiality, equipment and trade union rights;

- a code of conduct in the personal services (hairdressing) sector, signed in June 2001 by the Confédération Européenne des Organisations Patronales de la Coiffure (CIC Europe) for the employers and UNI-Europa Hair and Beauty for the unions (EU0107227F). The code was hailed as the most comprehensive adopted at European level thus far. It covers issues such as working conditions, fair wages, profits, lifelong learning, information and consultation of employees and combating non-declared work; and
- a joint declaration on temporary agency work, signed in October 2001 (EU0110208F) by the EU-level social partners in the temporary agency work sector – Euro-CIETT (the European committee of the International Confederation of Temporary Work Businesses) and UNI-Europa. It takes the form of a 13-point declaration which the signatory parties hope will serve as a basis for an EU Directive regulating this area, following the breakdown of EU-level intersectoral negotiations on this issue (see above).

The issue of the European coordination of collective bargaining is still occupying the minds of many European-level trade union organisations. The European Metalworkers' Federation (EMF) held a conference on 20-21 June 2001 (EU0108241F) to review the progress of the bargaining coordination initiative for metalworking initially launched in 1998 (DE9812283F). At the conference, it noted that good progress had been made in terms of improving contacts and cooperation between the national member organisations of EMF and that, although the letter of the unions' agreed bargaining coordination formula had not been strictly adhered to in all countries, this is a valuable exercise which will no doubt increase in importance as the years progress, particularly now that euro notes and coins are in circulation.

In September 2001, the 'Doorn group' of major confederations and other trade union organisations from Belgium, Germany, Luxembourg and the Netherlands held its fifth annual meeting. Since 1997, the unions involved have held annual meetings to evaluate recent bargaining rounds and to discuss their future bargaining policy, and in 1998 they adopted a joint declaration which called for close cross-border coordination of collective bargaining within the context of EMU (DE9810278F). In between the annual meetings, a small transnational working group, composed of union representatives from all countries involved, has organised a regular and intensive exchange of information on current developments in bargaining. In 2002, the unions involved will focus their cooperation on the issue of 'lifelong learning', as well as pay policy.

Further, in December 2000, the ETUC executive committee welcomed and endorsed a guideline on the coordination of wage bargaining (EU0101291N).

Industrial action

Trade unions staged a number of Europe-wide actions during 2001, most of which supported protests against sectoral or company-level actions perceived to be detrimental to workers. One of the first major actions staged during the year took place on 25 January, in the form of a European day of action (EU0102293N). It was organised by EMF in protest against the decision announced in December 2000 by Vauxhall, the UK subsidiary of the US-based motor manufacturer General Motors (GM), to end car production at its UK plant in Luton (UK0012104F). EMF reported that over 40,000 GM employees in Europe took part in the protest - 16,000 in Germany (at Rüsselsheim, Bochum, Kaiserlautern and Eisenach), 7,000 in Belgium (Antwerp), 11,000 in the UK (Luton and Ellesmere Port), 1,000 in Portugal and 5,000 in Spain.

A high-profile sector-level day of action occurred on 29 March 2001 in the rail sector. Rail workers staged their international protest in support of safety in the rail industry (EU0105212N). The action was organised by the International Transport Workers' Federation (ITF) and aimed to draw attention to the problem of safety in the sector, as well as supporting a safety memorandum drawn up by the European Transport Workers' Federation (ETF).

Trade unions in the road transport sector have also been very active in the past few years. They staged their fifth international day of action in 2001, in support of better working conditions and shorter working hours for lorry, bus and taxi drivers. Demonstrations were held at locations around Europe on 15 October (EU0111103N), coordinated by ITF and ETF and supported by unions representing transport workers throughout Europe. The protesters were demonstrating specifically against the deregulation of road transport in the EU, which they maintain has resulted in a downward spiral in working conditions for drivers.

The advent of euro notes and coins on 1 January 2002 was not without its industrial relations problems in the months leading up to the launch. On 19 June 2001, a demonstration was organised at the headquarters of the European Central Bank by international trade union organisations representing print workers (EU0107226N). The unions were concerned that thousands of print workers' jobs would be under threat from the date of the introduction of the euro. The demonstration was organised UNI-Europa Finance and UNI-Europa Graphical (the finance and graphical industry sections of the European regional organisation of Union Network International), along with the European Federation of Public Service Unions (EPSU) and the Standing Committee of European Central Bank Trade Unions.

Finally, a demonstration aimed at drawing attention to the situation of public sector workers was organised by ETUC and supported by ETF and Belgian unions in the Belgian town of Liège on 21 September 2001 (EU0110205N). The demonstrators called for measures to sustain economic activity and jobs in Europe and protested against deregulation in the public transport sector. The event attracted an estimated 15,000 protesters, essentially workers in the public bus, tram, metro and rail service sectors.

European employment strategy

Unemployment levels in the European Union as a whole continued to fall during 2001 and were stable in the euro-zone. It would appear that, overall the 'European employment strategy' is having some success in raising the overall level of employment in the EU. The unemployment rate for December 2001 was 7.8% for the whole EU and 8.5% in the euro-zone. This compared with December 2000 rates of 8.5% and 8.5% respectively (Greece joined the single currency zone from 1 January 2001).

However, 2002 is expected to be more challenging, due to the deteriorating economic climate. Thus, the European employment strategy, which completed its fourth annual cycle in 2001, is seeking to build on the gains made so far during the coming year. Under the strategy, annual Employment Guidelines are issued in the autumn by the EU institutions to the Member States. These are then implemented through the Member States' National Action Programmes (NAPs) on employment, which are forwarded to the Commission for assessment. The Commission and Council then draw up a joint employment report on Member States' implementation of the guidelines and, if they deem necessary, propose recommendations to Member States on how they could improve their implementation of the guidelines.

The Commission issued its annual 'employment package' in September 2001 (EU0109236F), comprising proposals for the 2001 joint employment report, recommendations to Member States on the implementation of the Employment Guidelines, and the Employment Guidelines for 2002. In general, the Commission praised the performance of the Member States, maintaining that the EU was well on the way towards meeting the employment targets set at Lisbon in March 2000 (EU0004241F) and the intermediate targets set at Stockholm in March 2001 (EU0104208F). Despite this praise, however, the Commission stated that there remain some key areas of weakness which must be addressed in the future, notably:

- overall labour market participation;
- the employment rate of older workers;
- long-term unemployment;
- youth unemployment;
- regional imbalances in employment levels;

- unacceptably high taxation on labour;
- a lack of a comprehensive training and lifelong learning strategy; and
- gender gaps in employment.

In order to try to address these issues, the Commission included a number of new elements in its proposed Employment Guidelines to Member States for 2002. While retaining the basic format of a four-pillar strategy, it made the following main changes:

- following the conclusions of the Stockholm summit, a new horizontal objective is added to the Guidelines, obliging Member States to ensure that policies across the four pillars of the employment strategy contribute to improving 'quality in work'. This should include elements such as skills, lifelong learning and career development, as well as wider labour market issues such as gender equality, health and safety, flexibility and security, inclusion, access to the labour market, the organisation of work, work-life balance, social dialogue, worker involvement, diversity, non-discrimination, overall performance and productivity;
- the new employment targets agreed at the Stockholm Council in March 2001 are incorporated into the guidelines. These are the intermediate targets of an overall employment rate of 67% and a female employment rate of 57% by 2005 and a 50% employment rate for older workers (aged 55–64) by 2010. Member States are more strongly encouraged to set national targets within this framework, in view of the fact that the response of Member States to this invitation in the past has been 'limited';
- in response to a perceived need to encourage labour market mobility, the employability pillar contains a more strongly-worded guideline obliging Member States to encourage the promotion of occupational and geographical mobility; and
- the equal opportunities pillar includes a more strongly-worded guideline encouraging the Member States to reinforce their efforts to reduce the gender gap in terms of labour market participation and both occupational and sectoral segregation. Further, it urges Member States to adopt a 'multi-faceted' strategy to achieve pay equality between men and women.

This employment package was endorsed by the Council of Ministers on 3 December 2001 (EU0112245F).

Company restructuring

The issue of company restructuring has been prominent at EU level for some years now, and 2001 was no exception. As the economic climate began to deteriorate, the number of companies announcing restructuring packages, usually involving significant consequences for the workforce, multiplied. High-profile cases in 2001 included Corus (UK0107140F), Danone (see below),

Ericsson (SE0104193N), Gateway (IE0108101F), General Motors (EU0102293N), KPN (NL0111103N), Kværner (NO0112108N), Marks & Spencer (FR0104147F), Moulinex (FR0112116N) and Sonera (FI0110102N). Following the events of 11 September, major redundancies and restructuring ensued at many airlines, including Aer Lingus (IE0111101F), Alitalia (IT0111103N), British Airways (UK0110114F), Iberia (ES0112243F), LTN (DE0111207F) and SABENA (BE0108359F).

Keen to ensure that industrial restructuring is managed in a socially responsible way, the European institutions have initiated a number of projects aimed at achieving this, focusing in particular on obliging employers to consult employee representatives in advance of any restructuring plans.

The European Commission has created a high-level group briefed to examine industrial relations and managing change. It comprises 10 high-level experts from a variety of backgrounds, intended to represent most of the interested parties and groups which play a key role in industrial relations. The group held its first meeting on 9 February 2001 (EU0103200N) and was due to produce a final report by January 2002.

Also in February 2001, the EP adopted a resolution on the social consequences of industrial restructuring (EU0103199N). In its resolution, the EP made a number of requests to a variety of bodies, including a request to the Commission that it review a number of EU statutory instruments, such as the Directives on collective redundancies, transfers of undertakings and European Works Councils.

The social partners have also been debating this issue. In November 2001, for example, the European Metalworkers' Federation (EMF) looked at the issue of mergers, urging the Commission to consider social factors when approving merger plans (EU0111240N).

At company level, the French-based food group Danone concluded on 25 October 2001 (EU0111206F) a European-level accord with the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) on the restructuring of its biscuits division, a development which had caused considerable criticism when first announced earlier in the year. European-level restructuring agreements were also reached at General Motors (BE0109301F).

Fuel for the general debate on restructuring was provided in 2001 in the form of research from Kingston University (UK), exploring the implications of corporate restructuring for employees and trade unions in Europe, based on accounts of mergers and acquisitions from 10 trade unions (from seven countries) affiliated to EUROCADRES (EU0104210F).

The Commission acted on 10 May 2001 by issuing a new package of measures designed to reduce the social

impact of large-scale job cuts (EU0106216N). The package contained the following main elements:

- commitments from the Commission concerning various areas of Community legislation, as highlighted by the EP;
- advice to companies on their obligations under the existing Community legislative framework;
- promises of funding assistance from the European Social Fund; and
- an overview of best practice.

Speculation built during the year that the Commission was preparing a consultation document to the European social partners on the issue of industrial restructuring. Initially expected in December 2001, the document was finally issued on 15 January 2002 (EU0201235F). In the text, the Commission asks the social partners for their views on how to anticipate and manage industrial restructuring. It states that it is hoping to stimulate debate on how to manage restructuring in a 'socially intelligent' way. The social partners had six weeks in which to respond to this formal consultation.

Another major event which took place in 2001 was the launch of the European Monitoring Centre on Change. The Centre was launched on 23 October in Brussels (EU0111237N) and will be run from the European Foundation for the Improvement of Living and Working Conditions in Dublin. The centre will become operational during 2002 and in an initial phase, will focus on information and communications technologies as a 'driver of change'. It will also look at the role played by financial markets and resources in instigating change at company, sectoral and regional level. In its first year of operation, therefore, the centre will concentrate on gathering and analysing information about these two drivers of change. A web-based portal should be up and running during the first quarter of 2002.

Employee participation

The main events in the area of employee participation were the formal adoption, after more than 30 years of debate, of the Regulation on the European Company Statute (ECS) and the accompanying Directive on worker involvement in European Companies, and the progression and final adoption in early 2002 of the proposal establishing a general framework for informing and consulting employees in the European Community (see above under 'Legislative developments').

The adoption of the ECS was essentially a formality achieved on 8 October 2001, following political agreement in the Council of Ministers in December 2000. The text was then forwarded to the EP for scrutiny, although the EP had no powers to insist on amendments to the text. The EP gave its opinion on the text in September 2001 (EU0109233N). The Regulation and the accompanying Directive will come into force three years from adoption. So far, there is little indication of how

many companies will take advantage of the new opportunity to incorporate at EU level. The Directive provides for negotiations in each European Company over the employee involvement arrangements to apply - including EWC-like information and consultation provisions, plus, in some circumstances, board-level participation - with statutory fall-back provisions to apply in the absence of an agreement.

With the ECS highlighting the issue of European-scale board-level employee participation, an innovative accord on this issue was reached in March at the Franco-German chemicals group, Aventis (EU0104207N). The agreement, which provides for a total of six employee and trade union representatives from both France and Germany to sit on the Aventis supervisory board, is seen as an important precedent.

The controversial proposal to establish a general framework for informing and consulting employees made steady progress throughout 2001. The breakthrough was made in June, when political agreement on a common position was finally reached in the Council of Ministers. Although the EP made amendments in October 2001 which were not accepted by the Council, a conciliated text was agreed on 17 December 2001 and adopted by the EP on 5 February 2002 and by the Council on 18 February 2002. Member States have three years in which to implement the Directive, with longer implementing periods for smaller companies in countries which have no general framework in place which provides for employee information and consultation (essentially the UK and Ireland). The Directive gives employees in undertakings with over 50 employees, or establishments with over 20 employees, information and consultation rights on a number of business, employment and other issues.

Now that these two instruments have been adopted, there is speculation that the Commission will issue its long-awaited proposal for a revision of the EWCs Directive (94/45/EC) in 2002. In March 2001, the European Court of Justice delivered its judgment in the first case concerning EWCs Directive to have reached the Court (EU0106218F). The ruling in the *bofrost** case highlighted the responsibility of undertakings which are part of a group to meet employee requests for information about the number and distribution of employees and the structure of the group, including the disclosure of documents if necessary, so that the employees can determine whether they have the right to seek negotiations about a possible EWC.

A European Commission working paper on employee financial participation was published in July 2001 (EU0108232F). The Commission asked all interested parties for their views on this subject, in order to form the basis for a Communication and action plan.

New forms of work

The issues of temporary agency work and also of teleworking were, as expected, the focus of debate at EU

level over 2001. The first few months of the year were dominated by the negotiations between the EU-level intersectoral social partners on the issue of temporary agency work, which had begun in mid-2000. The discussions were reported to be tricky from the outset, with diverging views in many areas between trade union and employer representatives. The talks broke down in March 2001, only to be revived briefly the following month, before collapsing definitively in May 2001 (see above under 'The organisation and role of the social partners'). The Commission is expected to issue a proposal for a legislative instrument in this area in 2002. Meanwhile, the sectoral social partners in the temporary agency work industry issued a joint declaration on this issue in October 2001 (see above under 'The organisation and role of the social partners'). They state that they hope that this declaration, which includes 13 points of reference, will serve as the basis for a legislative instrument on temporary agency work. However, commentators note that this declaration skirts the difficult issue of comparable workers, on which the intersectoral negotiations foundered.

The issue of teleworking gained prominence during the year, following the Commission's second consultation of the social partners, in March 2001, on the modernisation of work, focusing this time specifically on telework. Social partner negotiations at intersectoral level opened in October and were continuing at the end of the year, with the aim of reaching an agreement by mid-2002. Teleworking was also a subject for debate at sectoral level - 2001 saw the conclusion of joint texts on this subject on the telecommunications and the commerce sectors (see above under 'The organisation and role of the social partners').

Other developments

In 2001, the European Commission was much preoccupied with the issue of corporate social responsibility. In July, it issued two related documents - a Communication outlining a strategy for promoting core labour standards and better social governance, in the context of globalisation (EU0107229F), and a Green Paper on corporate social responsibility (EU0107228F), which it hopes will stimulate general debate.

The Commission's current social policy agenda stresses the issue of 'quality' in employment and work, and the issue has been taken up by the European Council and in the Employment Guidelines (see above under 'European employment strategy'). The Commission issued in June 2001 a Communication on *Employment and social policies: a framework for investing in quality*. This document seeks to take forward the social policy agenda commitment to promote quality in employment and social policy. In particular, it aims to:

- define a clear approach to the policy goal of improving quality of work (and to policy implementation);

- establish a coherent, broad set of indicators on quality in work to reinforce the effectiveness and efficiency of policy in moving towards the goal of increasing quality in work. This both draws on existing indicators and proposes indicators to be further developed, which can be used within the framework of the European employment strategy. Gender equality is a basic 'horizontal principle' in this approach; and
- ensure that the goal of improving quality is fully and coherently integrated in employment and social policy through a progressive series of quality reviews.

By promoting higher quality objectives, and by investing in better quality policies, the Commission aims to encourage and assist the Member States to improve the pace at which the quality of life is improved within the Union, inside and outside of work, and to provide appropriate aspirations for candidate countries. The Communication looks at the relationship between quality of work and the modernisation of the European social model; considers how to define quality; considers the development of indicators of quality in work; and looks at applying and using these definitions and indicators through a process of quality reviews.

Finally, in June, the Commission launched a High-Level Task Force on Skills and Mobility (EU0107225N). This initiative formed part of the Commission's attempt to open up pan-European labour markets, particularly in the area of information and communications technologies, by 2005 (EU0103202F).

Outlook

2002 looks likely to be a difficult year in terms of the economic climate. The downturn already in evidence towards the middle of 2001 was exacerbated by the events of 11 September, with effects on employment felt particularly in the aviation and travel industries. 2002

looks to be set to continue this trend, with less than robust forecasts for both economic and employment growth.

The European employment strategy is now in its fifth year of operation. Largely deemed to be a success so far, it will arguably face its greatest challenge yet during 2002, in seeking to sustain employment growth in a changed economic climate. One new element which has been introduced into the strategy for 2002 is that of quality of work (see above under 'Other developments'), as the Commission feels that the quality and not just the quantity of jobs should be an important factor.

In terms of social policy, it is likely that the Commission will issue new proposals in a number of areas. These include temporary agency work, where a proposal has been eagerly awaited since the breakdown of social partner negotiations in May 2001, and possibly industrial restructuring, depending on the social partner views which emerge from the present consultation process. One other area where action is likely during 2002 is the revision of the EWCs Directive – now that the European Company Statute and national information and consultation dossiers have been completed, the Commission is expected to turn its attention to the EWCs Directive, suggesting a number of revisions to the 1994 text.

Finally, one issue which has consistently gained in prominence over the past few years is that of the ageing workforce. This issue has dominated debates about the labour market recently and is likely to continue to do so during 2002. In a related development, the so-called open method of coordination which underpins the employment strategy – based on guidelines, national action plans, assessment and recommendations – will in future be applied to the area of pensions, as the Commission would like to see more coordination across Europe in this area.

EU Level: 2001 Records

January	Social partners sign declaration on implications of electricity liberalisation	EU0101289N
	Agreement on European Company Statute and working time in road transport industry	EU0101290N
	ETUC executive committee endorses guideline on collective bargaining coordination	EU0101291N
	European Foundation survey reveals that working conditions in Europe are deteriorating	EU0101292F
February	Unions stage European day of action over Vauxhall	EU0102293N
	Informal Council discusses equal opportunities	EU0102294N
	New framework equal treatment Directive examined	EU0102295F
	New telework guidelines adopted in telecommunication sector	EU0102296F
March	Parliament adopts resolution on social consequences of industrial restructuring	EU0103199N
	First meeting of high-level group on industrial relations and managing change	EU0103200N
	Statoil global workers' rights accord revised	EU0103201F
	New Commission strategy for pan-European labour markets	EU0103202F
	UNICE offers negotiations on telework	EU0103203F

April	Employment and Social Policy Council prepares for Stockholm	EU0104204N
	Second stage of social partner consultations on teleworking	EU0104205N
	Temporary agency work negotiations break down	EU0104206N
	Board-level participation agreed at Aventis	EU0104207N
	Intermediate employment targets agreed at Stockholm	EU0104208F
	Benchmarking and the Europeanisation of industrial relations	EU0104209F
	The consequences of corporate restructuring for employees and unions	EU0104210F
May	Temporary agency work talks extended	EU0105211N
	Rail workers stage international day of action in support of rail safety	EU0105212N
	New global workers' rights deals	EU0105213F
	Teleworking agreement signed in commerce	EU0105214F
June	Temporary agency work talks break down	EU0106215N
	Commission issues package of measures to reduce social impact of redundancies	EU0106216N
	ETUC and UEAPME agree joint declaration on development of social dialogue	EU0106217N
	ECJ rules on employees' information rights prior to seeking establishment of an EWC	EU0106218F
	Council of Ministers reaches political agreement on employee consultation Directive	EU0106219F
	Council reaches common positions on equal treatment, information and consultation and noise Directives	EU0106220F
	Gothenburg summit focuses on employment and the ageing workforce	EU0106221F
Labour standards agreement signed at Chiquita	EU0106222F	
July	Belgian Presidency sets out priorities	EU0107223N
	EP delivers opinions on range of social policy proposals	EU0107224N
	High-Level Task Force on Skills and Mobility launched	EU0107225N
	Unions protest over risk to jobs posed by euro	EU0107226N
	European code of conduct agreed in hairdressing	EU0107227F
	Green Paper promotes greater corporate social responsibility	EU0107228F
	Commission proposes strategy for promoting labour standards and better social governance	EU0107229F
	Employment in Europe 2001 report highlights improved labour market performance	EU0107230F
August	Commission issues working paper on employee financial participation	EU0108232F
	European Metalworkers' Federation holds fourth European collective bargaining conference	EU0108241F
	Joint declaration on subcontracting signed at Club Méditerranée	EU0108231N
September	EP approves European Company Statute proposals	EU0109233N
	Commission launches high-level group on company law	EU0109234N
	UNI holds first world congress	EU0109235N
	Commission issues annual employment package	EU0109236F
October	Employment and Social Policy Council adopts European Company Statute	EU0110203N
	Parliament debates equal pay and bullying	EU0110204N
	Euro-demonstration held in Liège	EU0110205N
	European Parliament calls for amendments to information and consultation Directive	EU0110206F
	Commission proposes formalising pensions cooperation	EU0110207F
	Joint declaration agreed on temporary agency work	EU0110208F
November	Commission issues joint report on social inclusion	EU0111101N
	Social partners begin teleworking talks	EU0111102N
	Fifth international day of action held in road transport	EU0111103N
	Commission proposes new Regulation on drivers' hours	EU0111104N
	Office staff in road transport sector excluded from working time Directive, confirms ECJ	EU0111205F
	International agreement on restructuring at Danone biscuits	EU0111206F
	European Monitoring Centre on Change launched	EU0111237N
	Little progress on social issues at WTO talks	EU0111239N
	EMF urges Commission to consider social aspects of mergers	EU0111240N
	ILO adopts code of practice on managing disability in the workplace	EU0111241N
December	Wide-ranging Employment and Social Policy Council	EU0112245F
	Social partners set out future shape of social dialogue	EU0112262F

National reviews

AUSTRIA

Political developments

The present government is a coalition of the conservative People's Party (Österreichische Volkspartei, ÖVP) and populist Freedom Party (Freiheitliche Partei Österreichs, FPÖ), which came to office in February 2000 (AT0002212F). A local election in Austria's capital, Vienna, held on 25 March 2001, resulted in the most significant losses for the FPÖ since it came to government. Electoral support for the FPÖ fell by nearly 8 percentage points to 20.1%, a drop of more than one third. The Social Democratic Party (Sozialdemokratische Partei Österreichs, SPÖ) increased its vote by 7.7 points and was once again able to govern the capital alone: it lost its absolute majority in Vienna 10 years previously and had since formed coalition governments with the ÖVP. The outcome of the election was deemed crucial for the ÖVP/FPÖ coalition government at the federal level, as it was seen as expressing a growing opposition to the government's ongoing cutbacks in social security and welfare provision. Moreover, the government's 'austerity programme' and corresponding political initiatives provoked fierce criticism from the SPÖ and the Greens (Die Grünen, GRÜNE) as well as organised labour. Conflicts emerged, especially with the Austrian Trade Union Federation (Österreichischer Gewerkschaftsbund, ÖGB) (see below under 'Industrial action').

Against a background of forecasts of poor economic performance - annual growth in real GDP is estimated by the Austrian Institute for Economic Research (Wirtschaftsforschungsinstitut, WIFO) to have reached only 1.3% in 2001 and to remain weak in the first quarter of 2002 - the government aims to reach a balanced ('zero deficit') budget in 2002. While public debt amounted to EUR 131.4 billion or 61.5% of GDP in 2001, statements on the anticipated net deficit for the year (as a percentage of GDP) varied from 0.0% (as stated by the Minister of Finance, Karl-Heinz Grassler), to 0.3% (predicted by WIFO). Since this would in any case remain below the EU's deficit target (1.5% of real GDP), the parliamentary opposition along with the employees' organisations fiercely criticised the government's strict adherence to the 'zero deficit'. Throughout the second half of 2001, they repeatedly called on the government to stimulate economic growth through 'anti-cyclical' demand management and active labour market policies in order to tackle the problem of rising unemployment rates (AT0108226F).

A small number of provincial elections will be held in 2002, but these will be of only minor political importance.

Collective bargaining

Collective bargaining in Austria is conducted principally at sectoral level, and more than 400 collective

agreements are concluded each year. While the metalworking sector continued to play its traditional pattern-setting role in bargaining in 2001, the employers in metalworking's electrical and electronics subsector for the first time withdrew from joint negotiations and bargained separately (AT0110201N).

Pay

Overall, wage negotiations were overshadowed by the continuing conflict between the government and ÖGB (see below under 'Industrial action') as well as by the predicted further slowdown of the Austrian economy. Nevertheless, under the new metalworking agreement concluded in October 2001 (AT0111229N), minimum pay rates will increase by 3.0%, above the anticipated average inflation rate of 2.6% for 2001. Actual wages must be raised by 2.9% and by at least EUR 43.60 per month. These pay agreements are valid for both blue- and white-collar workers. Unlike in previous years, the new metalworking agreement did not include a 'distribution option' (Verteiloption), whereby part of the increase could be allocated flexibly in return for a greater total pay increase.

However, the social partners did agree on a 'distribution option' in the first-ever separately-negotiated agreement for the electrical and electronics subsector. The distribution option allows companies to distribute flexibly 0.5% of the pay bill among certain employee groups on the basis of a works agreement between management and the works council. This means that companies can choose either to raise total pay by 2.9%, or to increase total pay by at least 2.7% while distributing at least 0.5% in line with criteria of high performance. One of the goals of this distribution option is to raise low pay. The purchasing power of employees should also be taken into account.

Other important sectoral pay agreements signed in 2001 included that for the banking industry, where bargaining was marked by debates over wage flexibility. The agreement, concluded in January (AT0103210N), provided for pay to increase by a flat rate of EUR 6 per month plus 2.6%. This arrangement favoured employees with low incomes, implying a pay hike of 3.14% for new recruits and of 2.8% for top earners. On average, the agreement meant a pay rise of 2.91%. In addition, all employees received a one-off bonus of EUR 73.

Overall, the average collectively agreed pay increase in 2001 stood at 2.4%, compared with 2.1% in 2000.

Working time

The main working time issue dealt with in collective bargaining in 2001 related to part-time work for older workers. 2000 saw the introduction of new statutory provisions on this matter, allowing older employees to reduce their working time without damaging their entitlements concerning pension and severance pay. A

collective agreement, a works agreement or an individual contract must be concluded in order for the scheme to be applied. Collective agreements on the issue were thus concluded in 2001 for a number of sectors (AT0110203F): the metalworking industry (white- and blue-collar employees); the chemicals industry (white- and blue-collar employees); the textiles industry (white- and blue-collar employees); the wood-processing industry (white- and blue-collar employees); the food-processing industry (white-collar employees); the leather industry (white-collar employees); the industrial manufacture of electrical and electronic equipment (white-collar employees); electricity supply (white-collar employees); airports (white-collar employees); the paper and pulp industry (blue-collar employees); and the oil industry (blue-collar employees).

Average collectively agreed normal weekly working hours stood at 38.5 in 2001, unchanged from the 2000 figure.

Pay inequalities

Despite a legislative framework designed to reduce the gender pay gap, pay differentials between men and women continue in Austria. A recent report on the income of the Austrian population carried out by the national statistical office, Statistik Österreich for 1998 and 1999 reveals that women's gross pay is around 60% of that of their male counterparts (AT0103209F). No specific bargaining on this issue was reported in 2001.

Job security

There were no significant developments in the area of bargaining on job security during 2001, although the economic climate worsened during the second half of the year.

Training and skills development

A number of sectoral collective agreements containing clauses on training and leave for training programmes were signed in 2001, notably for white-collar employees in telecommunications, blue-collar employees in the oil industry and blue-collar employees in the paper and pulp industry. The agreement for the paper and pulp industry stipulates that employees have the right to take fully paid leave of one week per year for participation in training programmes. This right refers only to programmes which are useful for both the employee's career and for the company's operations. In-service training has priority over programmes offered outside the company.

Legislative developments

The most controversial of the government's various social security measures during 2001 was a reform of the central institution of the social insurance system, the Association of Social Security Providers (Hauptverband der Sozialversicherungsträger, HSV), designed to change

significantly the representational structure of this body (AT0108225N). This was the main trigger for major protests by ÖGB (see below under 'Industrial action').

Previously, the members of the 'main conference' (Verbandskonferenz) of the HSV were recruited from representatives of organised labour and business, in accordance with the results of the elections of their representatives in the Chambers of Labour (Arbeiterkammern, AKs), representing workers, and the Chamber of the Economy (Wirtschaftskammer Österreich, WKÖ) employers' organisation. The most recent Chamber of Labour elections in May 2000 brought overall gains for the candidates representing the Fraktion Sozialdemokratischer Gewerkschafter (FSG), which is affiliated to the opposition SPÖ, and the main loser was the Freiheitliche Arbeitnehmer (FA) grouping, affiliated to the populist FPÖ. Under the new system, HSV has a governing board (Verwaltungsrat), whose members are still recruited in line with the results of the Chamber elections. However, they now include at least one representative of the three most successful groupings in the elections. This means that the FPÖ-affiliated FA, despite being the main loser in the most recent Chamber of Labour elections, has one seat on the governing board.

In mid-2001, the government announced its intention to reform the severance pay system (AT0106220N). A dispute arose – which split the coalition partners – centring on the conditions under which entitlement to severance pay should be granted to employees. Against this background of controversy, the government decided to delegate the drafting of a new severance scheme to the social partners, and they reached an agreement in October that - if adopted by parliament - would abolish most current restrictions and make an additional 800,000 employees eligible for severance pay (AT0112231F). However, the cost implications of the measures were a matter of some dispute.

When Austria joined the European Economic Area in 1994, it still had in place a formal ban on night work for women. Since this legal regulation had been declared permissible only up to the end of 2001, Austria was due to bring its national legislation into line with EU law during the year. This meant lifting the restrictions on night work for women. However, the relevant legislation (AT0107222F) had not been adopted by the end of the year.

Proposals further to liberalise legislation on shop opening hours proved controversial over the year (AT0107221N).

The organisation and role of the social partners

The ÖGB trade union confederation and the WKÖ employers' organisation both launched initiatives aimed at substantial reforms of their internal organisations in 2001.

In November 2001, the political leadership of WKÖ reached an agreement on reducing membership dues by a total of ATS 2.1 billion, which accounts for about 30% of total dues, by 2004 (AT0105215N). More than 75% of this amount was to be realised by the beginning of 2002. The reform plan provides for significant reductions in the Chamber's staff and thoroughgoing restructuring.

The issue of restructuring the representation of blue- and white-collar workers into single trade unions has permeated debates within ÖGB since its formation (AT9806192F). In February 2001, the ÖGB president, Fritz Verzetnitsch, presented a new plan for organisational reform of the unions (AT0104212N). Under this proposal - which was met with scepticism by some ÖGB affiliates - the current 13-union structure would be replaced with eight wider-ranging unions, mainly through mergers. Then, in October 2001, the most powerful affiliates of ÖGB, the white-collar Union of Salaried Employees (Gewerkschaft der Privatangestellten, GPA) and the blue-collar Metalworking and Textiles Union (Gewerkschaft Metall-Textil, GMT), announced that they intend to merge (AT0110205N). This amalgamation will significantly change overall union structure in Austria. It is not an exaggeration to say that the new union will become the 'centre of gravity' of ÖGB. This is not only because of the participating unions' large share of total union membership, but also because GPA and GMT have cooperated intensively in collective bargaining and have set the pace for bargaining by the other unions.

A great number of political initiatives proposed by the coalition government in 2001 met with harsh criticism, mainly from organised labour. The traditional 'corporatist' process of policy-making has been severely disrupted since the ÖVP-FPÖ coalition government took power, and political tensions between the government and ÖGB continually increased throughout the year (AT0109201F). This tended to undermine the traditional function of social partnership as a platform for 'interest clearing' and its ability to resolve socio-economic problems.

Industrial action

As noted above, since the formation of the ÖVP-FPÖ coalition government, the consensual atmosphere in Austria's public policy-making has been greatly disrupted. In July, the conflict between government and labour organisations appeared to peak when, for the first time in its history, ÖGB called upon its members nationwide to take part in demonstrations (AT0108225N). The issue was government legislation on reforming the structure of the central organisation of the public social insurance system (see above under 'Legislative developments').

When the government finally pushed through its policy of restructuring the HSV, ÖGB, fearing a further loss of influence in public-policy making, decided to hold a first-ever membership ballot with the aim of regaining its

political power and legitimising further protest actions against government legislation. The result of the ballot - held between 24 September and 15 October - was seen as a success by labour representatives as well as the parliamentary opposition. More than 56.6% of union members cast their vote on seven political demands proposed by the ÖGB and the great majority supported the demands and agreed to provide ÖGB with a mandate to call a strike (AT0111201F). This was remarkable, since the frequency and scale of industrial disputes have until now been extraordinarily low in Austria (a trend which generally continued in 2001).

National Action Plan (NAP) for employment

The drawing up of Austria's 2001 National Action Plan (NAP) for employment followed the practice of previous years, whereby the social partners are involved in all areas of the NAP. Four key actors hold the status of a social partner in this context: ÖGB, the Federal Chamber of Labour (Bundesarbeitskammer, AK), WKÖ and the Federation of Austrian Industry (Vereinigung der Österreichischen Industrie, VÖI). The contribution of the social partners is based on voluntary participation. Given the close cooperation of the social partners in the institutions of labour market policy, cooperation also prevails when it comes to participating in the formulation of NAPs. In spite of the conflicts between the coalition government and organised labour (see above under 'Industrial action'), the climate of cooperation relating to the NAP has been maintained so far. However, as regards the extent of involvement in the process of drawing up and drafting the NAP, employees' representatives have expressed their dissatisfaction, while organised employers appear to be more satisfied with their involvement.

It is important to note that there are no formalised links between the NAP and the collective agreements negotiated by the social partners. This is because the NAP is fixed at the central level of public policy-making, whereas collective bargaining is conducted at the sectoral level, without central guidelines issued for the bargaining rounds by the central-level peak organisations of the unions and employers' organisations.

Company restructuring

The obligation of employers to inform employee representative bodies on planned restructuring measures is regulated in various sections of the Labour Constitution Act (Arbeitsverfassungsgesetz, ArbVG). As Austrian labour legislation already provides for far-reaching regulations on redundancy and severance arrangements (see §109(3) ArbVG) and information and consultation of workers in a restructuring situation (see §109(1) ArbVG), cases of company restructuring in 2001 did not lead to further attempts to tighten up the relevant legislation.

Employee participation

There were no legislative or other significant developments in the area of employee participation in Austria in 2001.

New forms of work

In Austria, an increasing proportion of employment can no longer be characterised as based on a 'standard' employment contract. Overall, approximately 30% of the total workforce is involved in 'atypical' employment relationships. The expansion of so-called atypical forms of work is mainly due to changes in demand for labour, such as prolonged opening hours in commerce. Hence, part-time work has grown constantly over the past years and already accounts for 17.4% of the total labour force. Since part-time work is more common in the service sector than in industry, it is primarily performed by women.

The spread of temporary agency work (Leiharbeit) has been rather limited so far, currently accounting for only 0.5% of the total workforce. Therefore, no collective agreement regulates temporary agency work as yet. However, as regards other new forms of work, in 1997, a collective agreement was concluded for the first time on teleworking (in the mineral oils industry - AT9707123F). Further, specific collective agreements for the information technology sector were negotiated in 2000 (AT0012234N) and 2001. The 2001 agreement covers

25,000 employees and deals with working time and flexibility.

Until recently, unions clearly opposed many new forms of atypical work. However, in the autumn of 2001 the white-collar GPA, Austria's largest trade union, launched an initiative, referred to as 'workflex', aimed at self-employed persons working under a free service contract or a work contract. In general, however, the public debate on atypical forms of work has been rather limited so far.

Outlook

The Austrian economy is currently facing the consequences of the slowdown which took place during the second half of 2001 – employment growth is declining and unemployment levels rose sharply to 4.1% in November 2001. Moreover, for the first time since 1993, economists predict that employment levels will fall (by 0.2%). This challenge is likely to affect employment and labour relations very strongly in 2002. Since the government is determined not to adopt demand-side, anti-cyclical measures, despite requests from the opposition, the development of the labour market crucially depends on how active labour market policy can cope with the slowdown. However, it is clear that the target contained in Austria's NAP, set in 1997 by the former SPÖ-ÖVP coalition government, to decrease the unemployment rate from 4.5% in 1997 to 3.5% in 2002, will not be met - unemployment, which was 3.7% in 2000, is predicted to increase to 4.2% in 2002.

Austria: 2001 Records

January	Employment programme launched for people with disabilities	AT0101238N
	New controversy over shop opening hours	AT0101239N
	2000 collective bargaining round reviewed	AT0101240F
February	New controversy over shop opening hours	AT0102239N
	2001 Territorial Employment Pact agreed for Vienna	AT0102242F
March	Gender-related pay differentials examined	AT0103209F
	New pay agreement signed in banking	AT0103210N
April	Far-reaching union restructuring under discussion	AT0104212N
	Banking sector bargaining system examined	AT0104213F
May	Chamber of the Economy takes further reform steps	AT0105215N
	Industrial relations in the agricultural sector	AT0105219F
June	Reform of severance pay under discussion	AT0106220N
July	Negotiations deadlocked over more flexible shop opening hours	AT0107221N
	Ban on women's night work finally to be abolished	AT0107222F
August	Unexpected sharp rise in unemployment	AT0108226F
	ÖGB mobilises members against social security reforms	AT0108225N
September	Government intends to restrict labour immigration	AT0109128N
	Future role of social partnership under dispute	AT0109201F
October	Autumn 2001 bargaining round opens	AT0110201N
	New regulations increase part-time work among older employees	AT0110203F
	Largest blue- and white-collar unions intend to merge	AT0110205N
November	Vast majority of ÖGB members vote for further protest action	AT0111201F
	New collective agreements concluded in metalworking	AT0111229N
December	Social partners agree far-reaching reform of severance pay	AT0112231F
	Collective agreement extension mechanisms and practices examined	AT0112250F

BELGIUM

Political developments

At federal level, a 'rainbow' coalition has been in power since June 1999, made up of six parties: the Flemish Liberals and Democrats (Vlaamse Liberalen en Democraten, VLD); the Liberal Reform Party/Democratic Front of Francophones/Movement of Citizens for Change (Parti Réformateur Libéral-Front Démocratique des Francophones-Mouvement du Citoyen pour le Changement (PRL-FDF-MCC); the (French-speaking) Socialist Party (Parti Socialiste (PS); the (Flemish-speaking) Progressive Social Alternative (sociaal progressief alternatief, SP.A); Ecolo (French-speaking environmentalists); and Agalev (Flemish environmentalists). The government's term of office runs until mid-2003 and no elections were held in 2001. However, a number of political parties changed their name, as follows:

- the Flemish-speaking Christian Party (Christelijke Volkspartij, CVP) was renamed the Christian Democratic Party of Flanders (Parti démocrate chrétien de Flandres/Christen-Democratische en Vlaamse politieke partij, CD&V);
- the Flemish Socialist Party (Socialistische Partij, SP) became the SP.A (see above); and
- the Flemish-speaking People's Union (Volksunie, VU) became the New Flemish Alliance (Nieuw-Vlaamse Alliantie, NVA). A new party was also formed by dissidents from the former VU, called SPIRIT.

Collective bargaining

Belgium has a two-year collective bargaining cycle. A two-year national intersectoral agreement is normally concluded at the end of even years, while odd years (ie the first years of these two-year cycles) are marked by the widespread negotiation of mainly sectoral collective agreements and their subsequent registration. The second year of the cycle (even years), generally sees more company agreements. The most recent intersectoral agreement (BE0101337F) dates from December 2000 and covers 2001-2. It covers two main themes:

- renewal of the 'pay norm' (ie setting pay guidelines linked to developments in neighbouring countries); and
- seeking a better balance between work and family life.

The intersectoral agreement also contains provisions on other matters, that were to be implemented through the conclusion of specific national collective agreements within the bipartite National Labour Council (Conseil National du Travail/Nationaal Arbeidsraad, CCT/NAR).

With regard to sectoral bargaining, the Ministry of Employment and Labour has noted a greater propensity in recent years for the social partners to conclude 'protocol agreements' (protocoles d'accord), rather than agreements in the strict sense of the word, in the sectoral joint committees which conduct bargaining. The Ministry states that such protocol agreements usually take the form of a list of agreed points that the parties undertake to comply with in a number of areas, and whose practical implementation is ultimately covered by the conclusion of specific agreements.

In 2000, the directorate of the clerk's office of the Ministry of Employment and Labour's collective labour relations administration registered a total of 2,692 collective agreements and related legal instruments - see table 1 below. This figure exceeded the average of 2,444 for even years which was recorded between 1984 and 2000.

Table 1. No. of collective agreements registered with Ministry of Employment and Labour, 2000

Level	Number
National Labour Council	7
Sectoral joint committees	423
Enterprise level	2,262
Total	2,692

Source: Federal Ministry of Employment and Labour.

Available figures for 2001 cover only the first six months of the year, and are comparable with those for the same period in the preceding odd year (ie 1999) - see table 2 below. As the table indicates, there was a slight fall in the number of sectoral agreements concluded in the first six months of 2001; according to the Ministry of Employment and Labour, this may be explained by the fact that negotiations have been taking place slightly later in the year than hitherto.

Table 2. No. of collective agreements registered with Ministry of Employment and Labour, 1999 and 2001

Level	1999 (first six months)	2001 (first six months)
Sectoral agreements	697	589
Enterprise-level agreements	1,491	1,427
Total	2,188	2,016

Source: Federal Ministry of Employment and Labour.

As noted above, the negotiation of collective agreements is one of the main tasks of sectoral joint committees. As

of 30 June 2001, there were 95 joint committees and subcommittees, involving a total of 3,129 social partner representatives (of whom only 401, or 12.8%, were women).

Pay

The 2001-2 intersectoral agreement, concluded in December 2000, continued with the practice of seeking wage restraint through the establishment of a 'pay norm' to guide subsequent sector and company-level bargaining, whereby hourly labour costs should not rise any faster than those in Belgium's three main neighbouring countries (France, Germany and the Netherlands). The pay norm was fixed at an increase in hourly wages of 6.4% over 2001-2, including indexation and other increases. However, in contrast to the practice of previous years, the pay norm agreed for 2001-2 is indicative, rather than binding. Sectors where economic performance during 1999 and 2000 was particularly good can exceed the norm, but the overall increase in hourly wages in these sectors may not exceed 7% over 2001-2.

The average pay increase for blue-collar workers in 2001 stood at 4.4%, compared with 2.8% in 2000. The equivalent figures for white-collar workers were 4.0% in 2001 and 3.3% in 2000. These figures represent the total of collectively agreed pay increases, automatic pay indexation and the effects of the reduction of working time.

Working time

The 2001-2 intersectoral agreement provides that the maximum normal working week will be reduced to 38 hours from the current 39 in January 2003. The agreement also includes a chapter on improving the balance between work and family life through the adoption of various measures whereby individuals may reduce their working hours. The implementation of these measures was negotiated in 2001 by the social partners within the National Labour Council, resulting in national collective agreement No. 77 of 14 February (BE0108360F). A new system thus came into force in January 2002, consisting of:

- the right to a 'time credit'. For a maximum total of one year over their entire career, employees may interrupt their work or reduce it to a half-time job, without breaking off the contract of employment and without loss of social security rights. This time credit may be extended to a maximum of five years by agreement at sectoral (BE0105350F) or company level;
- the right to a one-fifth working time reduction. During their career, for a maximum period of five years, each employee also has the right to reduce their working hours by one-fifth - in practice generally meaning a four-day working week instead of five days; and
- the right of those aged over 50 to a reduction in working time. Older employees are entitled to reduce

their working hours over an unlimited period of time, either by one fifth or one half.

The government adopted legislation on issues related to the intersectoral agreements's working time provisions in July 2001 (see below under 'Legislative developments').

Sectoral collective agreements concluded in 2001, such as that in metalworking (BE0105350F), implemented the time credit scheme set out in the national agreement.

Pay inequalities

In the 2001-2 intersectoral agreement, the social partners agreed to maintain the efforts initiated in the previous intersectoral agreement with regard to achieving greater equality between women and men, including the issue of reviewing job classifications to make them gender-neutral.

Job security

The 2001-2 intersectoral agreement provides for new reductions in employers' social security contributions in 2002, if several conditions are met, including a positive evaluation of employers' efforts with regard to employment and training. As with the 1999-2000 agreement, the 2001-2 intersectoral agreement also provides for 0.10% of total payroll to be allocated to the employment and training of people from 'risk groups'.

Training and skills development

Employers and trade unions confirmed their commitment to continuing vocational training in the 2001-2 intersectoral agreement. In practice, this means that companies will have to increase their spending on such training to 1.6% of pay costs by the end of 2002. The aim is to bring Belgium's spending on training up to the average level of its three main neighbouring countries by 2004 (1.9% of pay costs). The intersectoral negotiators also expressly requested individual sectors to give priority in their agreements to training for certain target groups such as older workers, women, unskilled workers and occupations experiencing labour shortages. As noted above, a contribution of 0.10% of total payroll was again allocated for the training and employment of people in vulnerable groups. A new feature of the 2001-2 agreement is that part-time workers are also now entitled to paid education leave for vocational training. Finally, there are additional training opportunities for workers over the age of 45.

Legislative developments

A number of legislative developments took place during 2001, including the following:

- in parallel with the new intersectoral agreement (see above under 'Collective bargaining'), a law proposed by the Ministry of Employment and Labour was adopted in July 2001, containing several measures

aimed at reducing working time collectively and individually with a view to giving workers more time to meet their family and social obligations;

- in November 2001, the National Labour Council concluded a national collective agreement (with legal effect) introducing a right to breastfeeding breaks at work for nursing mothers from July 2002 (BE0112361F);
- legislation creating a new Institute for Equality between Men and Women (Institut de l'égalité des femmes et des hommes/Instituut van de Gelijkheid van Vrouwen en Mannen) was adopted in October 2001. The new Institute's role is to conduct studies and propose instruments for the production of gender-related statistics, issue recommendations to the public authorities on all matters relating to equality between women and men, organise support for organisations that promote equality between women and men, provide the public with information and implement equality legislation; and
- in October 2001, new legislation was adopted on the employment status of childminders (BE0107356F).

The organisation and role of the social partners

The main development in 2001 in terms of trade union organisation was the merger of two unions affiliated to the Confederation of Christian Trade Unions (Confédération des Syndicats Chrétiens/Algemeen Christelijk Vakverbond, CSC/ACV). CSC/ACV Transport and Communications (CSC/ACV-Transcom) was established on 1 April 2001 following a merger between the Christian Communications and Culture Union (Syndicat Chrétien des Communications et de la Culture/Christelijke Vakbond van Communicatiemiddelen en Cultuur, SCCC/CVCC) and the Christian Transport and Diamond Workers' Union (Centrale Chrétienne des Ouvriers du Transport et des Ouvriers Diamantaires/Christelijke Vervoerarbeiders en Diamantbewerker, CVD).

On the employers' side, the Federation of Belgian Enterprises (Fédération des Entreprises de Belgique/Verbond van Belgische Ondernemingen, FEB/VBO) acquired a new member in 2001, the Belgian Producers of Construction Materials (Producteurs Belges de Matériaux de Construction). With this new addition, FEB/VBO now represents over 30,000 enterprises, 85% of which are small and medium-sized companies, employing about 2 million workers.

Industrial action

As mentioned above (under 'Collective bargaining'), 2001 saw a high level of sectoral collective bargaining in the private sector. Negotiations were sometimes difficult and marked by strike action, as in the construction sector (BE0106354F). In other sectors, the social partners

managed to negotiate innovative agreements, for example in metalworking (BE0105350F) and in the auxiliary joint committee for white-collar workers in a wide range of sectors (BE0106352N), without recourse to industrial action. At enterprise level, strike action was taken in response to a number of restructuring exercises (see below under 'Company restructuring').

The public sector was marked in 2001 by negotiations, strikes and demonstrations, mainly relating to changes to conditions of employment and salaries:

- at federal level, civil servants took part in a major demonstration in February 2001 to protest at government reform plans (BE0103342N);
- post office staff went on strike several times to express their unhappiness with new working methods introduced with a view to modernising the organisation and increasing profitability;
- workers at Belgian National Railways (Société Nationale des Chemins de fer Belges/Nationale Maatschappij der Belgische Spoorwegen, SNCB/NMBS) took industrial action to register their opposition to priorities set out in the company's new investment plan for 2001-2012;
- in education, teachers in Flanders went on strike for three days in October. The unions involved were protesting against the Flemish education minister's plan to raise the early retirement age for teachers from 55 to 58, with the stated aim of addressing teacher shortages (BE0110304F); and
- the level of public funding in healthcare became a major point of controversy in the run-up to the announcement of the government's state budget for 2002, in October 2001 (BE0110302N). The relevant parties in the healthcare system, which include the social partners, started seeking an agreement on the healthcare budget for 2002 in early September (without a result by the end of the year). If no agreement was reached, the government was due to step in. Doctors took strike action to support their demands for higher funding (BE0109302F).

On 20 May, about 20,000 people demonstrated in Brussels to demand from the federal government a 'decent standard of living' for recipients of social security benefits. The action was called by 30 organisations, including trade unions (BE0106351N).

Since the 1980s, and with increasing frequency, Belgian employers have been having recourse to the courts to influence the outcome of industrial disputes. Unilateral applications by employers for penalties to be imposed on strikers have often resulted in substantial fines being imposed by the courts. The trade union movement believes that the situation has become intolerable, and that it has called the right to strike fundamentally into question (BE0110306F). In October 2001, the government announced a bill designed to restrict the

unilateral intervention of civil courts in industrial disputes (BE0110310N).

National Action Plan (NAP) for employment

In general, both employers and trade unions felt relatively satisfied that they had been consulted early enough in the drawing up of the 2001 Belgian National Action Plan (NAP) for employment. However, both employers and unions were relatively dissatisfied with the extent to which their views had been taken on board in the actual drafting of the plan. They were also not happy about their involvement in the implementation of the NAP and dissatisfied with the NAP's performance in the general management of labour market issues.

Company restructuring

A significant amount of corporate restructuring took place in Belgium in 2001. This included restructuring exercises at: the motor manufacturer Opel (BE0109301F), a subsidiary of the US-based General Motors; the retail firm Carrefour (BE0104347N); the Electrabel electricity group (BE0103343F); and Arcelor, the iron and steel group created by the merger of Arbed (Luxembourg), Usinor (France) and Aceralia (Spain) (BE0104344F). Furthermore, in April 2001, the French-based Danone food group announced that it was closing its Belgian factory (with the loss of 412 jobs), while the UK-based retailer Marks & Spencer announced that it was closing its four Belgian shops (with the loss of 315 jobs). The bankruptcy that received most media coverage in 2001 was that of the national air carrier SABENA (BE0102340F, BE0108359F and BE0109362N); this had been preceded by the failure of another Belgian airline, Citybird.

A feature of restructuring exercises in Belgium is the frequency with which early retirement is used for older workers as a 'non-traumatic' means of dismissal. In this connection, the 'BEST' restructuring plan negotiated by management and unions at the Belgacom telecommunications operator in December 2001 was seen as innovative, in that the company offered financial incentives to ensure that staff of early retirement age leaving the firm did not leave the labour market entirely (BE0201322N).

Employee participation

For many years, trade unions have been seeking the establishment of social dialogue structures in small and medium-sized enterprises (SMEs), which are not covered by union representation or statutory employee participation structures. The intersectoral agreement for 2001-2 called on sectoral negotiators to set up external structures to enable social dialogue in SMEs (ie 'pooled' dialogue structures for a number of SMEs in a particular area). Several such regional consultation bodies have

been established, in the retail sector for example (BE0102339N).

New forms of work

Temporary agency work in Belgium underwent change in 2001: following an agreement reached by the social partners in the construction sector in June, it is now possible to use temporary agency workers in this industry (BE0107355N), a practice which had hitherto been banned.

Under the agreement, agency workers are to be introduced through structures peculiar to the construction sector - sectoral temporary work agencies, which must be accredited and monitored by the industry's social partners. These agencies are based on an existing network of provincial bodies that manage workers' training. To ensure that safety and the length of assignments are kept under control, temporary agency workers must be registered with these agencies and must also undergo 16 hours' safety training before taking up their first job. Temporary agency work is permitted only for a maximum period of two years per worker. The contract thereafter becomes open-ended. Agency workers have the same social benefits and rights as workers in the construction sector. Lastly, the trade unions have effective control over the use of this form of flexibility, as the company trade union delegation's agreement is required, particularly for the hiring of temporary labour when the user enterprise experiences exceptional peaks of workload.

Outlook

In January 2002, the government presented a document on economic and social priorities for 2002 and 2003 (BE0203301N). Among other matters, it referred to structural problems of a socio-economic nature that the government wishes to address before the end of the current legislature in mid-2003. These include:

- reducing wage costs, which are seen as too high in Belgium compared with neighbouring countries;
- reducing excessively high fiscal charges;
- raising the employment rate, particularly in the 50-64 age group; and
- increasing market flexibility.

The government asked the social partners to discuss four matters with a view to incorporating them into the intersectoral agreement for 2003-4, which must be negotiated by the end of 2002. These issues are the current unfavourable development in wage costs, the effects of reducing social security contributions, making the labour market more flexible and expanding training in enterprises. These issues are thus likely to be prominent in Belgian industrial relations in 2002.

Belgium: 2001 Records

January	Social partners set out priorities for future Belgian EU Presidency	BE0101335N
	Intersectoral agreement concluded for 2001 and 2002	BE0101337F
	Less rigid regulations introduced for unemployed artists	BE0101338F
February	Social dialogue in SMEs examined	BE0102339N
	SABENA's survival under threat	BE0102340F
March	Federal civil servants opposed to reform plan	BE0103342N
	Liberalisation of electricity market to cost 1,700 jobs?	BE0103343F
April	Usinor, Arbed and Aeralia merger raises employment concerns	BE0104344F
	Sustainable development and corporate governance high on the political agenda	BE0104346F
	Renewed industrial unrest at GB (Carrefour Belgium)	BE0104347N
May	Historic agreement on working time cuts in private healthcare blocked	BE0105348N
	2001-2 national metalworking agreement signed	BE0105350F
June	Demonstration calls for improved social security benefits	BE0106351N
	White-collar workers agreement raises early retirement issue	BE0106352N
	Construction sector talks deadlocked over temporary agency work	BE0106354F
July	Agreement finally reached in construction sector	BE0107355N
	Childminders to become employees	BE0107356F
August	SABENA saved again	BE0108359F
	Changeover from career breaks to 'time credits' proves complex	BE0108360F
	Belgian EU Presidency proposes European industrial relations peacekeepers	BE0108357N
September	Uncertainty as Opel restructures	BE0109301F
	Medical specialists strike	BE0109302F
	Changeover from career breaks to 'time credits' proves complex	BE0109360F
	Social plan under negotiation at SABENA	BE0109362N
October	Disagreement on 2002 healthcare budget	BE0110302N
	Dispute erupts in Flemish education sector	BE0110304F
	Government to legislate on intervention of courts in industrial disputes	BE0110306F
	Controversy over right to strike	BE0110310N
December	National agreement introduces right to breastfeeding breaks	BE0112361F

DENMARK

Political developments

Parliamentary and county/municipal council elections took place on 20 November 2001. The result was a serious defeat for the Social Democratic Party (Socialdemokratiet), which had formed the outgoing government together with the Social Liberal Party (Radikale Venstre). The Social Democratic Party saw a serious decline in support in the county/municipal elections and lost its position as the largest party in parliament (Folketing), a position it had held since the 1920s. The winners in the parliamentary elections - the Liberal Party (Venstre) and the Conservative Party (Det Konservative Folkeparti) - formed a coalition government. The Liberal Party is the larger party in the coalition and its leader, Anders Fogh Rasmussen, will be Prime Minister for the coming four years, unless a new election is called prematurely.

At the end of 2001, the new government announced a number of initiatives which signalled a departure from the social-democratic approach of the past. In the labour market field, a number of changes were proposed which were seen as challenging the position and views of the trade union movement and thus as possibly jeopardising the consensus which has traditionally existed in the Danish industrial relations system (DK0112147F). Three proposals, in particular, affected the unions.

1. Employees and employers will have the right to conclude an agreement on part-time work. Any direct or indirect obstacle to, or restriction on, this right - such as the provisions of a collective agreement, custom or practice - will be void. The proposal does not give an employee a statutory right to work part-time, but provides 'freedom' for the employee and the employer to enter into an agreement concerning part-time work without any restrictions arising from collective agreements. However, the employee will have no rights in the event that the employer turns down his or her request to work part-time. The proposal has been criticised by the unions, which accuse the government of intervening in the collective bargaining system.
2. Closed-shop agreements will no longer be permitted. It will be up to individuals to decide which trade union they want to join or whether or not to join a union at all.
3. It will be possible to establish cross-sector unemployment insurance funds as an alternative to the existing trade union-run funds based on occupational lines. The government has taken the lead by establishing a cross-sector *state*

unemployment insurance fund, as an alternative to the private union-run funds.

The 'division of labour' between the former Ministry of Labour and Ministry of Social Affairs was changed following the election. All matters concerning employment are now under the competence of the Ministry for Employment, as it has now been renamed. All matters concerning vocational training have been transferred to the Ministry for Education. At the same time, the government abolished around 100 public councils and boards. One of the bodies affected was the recently established Knowledge Centre for Equal Opportunities which was to collect and analyse data concerning, among other matters, equal pay for women and men.

Collective bargaining

Collective bargaining took place in two sectors in during 2001: the financial sector and the agricultural sector covered by the Confederation of Employers' Associations in Agriculture (Sammenslutningen af Landbrugets Arbejdsgiverforeninger, SALA). These sectors each cover about 115,000 employees. Three major agreements were negotiated in the financial sector in 2001, covering the fields of insurance, banks and financial institutions, although there is a single employers' organisation, the Danish Employers' Association for the Financial Sector (Finanssektorens Arbejdsgiverforening, FA). The seven employers' associations affiliated to SALA concluded about 40 collective agreements with seven different trade unions affiliated to the Danish Confederation of Trade Unions (Landsorganisationen i Danmark, LO). SALA also renegotiated its cooperation agreement with LO in 2001 (DK0109133N). The new agreement aims to help prevent labour market exclusion, giving company-level cooperation committees a role in matters concerning the retention and integration of employees with reduced working capacity.

Neither SALA nor FA are members of the Danish Employers' Confederation (Dansk Arbejdsgiverforening, DA), which is the main employers' organisation. The trend-setting DA-LO bargaining area accounts for most of the private sector and was covered in 2001 by the provisions of around 600 four-year agreements concluded by DA and LO member organisations in 2000, affecting some 650,000 employees (DK0002167F).

Pay

Employers and unions in the largest financial sector bargaining unit - banks and mortgage credit institutions - agreed in March 2001 on a pay increase of 6.6% over two years, with two percentage points of this increase available to be used for 'kitties' for distribution at the local level. (DK0103116F) This was the first time that a new bargaining system had been used in this sector, making it possible to conclude agreements on some

issues between management and employees at enterprise level, rather than applying central standardised provisions. (DK0011103F). Furthermore, under the new agreement, employees may choose to receive part of their salary in the form of shares or a special bonus. At the same time, the pay system has changed from a seniority-based system to one based on work functions and qualifications.

In the largest bargaining unit covered by SALA - the 'green' sector (agriculture, forestry and horticulture) - a four-year agreement was negotiated in 2001, providing for wage increases of around DKK 10.5 per hour over four years (the equivalent of a rise of 10.65%). The agreement also provided for: an extension of the period during which sickness benefits are paid; increases in education/training allowances; and two more special holidays (bringing the annual total to five) and the establishment of 24 December as a holiday. Altogether, this meant an annual increase in wage costs of 3.7% (DK0101112F).

By opting for a four-year agreement, the 'green' sector, together with the dairy sector, were brought into line with the duration of agreements in LO/DA sector. However, the difference is that SALA's sectors, unlike most of the LO/DA area, operate the 'standard wage' system, whereby wage bargaining takes place only at central level and sets actual pay rates. No adjustments are negotiated at local level and agreements are not subject to renegotiation during their term. In this context, a four-year duration is long, but the bargaining parties chose to follow the example set by the transport sector in 2000. The transport sector is the only 'standard wage' sector in the LO/DA field, but it also opted for the same four-year duration as other LO/DA sectors which operate the 'minimum wage' system, whereby local bargaining builds on the minimum rates set in the sectoral collective agreement. Four years represents a long period of industrial peace, which seems to have been a priority issue for employers.

In the food sector within the SALA area, there is a tradition of difficult negotiations, particularly in the slaughterhouses and meat factories subsector. The bargaining process in this subsector proved particularly difficult in 2001 – it took three ballots before the slaughterhouse workers organised in the Food and Allied Workers' Union (Nærings- og Nydelsesmiddelforbundet, NNF) approved a compromise deal (DK0104117F). The outcome was the most advantageous for workers in decades and arguably represented a major defeat for a relatively weak employers' organisation (Slagteriernes Arbejdsgiverforening, SA). The result was a two-year agreement providing for a total pay increase of 9.5% over two years, an increase in occupational pension contributions to 9.9% of pay and a number of fringe benefits. The employers gained a higher degree of flexibility, both in terms of working hours and in connection with the introduction of new technology. The two-year term means that the agreement in this sector

will be renegotiated in 2003, whereas bargaining in the trend-setting LO/DA sector will not take place until 2004. Another bargaining round in slaughterhouses and meat will thus take place before the next bargaining over renewal of the four-year agreements in the rest of the private sector, and this may shift the leading role to this small sector. Even a moderately positive result for employees in slaughterhouses and meat in 2003 may be a cause for concern for the larger employers' organisations due to bargain in 2004. The result may very well be that the SA meat employers' organisation will join DA before the 2003 bargaining round. SA has no strike fund to draw upon and this may weaken its bargaining position.

In other sectors outside finance and the SALA area, pay increases in 2001 were governed by the provisions of the four-year agreements signed in 2000. For example, in the industry sector, which operates the 'minimum wage' system, the average collectively agreed wage increase for 2001 stood at 2.4%.

Working time

Collectively-agreed normal weekly working time in Denmark stands at 37 hours. Flexible working time has been a topical issue in recent years and the 2001 collective bargaining round was no exception, although this issue was not a top priority. In the financial sector, it was agreed that it should be possible to agree on varying hours in individual enterprises, with the average maintained over a reference period of either six or 12 months. The same provision was introduced in the SALA/LO field, where seasonal work and piece-rate work still predominates.

In addition, the number of extra days of holiday was increased from three to five days a year in both the SALA and financial sectors. Employees thus now have six weeks' annual leave, in line with the provisions introduced in the LO/DA sector in 2000.

In January 2001, LO proposed a life-long working time flexibility scheme, under which employees could work longer hours in the earlier years of their working life and reduce their hours accordingly in later years (DK0101110N).

Pay inequalities

There were no particular developments in the area of pay inequalities in collective bargaining during 2001. However, the gender pay gap is perceived to be a persistent problem in Denmark and in June 2001, parliament adopted legislation amending the Act on Equal Pay for Men and Women (DK0106123N). The aim of the new legislation is to create a higher degree of transparency in wage data, especially in the light of equal pay for women and men. Employees, employee representatives, the Equal Opportunities Board

(Ligestillingsnævnet) and trade unions with one or more members in an enterprise may require companies with more than 10 employees to draw up wage statistics. Furthermore, employees are now explicitly allowed to discuss wages openly, as it is no longer lawful to impose a duty of secrecy on employees relating to pay matters. However, the future of this legislation does not look bright under the new liberal-conservative government, which believes that such gender-specific wage statistics impose too much bureaucracy on employers.

Job security

There were no prominent examples of job security agreements concluded during 2001, although the economic climate, as in most other European countries, began to worsen from mid-year. The most high-profile case of bargaining to mitigate redundancies was a local agreement, reached in spring 2001 for employees at the agricultural machinery manufacturer P Nordsten A/S. These employees will receive a substantial pay increase over the next two years, whereafter the plant will close and production will be transferred to Poland (DK0105118N) (see below under 'Company restructuring').

Training and skills development

There were no significant developments concerning bargaining on training and skills development in 2001.

Other issues

Occupational pensions were a major theme during collective bargaining in the SALA and financial sectors in 2001. The year before, LO and DA affiliates had agreed on a total increase in occupational pension contributions to 9% of pay before tax (with two-thirds paid by employers and one-third by employees) over four years. Increases in pension contributions were a priority demand on the part of unions in the SALA area in 2001 and, somewhat surprisingly, they achieved an increase in total contributions to 9.9% of pay. The SALA area has thus set the standard for future bargaining on pensions for the entire private sector. A 10% total contribution, which has been a target for trade unions, will probably be exceeded during the next bargaining round in the LO/DA area. Improved pension arrangements were also achieved in the finance sector agreements in 2001.

Legislative developments

In 2001, new legislation focused on equality and non-discrimination issues and on working time - the latter being an area formerly regulated principally by collective bargaining.

In spring 2001, legislation prohibiting discrimination was revised (DK0102113N). The reason for this was mainly the need to comply with EU Directive (2000/78/EC) of 27

November 2000 establishing a general framework for equal treatment in employment and occupation (EU0010274F), but also a concern that job advertisements were increasingly specifying the age groups which would be considered for vacancies, often excluding people aged over 45. It was thus decided to add the criterion of age to the list of prohibited grounds for discrimination in the legislation, which applies in the absence of collective agreements covering this field. In June 2001, parliament adopted legislation amending the Act on Equal Pay (see above under 'Pay inequalities').

The EU Directive on part-time work (97/81/EC) was implemented in 2001 in a unique way in the Danish context (DK0106123N). Normally, the Directive would have been implemented exclusively through collective agreements. However, in this case, the then Minister of Labour, Ove Hygum, decided to use legislation to give legal status to an agreement on the issue drafted by LO and DA. The legislation provides that fields which are not covered by their own agreements implementing the Directive are covered by the agreement on the issue between LO and DA. The other main social partner organisations were very hostile to this initiative because they had not been consulted in the process. As a result of the new legislation on part-time work, the government amended the Act on Salaried Employees (Funktionærloven) - which governs some aspects of the employment conditions of white-collar staff - so as to change the definition of the part-time workers covered by the legislation from those working 15 hours a week to those working eight hours a week. Employers were unhappy with the new eight-hour threshold, which they believe increases their administrative burden.

Later in 2001, this new 'dual method' was also used in connection with completing the implementation of Directive (93/104/EC) on certain aspects of the organisation of working time (DK0112158F). The Directive had been implemented in Denmark by means of collective agreements and, according to the Commission, this was not sufficient to ensure full and correct transposition, as about 15% of employees are not covered by a collective agreement. The Commission had threatened to take Denmark to the European Court of Justice over the issue. However, this was averted in December 2001 when the Danish social partners agreed to ensuring full implementation of the Directive through subsidiary legislation. On this occasion, all the main organisations were consulted on the drafting of new legislation. It seems that this new method will also be used in connection with the implementation of future EU Directives in the social and labour field.

The organisation and role of the social partners

In June 2001, four organisations representing companies in the service sector tabled a proposal for a large-scale merger, bringing together organisations representing

both employers' and business interests (DK0107127F). The new organisation would be similar to that already existing in industry, the Confederation of Danish Industries (Dansk Industri, DI). The aim was to establish a single main organisation - ServiceErhvervene (SE) - which unites member organisations under one umbrella, but which would, at the same time, be able to meet the very diverse needs of its 12,000 member companies in a flexible way. The proposed merger sought to shift the balance of power within the DA employers' confederation away from industry and to strengthen the political influence of the service sector. However, the fact that Danish Commerce and Service (Dansk Handel & Service, DHS) is not (at least so far) participating in the merger may be an obstacle to the creation of a strong unitary organisation. Initially, the planned merger involved the Employers' Federation for Trade, Transport and Services (Arbejdsgiverforeningen for Handel, Transport og Service, AHTS), Danish Transport and Logistics (Dansk Transport og Logistik, DTL), the Chamber of Commerce (Handelskammeret) and the Association of the Hotel, Restaurant, and Leisure Industry (Hotel-, og Restaurant- og Turisterhvervets Arbejdsgiverforening, HORESTA). However at the end of 2001, DTL (representing 1,500 employers) declared that it would probably withdraw from further cooperation over the creation of the new organisation.

A study carried out by the University of Copenhagen and published in 2001 found that Denmark has 'too many' trade unions (DK0105120F) - there are currently 169 trade unions, of which one-third have fewer than 1,000 members. It claimed that that too much energy is thus expended on rivalry among the unions and internal power struggles, to the detriment of the members and of flexibility at the workplace. Many union tasks are duplicated, many union officials spend their time meeting each other and organising the framework for activities, instead of engaging in trade union activities which are really to the benefit of their members. The members receive unprofessional advice, are losing political influence and pay excessively high membership fees. The report concluded that enterprises could increase productivity by at least 5% if mergers led to fewer unions, as work tasks could be organised in a more flexible way if demarcation lines were erased.

Union mergers are not a new idea and many have taken place in Denmark in recent years. The negotiations preceding such mergers have always been protracted and difficult and the mergers have ultimately been dependent on the approval of the members.

In 2001, two merger ballots failed. In both cases, the members rejected plans carefully prepared by the leaders of their unions. It appeared that the members were very concerned about their occupational status and very reluctant to merge with other occupational groups and thus risk a loss of influence. In the first case, a large

majority of local branches of the Danish Union of Electricians (Dansk EI-Forbund, DEF) rejected a merger with the Danish Union of Metalworkers (Dansk Metal) in spite of massive support for the merger from union leaders and experts (DK0110101N). Furthermore, the skilled childcare workers organised in the Danish Federation of Early Childhood Teachers and Youth Educators (Forbundet for pædagoger og klubfolk, BUPL) rejected a proposed merger with their unskilled counterparts organised in the National Union of Nursery and Childcare Assistants (Pædagogmedhjælpernes Forbund, PMF) (DK0111102N).

Industrial action

No major strikes or industrial action took place in 2001.

National Action Plan (NAP) for employment

The involvement of the social partners in the drafting of the Danish National Action Plan (NAP) for employment, in response to the EU Employment Guidelines, took place in 2001, as in other years, on the basis of the following three-stage process:

- the Ministry for Employment (formerly, the Ministry of Labour) and the Ministry of Economic Affairs invite other ministries and the social partners to preliminary discussions;
- the social partners may subsequently submit contributions on what they want to see incorporated in the NAP. When the draft Plan has been completed, it is sent back to the social partners, which have the possibility to conduct internal discussion before the third phase of drafting; and
- consultation takes place, which gives the social partners the opportunity to submit amendments to the draft.

The social partners thus play a central role in the drafting of the NAP, though the Ministry of Employment is in charge of the final drafting of the text. All main private and public sector social partner organisations are invited to take part in the drawing up and implementation of the NAP.

Denmark has a tradition of involving the social partners, at the national, regional and local level, in various social and labour market coordination committees. It has thus not been necessary to set up a special 'NAP council' or take any other special measures with a view to drafting NAPs. The fact that the EU Employment Guidelines now include a 'horizontal objective', whereby Member States are called on to 'develop a comprehensive partnership with the social partners for the implementation, monitoring and follow-up of the employment strategy', will not change existing practice in Denmark, as such a

tradition already exists. The consensus which generally characterises the Danish model is reflected in the NAP discussions.

Company restructuring

Company restructuring continued in Denmark in 2001, although no major controversies took place in this area. The rights of employees to information and consultation in such circumstances are laid down in the cooperation agreements concluded by the social partners and this helps ensure that there are usually no major disputes in connection with restructuring. However, there were two specific cases of company restructuring during the year. The Scandinavian Airlines Systems (SAS) airline was forced to restructure in the wake of the international crisis in aviation following the attacks on the USA on 11 September 2001. White-collar employees and pilots at SAS agreed to a pay cut of 5% in order to maintain jobs (DK0201124N).

Under a local agreement reached in early 2001, employees at P Nordsten A/S, a Danish agricultural machinery manufacturer, will receive a substantial pay increase over the next two years, whereafter the plant will close and production will be transferred to Poland (DK0105118N). Each month from February 2001 until March 2003, the hourly wage will be increased by DKK 1.25, producing an hourly wage increase of DKK 32.50 after 26 months. This local agreement is very unusual, but at the same time an example of an ad hoc solution to company restructuring in Denmark.

Employee participation

There were no legislative or other significant developments in the area of employee participation in Denmark in 2001. The employers are aware of the potential of the European Company Statute - adopted in October 2001, along with the accompanying Directive on employee involvement (EU0110203N) - but there was no major debate concerning this issue in 2001. European Works Councils still have no major influence in Denmark.

New forms of work

In 2000, the Danish Commerce and Service (DHS) employers' organisation and the services section the Union of Commercial and Clerical Employees (Handels- og Kontorfunktionærernes Forbund/Service, HK/Service) concluded an agreement regarding new rules for teleworking, with the aim of facilitating work at home (DK0011102N). This is so far the only collective agreement which has been concluded on this issue in Denmark, though teleworking was highlighted as a new possibility in the 2001 bargaining round in the financial sector

During the course of 2001, there was an increase in the number of full-time employees, whereas the number of part-time employees declined. The fall in female part-

time employment was double that in male part-time employment. The level of part-time employment in the third quarter of 2001 was 8% lower than in the same period the preceding year.

Other relevant developments

On 15 May 2001, the Minister of Labour, Ove Hygum, announced that an order would be issued, extending the powers of the Working Environment Authority (Arbejdstilsynet) in cases concerning the 'psychological working environment'. The Authority would be authorised to intervene in cases of sexual harassment and serious bullying in enterprises. This decision was taken without involvement of the trade unions and employers' organisations, and thus gave rise to considerable turmoil as these matters are normally regulated exclusively by the social partners.

Consequently, the social partners in the industrial sector, the Confederation of Danish Industries (DI) and the Central Organisation of Industrial Employees in Denmark (CO-industri) concluded their own collective agreement on the psychological working environment, prioritising internal handling of matters such as bullying and harassment and thus bypassing the Working Environment Authority (DK0106124F). These initiatives led to a long debate over the regulation of health and safety at work and over the degree of involvement of legislation or agreements in the psychological working environment (DK0107128F). In October, an agreement was concluded between the Working Environment Authority and LO and DA, that gave competence to the Authority in these matters only in cases where an agreement had not been concluded on the psychological working environment (DK0111101N). This met with criticism from some quarters, and at the end of the year the new liberal-conservative government looked likely to set a new and different agenda.

Outlook

During the early months of 2002 the new government will table a labour market reform which may very well become the focus of heated debate among the social partners. This is in addition to a number of changes in the social and labour market field already announced by the government towards the end of 2001, including what was seen as an 'offensive' against trade unions (see above under 'Political developments'). In particular, the right to tax deductions for employees' contributions to trade union-run unemployment insurance funds may come under consideration, though the government had not addressed this issue in its plans announced by the end of 2001. In any event, the government's initiatives during its first 12 months in office will be followed very closely.

In the area of immigration policy, the new government has tabled what is seen as a radical proposal to bring

more immigrant workers into employment. Whether the target for such employment will be reached in 2002 will be a controversial issue. Another important issue will be the extent to which the right-wing Danish People's Party (Dansk Folkeparti) – with a strong nationalistic position on immigration policy - will manage to influence this aspect of the government's policy.

The 2002 collective bargaining round in the public sector began in January, with the new wage system, 'New pay'

(Ny Løn), likely to be at the centre of debate, especially in the municipal/county sector. This system, which has been introduced in the public sector in recent years, makes employees' pay more dependent on their functions and qualifications than on their seniority. Towards the end of 2001 and during the preparations for the 2002 bargaining round, there was strong criticism of the new pay system from employees in the public sector, especially on the part of pre-school and youth teachers.

Denmark: 2001 Records

January	LO proposes life-long working time flexibility	DK0101110N
	First agreements concluded in agricultural sector	DK0101112F
February	Legislation proposed on age discrimination	DK0102113N
	Fathers fail to use full parental leave entitlement	DK0102114F
March	SID members working substantial overtime	DK0103115N
	Finance sector bargaining leads to higher wages and improved pensions	DK0103116F
April	Meat workers approve new agreement at third attempt	DK0104117F
	Government sets new employment targets	DK0104117N
May	Nordsten employees receive pay increases until plant closure	DK0105118N
	Denmark has too many trade unions	DK0105120F
June	Bill on wage data adopted	DK0106123N
	Industry sector social partners reach agreement on psychological working environment	DK0106124F
	EU part-time work Directive implemented through new dual method	DK0106125F
July	Danish Football Players' Union is a success	DK0107126N
	Proposed mergers will unite service sector employers	DK0107127F
	Dispute over regulation of health and safety at work	DK0107128F
August	Professional staff work substantial additional hours	DK0108131F
	DA and LO make joint proposal on labour market activation reform	DK0108130N
September	Collective bargaining system is out of step	DK0109101F
	New cooperation agreement signed in agriculture	DK0109133N
	Union sues Intel over share options	DK0109134N
October	Merger of electricians' and metalworkers' unions rejected by members	DK0110101N
	Lukewarm reception for government's new labour market initiative	DK0110103F
November	New agreement signed on psychological working environment	DK0111101N
	Merger between childcare workers' unions abandoned	DK0111102N
	Unions and employers set out demands for public sector bargaining round	DK0111128F
	Social responsibility of enterprises examined	DK0111145N
December	New government challenges trade union movement	DK0112147F
	Social partners agree to complete implementation of EU working time Directive through subsidiary legislation	DK0112158F

FINLAND

Political developments

The 'rainbow' coalition government of left- and right-wing parties – the Social Democratic Party (Suomen Sosiaalidemokraattinen Puolue), the conservative National Coalition Party (Kansallinen Kokoomus), the Left-Wing Alliance (Vasemmistoliitto), the Greens (Vihreä Liitto) and the Swedish People's Party (Svenska Folkpartiet) - remained in power during 2001 as no elections took place during the year. The next parliamentary elections will be held in 2003 and this is expected to dominate the political debate during 2002.

Collective bargaining

A new comprehensive incomes policy agreement, which will run until January 2003, was signed on 15 December 2000 (FI0012170F), after most member organisations of the signatory confederations concluded agreements in line with a text agreed in November (FI0011167F). The agreement thus covers some 2 million employees, comprising 90% of the Finnish workforce. The new agreement was signed by all the central employers' organisations - the Confederation of Finnish Industry and Employers (Teollisuuden ja Työnantajain Keskusliitto, TT), the Employers' Confederation of Service Industries (Palvelutyönantajat, PT), the Commission for Local Authority Employers (Kunnallinen Työmarkkinailaitos, KT) and the State Employers' Office (Valtion Työmarkkinailaitos, VTML) - and two trade union confederations - the Central Organisation of Finnish Trade Unions (Suomen Ammattiliittojen Keskusjärjestö, SAK) and the Finnish Confederation of Salaried Employees (Toimihenkilökeskusjärjestö, STTK).

The Confederation of Unions for Academic Professionals (Akateemisten Toimihenkilöiden Keskusjärjestö, AKAVA) did not sign the agreement. However, despite the failure of their confederation to sign, individual unions representing a large proportion of AKAVA's membership negotiated collective agreements that were in line with the overall agreement.

Pay

The 2001-2 central agreement provided for the following pay increases:

- a general pay rise of EUR 0.20 per hour or EUR 33.6 per month in 2001, with a minimum increase of 2.1%. An additional 0.5% of paybill was to be distributed in subsequent sectoral negotiations in line with particular circumstances, and an 'equality allowance' of 0.4% was to be used at sector level to improve the position of women and lower-paid workers. The overall effect was a 3.1% increase in

labour costs (including a new paid holiday on Ascension Day);

- a general pay rise of EUR 0.18 per hour or EUR 30.1 per month in 2002, with a minimum increase of 1.9%, plus an additional 0.3% for sector-level distribution. The overall effect should be a 2.3% increase in labour costs;
- an indexation clause was introduced whereby, if inflation exceeded 2.6% over the period from January 2001 to December 2001, pay would be increased by the corresponding percentage. However, minor increases in prices of up to 0.4 points over 2.6% would not result in pay increases. Thus, in practice, if inflation reaches 3.1%, this triggers a pay increase of 0.5%; and
- an 'incomes progression' clause was introduced, aimed at ensuring an equal wage development for those sectors that fall behind the average wage development for all workers. A special committee, consisting of the national conciliator and one representative each from a sector's employer and trade union organisations, are to monitor developments over the period April 2000-April 2002 and decide on any possible additional pay increase by 30 August 2002.

The general impact of the accord on costs was estimated at about 3.1% in 2001 and 2.3% in 2002. More than 10,000 employees in unions affiliated to SAK - dockworkers, electricians in the energy sector and train drivers - were to remain outside the new accord for one year. The aviation and food sectors also remained outside the new deal, but were covered by existing long-term agreements of broadly similar content. The coverage of the new agreement in the industries organised by SAK is as high as 97%. A number of trade unions representing public sector occupations dominated by women employees - such as kindergarten teachers and social workers - did not initially sign up to the central incomes policy agreement and some threatened strike action in order to obtain additional pay increases. However, in January 2001, these groups signed up to agreements providing for the same increases as other workers (FI0103179N).

The incomes policy agreement is a framework accord, which was subsequently implemented by sectoral negotiations. In 2001, some 300 such agreements were signed. Independent company-specific agreements are very rare. It is also possible to agree locally deviations from the sectoral agreements if the agreement in question allows this. However, the number of such agreements is impossible to count.

Working time

The 2001-2 national incomes policy agreement provided that Ascension Day will become a national paid public holiday in 2002, for those employees who do not already

have a holiday on this day. This does not include shiftworkers. The agreement contained no other concrete provisions on working time issues. However, the parties did discuss the creation of working time accounts, whereby overtime worked may be saved and taken at a later date in the form of time off. Progress was made, although no provisions were included in the accord. The parties also signed a recommendation on avoiding inappropriately short work shifts. In 2001, average regular working hours including regular overtime stood at 39.3 hours.

Pay inequalities

The gender pay gap is acknowledged to be a continuing problem in Finland. The 2001-2 central agreement contains an 'equality allowance' of 0.4% to be used at sector level to improve the position of women and lower-paid workers, and an 'incomes progression' clause which aims to ensure an equal wage development for those sectors that fall behind the average wage development for all workers (see above under 'Pay').

A study analysing statistics on wage differences between the sexes was published by the Ministry of Social Affairs and Health during 2001. This was the outcome of a tripartite project on gender pay issues, which for the first time in Finland identified factors behind the pay gap, and in particular the extent to which this gap can and cannot be explained by objective factors such as work experience, sector and position. The main purpose of the project was to determine the proportion of the pay gap unexplained by objective factors, which can thus be ascribed to gender discrimination. The social partners were involved in the project's follow-up group. The goal was to find a model whereby the development of wage differentials between the sexes could be followed constantly and reliably.

Job security

There were a number of company restructuring measures taken during the course of 2001. One example of a situation where jobs were saved following negotiations with employee representatives was at the Finnish telecommunications operator Sonera (see below under 'Company restructuring'). In October, the company announced that, as a result of cooperation talks with workers' representatives, the number of employees affected by planned job cuts would be reduced from 1,000 to 500. Nevertheless, the Communications Union (Tietoliikenneliitto, TLL) did not accept the outcome of the talks, and called for the job losses to be further decreased through redeployment (FI0110102N).

Training and skills development

The 2001-2 national incomes policy agreement contained a number of provisions relating to training and skills

development. It stated that measures will be taken to promote training, and that the government will play a particular part in this, specifically by increasing further education allowances by EUR 13.5 million. Further, the current 'job rotation' sabbatical leave scheme (FI9704110F) has been continued for two years.

Legislative developments

Several items of new legislation were adopted or implemented in Finland during 2001. In June, a revised Employment Contracts Act came into force (FI0107193F). The Act, over 30 years old, was reformed in its entirety. The main aims of the reform were to improve the position of fixed-term and part-time employees (see below under 'New forms of work'), to define more precisely the system of 'general validity' of collective agreements, and to clarify provisions concerning employment security.

The Employment Contracts Act – known as the 'constitution for working life' - is a cornerstone of Finnish employment law, and governs such basic issues as drawing up contracts of employment, the rights and duties of employers and employees, terms and conditions of employment, the grounds for termination of employment, the procedure to be observed on termination, and rules on the application of collective agreements.

Also in June, a new Act on Protection of Privacy in Working Life was adopted, regulating issues such as the testing of employees, the handling of information concerning their health, and rules on monitoring the workforce. A basic principle is that the employer is permitted to collect only information relevant to the employment relationship. The legislation came into force in October (FI0106191F).

A tripartite working group set up by the government to examine the reconciliation of work and family life, including reforms of parental leave, suggested in November 2001 that statutory paternity leave be lengthened from 18 to 25 days (FI0111101N). At present, a father has the right to take paternity leave during the maternity or parental leave period. The maternity leave period is at present 105 days and the parental leave period, when either the mother or the father can stay at home, is 158 days. It was also proposed that parents should be able to take their parental leave on a part-time basis. Both parents could thus be in part-time work and on partial parental leave at the same time.

The organisation and role of the social partners

In May, four member trade unions of the white-collar STTK confederation - the Union of Technical Employees

(Teknisten Liitto, TL), the Union of Salaried Employees (Suomen Teollisuustoimihenkilöiden Liitto, STL), the Federation of Private Building Employees (RAL) and the Swedish Association of Technicians and Foremen (Svenska Tekniska Funktionärsförbundet, STAF) - merged to form the Union of Salaried Employees (Toimihenkilöunioni, TU). This new union, with 130,000 members, is the country's fourth largest union and STTK's largest affiliate (FI0106189N). A further development in 2001 was that a merger of the three union confederations - SAK, STTK and AKAVA - was discussed, without any conclusions being reached.

On 28-30 May 2001, SAK held its 16th five-yearly congress. Lauri Ihalainen, who has headed the organisation since 1990 - the longest continuous period in its history - was, as expected, re-elected as SAK's president. For the first time a woman, Tuire Santamäki-Vuori, was elected as president of the SAK general council. In addition to the elections of central officials, the congress discussed globalisation issues and future policy orientations, and approved three new policy documents (FI0106190F).

Industrial action

In the first six months of 2001, a total of 26 strikes took place, involving 9,684 employees. The number of working days lost was 4,418. These statistics do not include the major doctors' strike (see below).

The Finnish Medical Association (Suomen Lääkäriliitto, SLL) decided not to sign up to the two-year national incomes policy agreement concluded in December 2000 (see above under 'Collective bargaining'). The main reasons stated for the decision were the wage increase - the incomes policy agreement would have given increases of just over 5%, while the doctors were seeking increases of over 20% - along with serious 'qualitative' working conditions problems in the healthcare sector. Instead, SLL started negotiations with the Commission for Local Authority Employers (Kunnallinen Työmarkkinalaitos, KT) over a separate collective agreement (FI0102176N). The talks failed and the doctors began strike action in March 2001 (FI0103183F).

The doctors' strike lasted 20 weeks, the longest ever strike in Finland. The strike was conducted in such a way that there was an effort to treat only emergency patients, in the manner required by the law. The strike alternated between doctors in hospitals in different municipalities and in different specialist fields. It ended when SLL and KT decided to approve a unanimous proposal for a two-year deal made by a special conciliation board which had been set up to broker a deal (FI0108195N). The cost effect of the two-year deal is about 10.5%. SLL also obtained some 'qualitative' improvements in working conditions, especially concerning working time arrangements in order to reduce onerous emergency duties. The agreement will expire at the same time as Finland's other collective agreements, in January 2003.

Another notable strike occurred in September 2001, when the Finnish Transport Workers' Union (Auto-ja Kuljetusalan Työntekijäliitto, AKT) participated in a Europe-wide dockworkers' day of action by organising a two-hour work stoppage (FI0109102N). The action was in protest over a proposed EU Directive on market access to port services, which as well as opening up competition would permit ship's crews to perform work hitherto done by dockers. In January, AKT had called a strike in cargo ports, in a dispute over redundancies among dockers at the Stevedore port operating company (FI0101175N). After one day of strike action, a settlement was reached through conciliation, whereby the pay of the redundant workers was guaranteed for 12 months.

National Action Plan (NAP) for employment

In general, employers were satisfied with most aspects of the drawing up and implementation of the 2001 Finnish National Action Plan (NAP) for employment in response to the EU Employment Guidelines - which focused on bolstering economic growth and employment (FI0107194F). However, they express greater levels of dissatisfaction with the general way in which the NAPs are handling labour market issues in general in the country. Trade union representatives did not feel that they were consulted particularly early in the process of drawing up the 2001 Plan, although they were relatively happy with the extent to which their views were taken on board (less so about the issues covered). They were more satisfied with their general involvement in the implementation of the NAP.

Company restructuring

During 2001, the information technology sector underwent major restructuring, resulting in large-scale redundancies. The Sonera telecommunications company was one of the companies which announced major job cuts, in a context of heavy debts linked to the overall downturn in the sector and its participation in the auctions of expensive 'third-generation' mobile telecommunications licences in spring 2000. (FI0108100F). The job cuts were reduced following cooperation negotiations with employee representatives.

However, the economic downturn has not yet led to any attempts to tighten up legislation in the areas of collective redundancies and severance payments. However, following the reform of Employment Contracts Act in 2001 (see above under 'Legislative developments'), renewal of the legislation concerning employee participation is being planned.

The legal ramifications of earlier restructuring continued in one case in 2001. In August, the public prosecutor decided not to bring charges against the Finnish managers of Fujitsu-Siemens concerning intentional or

negligent violation of the Cooperation Act's provisions on negotiations with workers' representatives (FI0108196F). He could not find enough evidence that they could have known of the group management's aims to close down a computer factory in Finland before the personnel were informed of the decision in December 1999. Even though the criminal proceedings failed, a civil action brought by trade unions continued in the courts (FI0102177F).

Employee participation

As Finnish legislation governing information and consultation of employees is thought to fulfil all the requirements of the new EU Directive establishing a general framework for informing and consulting workers (adopted in February 2002), there was not much debate on this issue during 2001. However, there was considerable interest, particularly from trade unions, in amending the Directive on European Works Councils (94/45/EC), as they feel that the Directive does not offer sufficient coverage in the light of structural changes to transnational companies.

With regard to the EU European Company Statute and its employee involvement provisions (adopted in October 2002 - EU0110203N), it is too early to estimate the effects of this measure in Finland.

A reform of Finland's domestic legislation on employee participation was being planned at the end of 2001.

New forms of work

The main legislative changes made in the regulation of 'atypical' work during 2001 were contained in the new Employment Contracts Act, which came into force in June 2001 (see above under 'Legislative developments'). The new Act provides for employees on successive fixed-term contracts with the same employer to benefit from a range of employment benefits. The new Act obliges employers to inform workers on part-time and fixed-term contracts of any vacancies arising. In the event of employers needing extra staff, the Act obliges them to offer the extra work first to part-time employees. The new Act also ensures that Finnish legislation complies with the EU Directives on part-time and fixed-term work,

by stating that there should be equal treatment between these workers and those on full-time, open-ended contracts.

Other relevant developments

Tripartite working groups - involving representatives of the social partners, pension institutions and government - which had been considering the reform of state pensions and unemployment insurance (FI0109101F) reached an agreement on 12 November 2001 (FI0112170F). Some details remain to be finalised, with the method of calculating future pension entitlements to be decided by the end of 2008 - the choice is between using employees' last 10 years at work or their whole working history as the basis. The benefits of people who have already retired will remain intact, as will that part of current employees' future pension entitlement earned before the pension reform takes effect in 2005. Unemployment benefits will be improved or cut from the beginning of 2003, depending on the age and work history of the individual employee.

After deliberations lasting throughout the spring, the government decided in May 2001 that it would grant new subsidies for Finnish merchant shipping (FI0105187F), as demanded by the sector's social partners. In late 2001, parliament decided that owners of passenger ships will be subsidised by refunding 97% of their taxes and social security contributions from the beginning of 2002 - a sum of EUR 28 million. The decision was made after a long period of conflict over the issue. A strike broke out in late 2001 over the use of non-Finnish labour on ships, and it seemed clear that such developments will continue.

Outlook

Possible changes to the law concerning employee participation will be a major legislative task in 2002. The prospect of negotiations over a new incomes policy agreement to apply from 2003 will dominate the social dialogue as 2002 progresses. Debate on privatising state-owned companies will also continue during 2002. Finally, the next parliamentary elections, to be held in 2003, will be the central focus in terms of political developments.

Finland: 2001 Records

January	Merger forms Finland's second-largest union	FI0101172N
	Increase in atypical work weakens employees' motivation	FI0101173F
	PT criticises new incomes policy agreement	FI0101174F
	Strike closes cargo ports	FI0101175N
February	Doctors' union issues strike warning	FI0102176N
	Redundant employees sue Fujitsu Siemens	FI0102177F
March	Female-dominated public sector groups join incomes policy agreement	FI0103179N
	Doctors take strike action	FI0103182F

April	Unions reject plans for pensions reform	FI0104183N
May	Social partners take stand on EU enlargement	FI0105185N
	Shipping subsidies under debate as job losses loom	FI0105187F
June	Government grants new wage subsidies for shipping	FI0106188N
	White-collar unions merge	FI0106189N
	SAK holds five-yearly national congress	FI0106190F
	Act on Protection of Privacy in Working Life adopted	FI0106191F
July	Women gaining more leadership positions in unions	FI0107192F
	New Employment Contracts Act in force	FI0107193F
	2001 NAP focuses on growth and employment	FI0107194F
August	Sonera announces major job cuts	FI0108100F
	No charges brought against Finnish managers in Fujitsu-Siemens case	FI0108196F
	Conciliation board to settle the doctors' strike	FI0108195N
	Doctors' strike ends	FI0108197N
	Doctors' strike may have impact on industrial relations system	FI0108198F
September	Social partners debate pension and unemployment benefit reforms	FI0109101F
	Union bans overtime in response to job cuts at Sonera	FI0109101N
	Strike against proposed port services Directive	FI0109102N
October	Sonera job cuts halved	FI0110102N
November	Nordic seminar highlights equal opportunities from men's perspective	FI0111121F
	Committee proposes increasing paternity leave by one week	FI0111101N
December	Non-permanent employment and fear of economic downturn cast shadow on work	FI0112169F
	Dispute over pension calculation method unresolved	FI0112170F
	Social partners agree pension and unemployment insurance reforms	FI0112120N

FRANCE

Political developments

Local elections in 2001 resulted in a sizeable decline in support for the Socialist Party (Parti Socialiste), the Communist Party (Parti Communiste Français) and the Greens (Verts), which make up the governing 'plural left' (gauche plurielle) coalition. In political terms, 2001 was above all a year of transition leading up to 2002, when a presidential election (with rounds of voting in April and May) will be followed by parliamentary elections (in June). Observers are keen to see whether the 'cohabitation' of a conservative President and a left-wing government will give way to more suitably matched parties occupying these executive positions.

In the tense run-up to this critical election period, social issues played a considerable part in the strategies of the political protagonists in 2001. Topics which emerged in the election campaigns, which began early, included the application of the recent legislation on the 35-hour week, the organisation of the health system, the reform of retirement pensions, and the relative weight of legislation and collective agreements in governing employment and social issues. Trade unions and employers' associations also used the run-up to the elections to put forward their strategies. The Movement of French Enterprises (Mouvement des entreprises de France, MEDEF) employers' confederation showed its eagerness to play a role in the election campaign, seeking to alter the relationship between the state, the employers and the unions in the long term (FR0102134F).

Political debate in 2001 also touched on the clear slowdown in economic growth, which began falling off from summer 2001, from almost 3% to about 2% at the end of the year. Unemployment began to rise at the same time, breaking a four-year pattern of continuous reduction (FR0110107F). At the end of November 2001, unemployment (using the International Labour Organisation definition) stood at 2.39 million, a rate of 9%. However, paid employment continued to rise: by 2.3% in the year ending 30 September 2001, bringing the total to 14.97 million employees. Thus, the government led by Prime Minister Lionel Jospin, which took office in June 1997 at a time when unemployment had begun to fall, is now less identified with the long phase during which France experienced greater levels of growth than most of its main European partners, with jobs being created, a reduction in working time and consumer spending at a consistently high level.

Collective bargaining

Statistics on the number of collective agreements and the level at which they were negotiated in 2001 will not be

available until June 2002. In addition, the laws passed in 1998 (FR9806113F) and 2000 (FR0001137F), on the reduction of working time and the introduction of the 35-hour working week have caused serious disruption to the patterns and levels of negotiation. Quantitative comparisons are therefore relatively meaningless for this period.

Under the industrial relations overhaul process launched by the MEDEF employers' confederation in 1999 (see below under 'The organisation and role of the social partners'), in July 2001, four out of five trade union confederations and three employers' organisations agreed a 'common position' setting out their wishes for a reform of the rules governing collective bargaining. The central plank of this proposed reform is the introduction of the 'majority principle', whereby company-level agreements would be valid only with the support of unions which together won a majority of votes at the most recent workplace elections of employee representatives. The trade union signatories were the French Democratic Confederation of Labour (Confédération française démocratique du travail, CFTD), the General Confederation of Labour-Force ouvrière (Confédération générale du travail-Force ouvrière, CGT-FO), the French Christian Workers' Confederation (Confédération française des travailleurs chrétiens, CFTC) and 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). The employer-side signatories were MEDEF, the General Confederation of Small and Medium-sized Enterprises (Confédération générale des petites et moyennes entreprises, CGPME) and the Craftwork Employers' Association (Union professionnelle artisanale, UPA).

Pay

The pay consequences of the statutory reduction of working time over the past few years have been major, but difficult to assess with precision. Many company agreements have provided for wage freezes lasting several years, though the labour market for some categories of staff has shown signs of shortage. The index of hourly pay for manual workers rose by more than 4% over a year to the end of the third quarter of 2001, while the index of monthly pay for all employees rose by 2.5% over the same period. Inflation stood at 1.2% over the period November 2000- November 2001.

The hourly rate of the national minimum wage (salaire minimum interprofessionnel de croissance, SMIC) was raised by 4.05% to EUR 6.67 in July 2001 (FR0107171F). However, measures introduced to protect the wages of employees paid the SMIC in the context of the change from a 39-hour to a 35-hour working week, meant that SMIC earners who had already moved to the 35-hour week received a smaller rise, accentuating an increasing diversity in minimum wage rates. The emergence of a

'two-tier SMIC' was criticised by both trade unions and employers.

In the public sector, pay negotiations broke down in April (FR0105154N) and the government unilaterally decided to pay a 1.2% rise to its employees in 2001 and 2002.

Working time

In the wake of the recent legislation reducing weekly working time to 35 hours, working time has become the focal point of bargaining at company and sector level in recent years. Framework agreements on the issue were reached in most industries between 1998 and the end of 2000 and 2001 saw the implementation of many of these national agreements. A controversial 35-hour week agreement was signed in the insurance sector in July 2001 (FR0110103N), while in June, an agreement was signed on this issue in catering (FR0107166N). The catering sector currently has a 43-hour week and is predominantly made up of small and medium-sized companies - given these special characteristics, the government agreed specific measures to support the move to the 35-hour week. At company level, a controversial 35-hour week deal was concluded at Michelin in March (FR0104145N).

In 2001, the focus of bargaining on working time reduction was largely on the public sector. The 35-hour week was due to come into force for all civil servants on 1 January 2002. In the central government civil service, which has 2.2 million employees, the failure of overall working time reduction negotiations in February 2000 meant that each ministry had to take responsibility for deciding the format for the transition to the 35-hour week (FR0003151F). By late 2001, almost all ministries had worked out their national framework for working time reduction, based either on an agreement signed by trade unions or a unilateral decision by the ministry in question (FR0110113F). The procedures followed varied. An agreement on the introduction of the 35-hour week in public hospitals was signed by four out of eight trade unions represented in the sector in September 2001 (FR0110102N). The accord is a framework agreement to be used as a basis for negotiations in each hospital.

From 2002, companies with fewer than 20 employees must also implement the reduction of working time. To facilitate the changeover to the 35-hour week for these companies, the government agreed to increase the annual statutory overtime quota, from 130 hours (the norm for companies with more than 20 employees) to 180 hours, on a temporary and annually decreasing basis between 2002 and 2004 (FR0110108F).

Average normal weekly working time was 36.12 hours per week as at the end of September 2001, constituting a drop of 1.7% over a 12-month period. In September, 68% of full-time employees in companies with more than 10 employees were working less than a 36-hour week, compared with 52.9% a year earlier.

Pay inequalities

In August 2001, the National Institute of Statistics and Economic Studies (Institut national de la statistique et des études économiques, INSEE) published a study on wage disparities between men and women (FR0109106F). The unexpected finding that the wage gap has widened to women's disadvantage over the past 20 years demonstrates the extent to which the position of women in the labour market and in employment is very different from that of their male counterparts. Men and women of strictly equivalent training and employment do not receive equal pay.

Job security

The main drivers of job security bargaining over the past few years have been the 1998 and 2000 35-hour week laws (see above under 'Working time'), which encourage companies to negotiate a reduction in the working week and provide for reductions in employers' social security contributions if the agreement also saves or creates jobs. In June 2001, the National Economic Planning Agency (Commissariat général du plan) published a report assessing the achievements of the legislation to date (FR0107170F). The report estimates that the new laws have resulted in the creation of a net total of 265,000 new jobs, which will increase to 500,000 once the law is fully implemented in small firms.

Training and skills development

After a 10-month process, talks between the central social partners on vocational training reform, which formed part of their 'industrial relations overhaul' project (see below under 'The organisation and role of the social partners'), ended in failure in October 2001. The trade unions and employers' organisations were unable to reach agreement on the distribution of the burden of training costs to be borne by employers and employees. Discord on the employers' side was a major factor in the demise of the talks (FR0111123F).

Other issues

Under the industrial relations overhaul process launched by the MEDEF employers' confederation in 1999 (see below under 'The organisation and role of the social partners'), agreements were concluded by employers' organisations and at least some representative trade union confederations in 2001 covering the reform of supplementary pensions (FR0107168N) and collective bargaining reform (see above under 'Collective bargaining').

Legislative developments

Perhaps the most high-profile legislative development in 2001 was the passage of the so-called 'social modernisation' bill (FR0101121F), which was finally

approved by parliament in December. The law contains a wide range of provisions, including: improved accreditation of vocational skills and experience; measures to tackle precarious employment (through restrictions on fixed-term contracts); and measures to combat 'moral harassment' (bullying) at work (FR0105152N). However, it was the law's sections aiming to make redundancies more onerous for employers that proved most controversial and were the subject of long and heated debates (FR0107172F). On one side, the advocates of tighter controls argued that on several occasions, collective redundancies had accompanied the announcement of profits and not just bankruptcies, giving the impression that employment levels were merely one variable to be used for economic 'fine-tuning'. From another perspective, employers' organisations maintained that the complex and time-consuming nature of the planned procedures would eventually militate against higher employment, and would hinder France in the face of its foreign competitors.

When the law was passed in December, the parliamentary opposition questioned its constitutionality, referring the matter to the Constitutional Council (Conseil constitutionnel), which issued its judgment in January 2002 (FR0201102F). The Council generally approved most of the law's redundancy provisions, including: the doubling of the minimum redundancy compensation; the extension of deadlines; the requirement to convene negotiations on the 35-hour week prior to any redundancy plan; increased powers for works councils; nine-month redeployment leave for redundant workers; and a contribution to the regeneration of closed sites by companies with a workforce of over 1,000. However, the provision tightening the definition of collective redundancies contained in the law was ruled too restrictive and therefore unconstitutional. The legislation had sought to provide for only three possible grounds for economic redundancy: 'major economic difficulties where all possible solutions have been exhausted'; 'technological changes endangering the very survival of the company'; and 'reorganisation required to ensure the survival of the company'. As a result of the Constitutional Council ruling, the Labour Code's provisions on this issue - in their unamended form - supplemented by case law, continue to apply.

This was the second ruling from the Council against the government in as many months - in December 2001, it had issued a ruling opposing government plans to provide for the partial funding by social security funds of measures aimed at reducing working time, plans opposed by all the social partners .

Other major legislative developments in 2001 included

- the adoption in April of a law (2001-397) on gender equality at work. This law lifted the ban on night

work for women (FR0010196F), and introduced new regulations for this type of work, covering all employees;

- the enactment in July (FR0106161N) of a law (2001-624) implementing aspects of an agreement on the reform of the unemployment insurance system reached by employers' associations and some trade unions in October 2000 (FR0101114F) as part of the 'industrial relations overhaul' project (see below under 'The organisation and role of the social partners');
- the adoption in May of a law on 'new economic regulations' (2001-420), aimed at adding an 'ethical' aspect to financial practices, clarifying competition rules, improving social dialogue and enforcing consumer rights (FR0105156F). On the industrial relations front, the new legislation strengthens to some extent the powers of works councils in takeovers, mergers and proposed share exchanges;
- the adoption in February of legislation (law 2001-152) reforming employee savings schemes (FR0102129N), following a lengthy period of disagreement between the two chambers of parliament. The main aim of the new law is to increase the scope and duration of employee savings schemes, by extending them to employees of small and medium-sized businesses and increasing the 'lock-in' period for employee savings from five to 10 years; and
- the adoption in December of the social security funding law for 2002 (FR0112153F), which included a general rise in pensions and increased paternity leave (from three to 11 days).

The organisation and role of the social partners

In November 1999, the MEDEF employers' confederation issued a call for a 'social-partner-led overhaul of the industrial relations system' (FR9912122F). In February 2000, the five representative trade union confederations - the General Confederation of Labour (Confédération générale du travail, CGT), CFDT, CFE-CGC, CFTC and CGT-FO - agreed to respond positively to MEDEF's proposal and work with MEDEF, CGPME and UPA on drawing up a joint framework for the 'overhaul' of the French industrial relations system, and on redefining the rules in order to create 'decentralised, independent, partnership-based dialogue'. MEDEF's proposal was designed to put an end to the 'current confusion over the division of social partner and government jurisdictions'. The trade unions agreed to take part in parallel talks on eight jointly-defined issues (FR0002143F).

Debates on the 'overhaul of industrial relations' continued until the end of October 2001 (FR0102134F).

Four of the eight issues for discussion were the subjects of agreements signed by employers' organisations and at least some of the unions with representative status. These covered supplementary pensions (see above under 'Other issues'), unemployment insurance (see above under 'Legislative developments'), health and safety at work (FR0101116N), and 'ways and means of conducting collective bargaining' (see above under 'Collective bargaining'). The issues where no agreement was reached were: sickness insurance (FR0105157F), vocational training (see above under 'Training and skills development'), gender equality at work, and the role of managerial and professional staff. The unions have since once again jointly put forward the idea of negotiations on training.

MEDEF, in an unofficial assessment exercise on its 'industrial relations overhaul' initiative, argued that it felt the number of unions with representative status in France was an obstacle impeding the development of a greater role for the social partners relative to that of the state. It also levelled criticism at the emergence of 'radical' unions, targeting in particular some of member unions of the independent Group of 10 (Groupe des dix) alliance.

In June 2001, claiming that the government's policy had reduced the autonomy of the social partners in the management of the general social security scheme to a bare minimum, MEDEF and CGPME decided not to appoint representatives to the boards of the various jointly managed funds within the scheme (FR0107167N). This led to smaller employers' organisations taking up the vacated seats (FR0111104N). MEDEF has since proposed the privatisation of the management of social security funds, which will be a highly controversial issue in the run-up to the parliamentary and presidential elections. However, the press has several times reported rumours of discord in the ranks of MEDEF on this matter.

In December 2001, the UPA craft industry employers' organisation and various representative union confederations signed an agreement on the conditions for social dialogue in small craft companies, where there is very little union representation (FR0201143N). The accord provides for extra resources for both sides to improve their representative structures. The deal was criticised by employers' organisations outside the craft industry.

The pattern of industrial relations was thus further complicated in 2001 by the intervention of both sets of actors in the other side's sphere of legitimacy. The issue of trade union funding arrangements remained controversial among unions and politicians in 2001 (FR0112114N). The government was thinking of changing the public funding arrangements for unions, but it eventually abandoned the plan.

Industrial action

France continued to experience low levels of industrial action in quantitative terms in 2001. However, there

were a number of major disputes in both the public and private sectors.

Several disputes resulted from the government's decision to reduce working time in the civil service (see above under 'Working time') without creating new jobs, and in the hospitals sector it was forced to agree to a plan to create over 40,000 jobs (FR0110102N). In the public and nationalised sector, conflicts arose over the implementation of working time cuts, as well as the issue of pay, and a series of disputes over wages, pensions and early retirement took place at French national railways (Société Nationale des Chemins de Fer Français, SNCF) (FR0104149F) and other transport companies (FR0106160N). The national police and the gendarmerie also experienced disputes related to pay and working time (FR0112115N). In the gendarmerie, the dispute had a potent symbolic dimension due to the military status of its staff who, in theory, do not have the right to go on strike or demonstrate (FR0201144N). In December, teachers also took action over pay and working hours, while disputes in the health system involved various categories of staff, including midwives (FR0105151N).

In the private sector, the most noteworthy disputes occurred over restructuring or closures, such as in the cases of Danone, Marks & Spencer (FR0104147F), AOM-Air Liberté (FR0109175N) Moulinex (FR0111103N), Bata and Michelin (FR0103135N). In smaller companies, strikes sometimes led to employees affected by job losses threatening to destroy factories or equipment (FR0112116N).

National Action Plan (NAP) for employment

The measures which formed part of the 2001 French National Action Plan (NAP) for employment, in response to the EU Employment Guidelines, elicited a very broad range of responses from those involved in industrial relations, with trade unions and employers both being split on the issue. The measures themselves were subject to a wide spectrum of appraisal (FR0106163F). In these circumstances, although on average both employer and trade union representatives broadly stated that they were moderately satisfied with all aspects of their involvement with the NAP, this should not hide the fact that this average level of satisfaction represented a number of highly divergent stances.

Company restructuring

In 2001, large companies in France experienced several restructuring programmes and closures (see above under 'Industrial action'). This issue has been highly politically and socially sensitive for several years, particularly after Michelin simultaneously announced redundancies and high profits in October 1999 (FR9910113F). The same situation occurred in early 2001 at Danone, which decided to close plants to improve its profit levels

(FR0102133F), while the year also saw a number of companies unable to guarantee their survival in current economic conditions and levels of competition, such as Moulinex (FR0111103N) and AOM-Air Liberté (FR0109175N). Part of the growth in unemployment during 2001 stemmed from the restructuring of large groups. Their impact on the figures, however, is limited by the social measures accompanying redundancies, particularly those enabling older employees to withdraw from the labour force prior to the statutory retirement age. Yet in several cases, restructuring has led to an impoverishment of regional labour markets whose structure had been strongly dependent on these large groups of workers.

The laws passed in May (on 'new economic regulations') and December 2001 (on 'social modernisation') (see above under 'Legislative developments') were directly influenced by restructuring measures experienced in 2000 and 2001. In June 2001, a large demonstration took place, albeit not supported by the major trade unions, expressing support for the employees of companies being restructured (FR0107165N).

Employee participation

There were no significant developments in the area of employee participation in 2001. However, the theme of employee saving schemes continued to generate plentiful debate, linked to both the value and form of retirement pensions and profit-sharing schemes. Legislation to foster employee saving schemes was passed in February (see above under 'Legislative developments').

A study published in 2001 by the Institute for Economic and Social Research (Institut de Recherches Economiques et Sociales, IRES) examined the position of women in works councils in France (FR0109103F). It found that women are generally well represented in the position of works council secretary. However, access by women and men to employee representative positions differs, depending on the particular characteristics of the workplace. Women are more likely to be works council secretaries in small, newly-created and non-unionised companies.

New forms of work

The increase in unemployment over the second half of 2001 was partly attributable to the elimination of fixed-

term contract jobs, which had been on the rise during the years of stronger economic growth. These jobs have usually been the first to go before structural measures are taken whenever economic activity slows down. An increase in part-time work was discernible during 2001, but this trend seemed to tail off later in the year due to the changes resulting from the reduction of working time.

Other relevant developments

The issue of funding retirement pension systems is still one of the items at the top of the industrial relations agenda. In 2001, the government did not follow up in any practical way several reports produced on this issue. The reserve fund for pensions set up in 1999 is not currently funded adequately in order to meet its objectives (FR0105155N). MEDEF has made this situation a serious complaint in its positions concerning the management bodies running social security funds (FR0107167N). The opposition political parties have emphasised the long-term risks incurred by funding retirement pensions in the current way. This will also be an important issue in the election campaigns. The inequality of the entitlement criteria for a full pension between private sector employees (40 years' employment) and their public sector counterparts (37.5 years or fewer) is one of the main stumbling blocks, at least as much so as questions of funding.

Outlook

Social policy during 2002 will be dominated by the general and presidential elections in the spring and early summer of the year. In terms of collective bargaining, the consequences of the reduction of working time will continue to be felt, in light of the fact that working time reduction legislation now applies to companies with fewer than 20 employees. Pay is unlikely to rise significantly, due to the effects of the working time reduction and the fact that the European economy is currently in a phase of economic downturn.

Other issues which look set to dominate 2002 include the management of social security funds, in the light of the main employers' organisations decision to pull out of the management of these funds, and strategies to cope with industrial restructuring, which looks certain to continue.

France: 2001 Records

January	Unemployment insurance agreement finally endorsed	FR0101114F
	Agreement signed on workplace health	FR0101116N
	Calls for special provisions on 35-hour week for small businesses	FR0101117N
	FEN education union holds 37th congress	FR0101118N
	Economic and Social Council proposes measures to combat glass ceiling for women	FR0101119F
	Workers with disabilities still face employment integration problems and discrimination	FR0101120F
	Social modernisation bill seeks to strengthen right to work	FR0101121F
	The French social partners and the French EU Presidency	FR0101122F

February	Cash-in-transit guards strike over dangerous conditions	FR0102124N
	Government introduces negative taxation on low wages	FR0102125N
	FSU seeks liaison with other unions	FR0102126N
	Strike in civil service as pay talks stall	FR0102127N
	Chambers of agriculture election results	FR0102128N
	New employee savings legislation finally passed	FR0102129N
	Workplace elections held at Ministry of the Economy	FR0102130N
	Agreement signed on early retirement in banking	FR0102131F
	Union unite against employers' proposals on supplementary pensions	FR0102132F
	Danone reignites controversy over redundancies in profitable firms	FR0102133F
Negotiations on the overhaul of industrial relations - one year on	FR0102134F	
March	Difficult 35-hour week negotiations at Michelin	FR0103135N
	Agreement reached on supplementary pensions	FR0103136N
	Unemployment rate falls	FR0103138F
	Report on the situation of young people	FR0103139F
April	International Womens' Day - the French perspective	FR0104140N
	Public transport workers strike for retirement at 55	FR0104141N
	Civil servants continue to mobilise over pay	FR0104142N
	Metalworking seeks to improve integration of young and unemployed people	FR0104143N
	Agreement signed on career paths in state hospitals sector	FR0104144N
	Referendum endorses 35-hour week deal at Michelin	FR0104145N
	Globalisation blamed for restructuring at Danone and Marks & Spencer	FR0104147F
	Supreme court annuls decree on overtime for managerial staff	FR0104148F
Industrial conflict breaks out at SNCF	FR0104149F	
May	New board and statute for UNEDIC unemployment insurance fund	FR0105150N
	Midwives take lengthy strike action	FR0105151N
	Psychological/moral harassment at work to be included in Labour Code	FR0105152N
	Urban public transport workers strike again over retirement at 55	FR0105153N
	Negotiations fail over civil service pay rises	FR0105154N
	Social partners sceptical over government Pension Reserve Fund bill	FR0105155N
	New economic regulations law adopted	FR0105156F
	Debate on reform of sickness insurance	FR0105157F
Swissair Group's French subsidiaries face restructuring and redundancies	FR0105158F	
June	Negotiations deadlocked in urban public transport	FR0106160N
	National Assembly approves legislation implementing unemployment insurance agreement	FR0106161N
	Youth employment scheme consolidated	FR0106162F
	2001 NAP unveiled	FR0106163F
July	Major swing to SUD in Michelin workplace elections	FR0107164N
	Demonstration held against redundancies	FR0107165N
	Customised agreement reached on 35-hour week in catering	FR0107166N
	MEDEF pulls out of social security funds	FR0107167N
	CGT-FO endorses supplementary pensions agreement	FR0107168N
	Government announces increased paternity leave but abandons independent income for young people	FR0107169F
	Report evaluates 35-hour week law at half-way stage	FR0107170F
	Two-tier SMIC challenged	FR0107171F
	Redundancy legislation to be toughened	FR0107172F
Council examines reform of pensions system	FR0107173F	
August	Second meeting on future of healthcare system brings few answers	FR0108159F
	Employees back AOM-Air Liberté takeover	FR0108160F
	Collective bargaining in 2000 assessed	FR0108161F
	Social partners agree 'common position' on collective bargaining reform	FR0108163F
	Agreement reached on 35-hour week at Ministry of Defence	FR0108175N
September	35-hour week negotiations in public hospitals	FR0109101F
	Vocational training talks deadlocked	FR0109102F
	Survey examines role of women in works councils	FR0109103F
	Industrial relations and the BSE crisis	FR0109104F
	Recent agreements on trade union rights	FR0109105F
	Gender pay disparities examined	FR0109106F
	Redundancies at AOM-Air Liberté	FR0109175N
	Action plan launched for people with disabilities	FR0109176N
	Company-level pay bargaining picks up	FR0109177N
Controversial working time agreement signed in insurance	FR0109178N	

October	Application of 35-hour week made more flexible for smaller firms	FR0110108F
	Government strengthens TRACE youth employment assistance programme	FR0110109F
	Agreement signed on 35-hour week in hospitals	FR0110102N
	Opposition to agreement on 35-hour week in insurance	FR0110103N
	Nicole Notat announces departure as CFDT leader and prepares succession	FR0110104N
	Moulinex: chronicle of a death foretold?	FR0110106F
	Unemployment begins to increase	FR0110107F
	Introducing the 35-hour week in the central civil service	FR0110113F
November	Unions hold demonstrations	FR0111102N
	Partial takeover of Moulinex by SEB	FR0111103N
	Precarious status quo in elections to boards of social security funds	FR0111104N
	French social partners debate future of European Union	FR0111122F
	Vocational training talks break down	FR0111123F
Involuntary part-time work declines	FR0111124F	
December	Debate on trade union funding continues	FR0112114N
	Police officers hold demonstrations	FR0112115N
	Industrial unrest ends at Moulinex	FR0112116N
	ILO child labour Convention comes into force in France	FR0112117N
	Agreement on employment of people with disabilities in civil service	FR0112118N
	New anti-discrimination law adopted	FR0112152F
2002 Social Security Funding Law adopted	FR0112153F	

GERMANY

Political developments

The current German federal government is a 'red-Green' coalition comprising the Social Democratic Party (Sozialdemokratische Partei Deutschlands, SPD) and Alliance 90/The Greens (Bündnis 90/Die Grünen), which came to power after the last general election in September 1998. In 2001, there were four major regional elections at the level of the federal states which brought mixed results. Baden-Württemberg's ruling coalition government of the Christian Democratic Party (Christlich Demokratische Union, CDU) and Free Democratic Party (Freie Demokratische Partei, FDP) successfully defended its majority. The same was true for the SPD/FDP coalition government in Rhineland Palatinate. In Hamburg and Berlin however, the ruling governments lost their majorities, leading to the creation of new - and rather unusual - coalitions. In Hamburg, a new government was formed by the CDU, FDP and the new Party of Constitutional Offensive (Partei Rechtsstaatliche Offensive), which drew mainly on 'law and order' issues and gained more than 19% of the vote. In Berlin, a new government was formed by the SPD and the Party of Democratic Socialism (Partei des Demokratischen Sozialismus, PDS).

Although the regional elections in 2001 did not demonstrate a uniform trend, the current federal government might have some problems defending its majority at the next general election, due in autumn 2002. Its political difficulties resulted in particular from the sharp economic downturn, which led to a GDP growth rate of only 0.6% in 2001, one of the lowest in the European Union. As a result, the number of officially registered unemployed people increased to more than 4 million by the beginning of 2002.

Collective bargaining

At the end of 2001, 57,595 valid collective agreements were officially registered by the Ministry of Labour, of which 34,437 were 'association agreements' concluded between trade unions and employers' associations and 23,158 were company agreements concluded between trade unions and individual employers.

In recent years, the number of companies and employees covered by a collective agreement has shown a steady decline. According to figures from the Institute for Employment Research (Institut für Arbeitsmarkt und Berufsforschung, IAB) establishment panel, in 2000 only 45% of west German and 23% of east German establishments were covered by a sectoral collective agreement (DE0201299F). The proportion of employees covered by a sectoral agreement was 63% in west Germany and 46% in east Germany. A relatively high

Table 1. Annual increases in collectively agreed pay, by sector, 1999-2001*

Sector	2001	2000	1999
Banking, insurance	3.2%	2.0%	3.1%
Commerce	2.8%	3.0%	3.2%
Food industry	2.7%	2.8%	2.7%
Consumption goods industry	2.4%	2.5%	2.6%
Private services	2.1%	2.3%	2.1%
Investment goods industry	1.8%	2.6%	3.6%
Raw material and production industries	1.8%	2.5%	2.4%
Horticulture, agriculture, forestry	1.8%	2.3%	2.3%
Public services	1.8%	1.9%	3.2%
Trade and transport	1.7%	2.3%	3.0%
Construction	1.6%	1.6%	2.0%
Energy, water, mining	1.3%	1.9%	1.9%
All sectors	2.1%	2.4%	3.0%

* Increases against the previous year.

Source: WSI collective agreement archive 2002.

number of companies with no collective agreement, however, use existing sectoral agreements as a point of reference for determining pay and working conditions.

Pay

For the majority of employees, pay increases for 2001 were determined by the 2000 collective bargaining round, in which many two-year sectoral pay agreements were concluded (DE00112202F). In 2001, therefore, trade unions affiliated to the German Federation of Trade Unions (Deutscher Gewerkschaftsbund, DGB) concluded new collective pay agreements only for some 5.6 million employees, or about one quarter of all employees covered by a collective agreement.

According to the Institute for Economics and Social Science (Wirtschafts- und Sozialwissenschaftliches Institut, WSI) collective agreement archive, in 2001 the average annual increase in collectively agreed pay was 2.1%, although sectoral increases varied between 1.3% and 3.2% - see table 1 on p.75 (DE0201201F). In most sectors, collectively agreed pay increases were significantly lower in 2001 than in the previous two years, when the average increase was 2.4% in 2000 and 3.0% in 1999.

According to the Federal Statistical Office (Statistisches Bundesamt, Destatis), gross wages and salaries rose by 2.0% in 2001, compared with a 2.5% increase in consumer prices. This meant that German employees suffered a 0.5% decrease in real pay. However, net wages and salaries grew by about 3.4% due to a reduction in income tax and employees' social security contributions.

One notable exception to the overall pay moderation was a pay agreement for the pilots employed by the Lufthansa airline (DE0106226F). The German Airlines Pilots' Association (Vereinigung Cockpit, VC) – which is

not an affiliate of DGB – originally called for pay increases of up to 35% and justified its pay claims with international wage comparisons, according to which the pilots of most other airlines earn much more than the pilots at Lufthansa. According to VC's figures, the final agreement, which was reached within an arbitration committee after a number of 24-hour strikes by pilots, includes a 26% increase in basic pay and an additional 33.2% increase in variable pay for a term of three years.

Working time

There were almost no changes in weekly or annual working time as a result of the 2001 collective bargaining round. With the exception of a very few agreements - for example at Deutsche Telekom or in the cinema sector (DE0109243N) – which provided for a slight working time reduction, working time did not feature prominently on the bargaining agenda in 2001.

Collectively-agreed average normal working time was 37.7 hours per week in 2001. There was, however, still a significant difference between west Germany (37.4 hours per week) and east Germany (39.1 hours per week). Nearly 35% of west German employees but only 6% of their eastern colleagues worked 37 hours per week or less – for details see table 2 below. Average agreed annual working time was 1,641.9 hours in west Germany and 1,724.2 hours in east Germany.

In the area of working time flexibility, the most outstanding development in 2001 was a company agreement for the new subsidiary of the German-based car producer Volkswagen (VW), Auto 5000 GmbH (DE0109201F). On the basis of an average 35-hour week over a year, the agreement provides for:

- the application of a three-shift system and a regular working week starting with the Sunday night shift and ending with the Saturday morning shift;

Table 2. Collectively agreed working time, 2001

	Germany (total)	Germany - west	Germany - east
Average weekly working hours	37.7	37.4	39.1
% of employees working 35 hours	18.0	22.5	0.3
36-37 hours	11.0	12.3	5.5
37.5-38.5 hours	44.6	47.5	31.0
39-40 hours and over	25.5	17.6	61.2
Average annual leave (days)	29.1	29.3	28.4
Average annual working hours	1,656.3	1,641.9	1,724.2

Source: WSI collective agreement archive 2002.

- a maximum of 30 Saturday evening shifts on the production lines every year, which means a maximum of 10 Saturday evening shifts for every employee;
- a maximum weekly working time of 42 hours; and
- an individual working time account, in which a maximum of 200 hours per year can be saved, usually compensated by additional time off.

If a certain shift is not able to fulfil product and quality targets, the employees are obliged to work overtime. The overtime will be paid only if the reasons for the performance shortfall are the responsibility of the employer. Originally, VW management aimed to achieve a total 'decoupling' of pay and working time, whereby employees would have been obliged to work as long as necessary (up to the statutory maximum working week of 48 hours) to reach a certain production target without any overtime or other extra pay. This, however, was strongly rejected by the trade unions (DE0107235F).

Pay inequalities

Pay inequalities between men and women were not a major issue in the 2001 collective bargaining round. To a certain extent, the issue played a role in the negotiations between social partners on the modernisation of the collective framework pay agreements in metalworking. The German Metalworkers' Union (IG Metall) had called for an abolition of traditional job descriptions which put 'typical female jobs' in low pay grades. The negotiations, however, have not resulted in agreement so far.

Job security

The most outstanding agreement dealing with job security in 2001 was the so-called '5000 x 5000' project at Volkswagen (DE0109201F). Volkswagen management had proposed creating 5,000 new jobs, with the employees concerned receiving fixed monthly pay of DEM 5,000. The new employees were to work in a new VW subsidiary, Auto 5000 GmbH, which would not be covered by the VW company agreement but would have rather flexible working conditions (see above under 'Working time'). After a heated dispute between VW and IG Metall, the bargaining parties finally reached a compromise according to which pay and working conditions are below the VW company agreement but basically adhere to the collectively agreed standards of the branch-level agreements in metalworking.

Training and skills development

In March 2001, the national tripartite Alliance for Jobs (Bündnis für Arbeit) adopted a joint statement on training, which recommended that trade unions and employers' associations conclude new collective agreements to secure and improve further training at company level (DE0103213F).

In June 2001, the collective bargaining parties in metalworking concluded a new collective agreement on

further and continuing training for the region of Baden-Württemberg which entitles employees to determine their training needs in annual consultations with their employer, with the latter paying for the subsequent training (DE0107233N). The parties also agreed to set up a new agency which will assist companies and employees in improving the maintenance, adaptation and upgrading of skills. The metalworking employers' associations in other regions, however, have so far refused to conclude similar agreements on further training.

A far-reaching agreement on further training was also concluded at the at the new VW subsidiary Auto 5000 GmbH (DE0109201F). The VW agreement provides that every employee should receive on average three hours per week of training, with half of the training time paid by the company and the other half in the employees' own time. Every employee should have the right to an individual training plan which combines work process-related training (training on the job) with broader training (training off the job), including training in social skills.

Other issues

Following legal changes in the German pensions system (DE0106227N), private pensions became a prominent issue in the 2001 collective bargaining round. The first collective agreement on the introduction of a sectoral private pension scheme was concluded in January 2001 in construction (DE0104216N). In September 2001, agreements to set up sectoral pension funds were concluded in chemicals and metalworking (DE0111201F). The agreements provide workers with new options to convert part of their income into pension assets.

Legislative developments

A relatively large number of new laws were formulated and approved during 2001. In May 2001, the Federal Council (Bundesrat) – the upper house of parliament – finally approved the second part of the government's *pension reform* and thus cleared the way for a substantial revision of the German pensions system. In essence, the reform will replace the current 'pay-as-you-go' state pension scheme (whereby current pensions are covered by the contributions of those currently in employment) by a dual pension scheme, consisting of both a reformed pay-as-you-go state pension and a private pension, with employees obliged to pay a proportion of their income into company or other private schemes (DE0106227N).

In November 2001, the Bundesrat passed the so-called 'Job-AQTIV-Gesetz' on the *reform of labour market policy*, which came into force on 1 January 2002 (DE0111203F). This law aims to improve the efficiency of employment services, strengthen training and skills development and allow a better reconciliation of work and family life. A key element of the reform is the introduction of an 'integration agreement'

(Eingliederungsvereinbarung) between unemployed people and public employment offices. In addition, the new law extends social security cover during unemployment by filling the gaps in the social security system and aims to promote equal opportunities for men and women through gender mainstreaming and the extension of special measures for the promotion of women's employment.

In October 2000, parliament approved the Act to Fight Unemployment of Persons with Disabilities (Gesetz zur Bekämpfung der Arbeitslosigkeit Schwerbehinderter, SchwbAG), which in April 2001 was revised and incorporated into the Social Security Code. Book IX of the Social Security Code now includes a comprehensive set of regulations on *disability*, and in particular includes measures aimed at helping employees with physical and psychological disabilities to be integrated into the labour market (DE0112238F). In November 2001, the government approved a draft Law on Equal Opportunities for People with Disabilities (Gleichstellungsgesetz für behinderte Menschen), which is due to come into force on 1 May 2002. This law completes a series of reforms and political initiatives by the 'red-Green' coalition government, intended to fight discrimination against people with disabilities (TN0102201S).

Finally, also in November 2001, the Bundesrat passed a law on the realisation of *equal opportunities* (Gleichstellungsdurchsetzungsgesetz) for employees of the federal civil service and of the federal courts, which replaces the existing law of 24 June 1994 on the promotion of women in the civil service (DE0112206N).

The organisation and role of the social partners

The most important change in the organisation of German social partners in 2001 was the creation of the Unified Service Sector Union (Vereinte Dienstleistungsgewerkschaft, ver.di), which was completed in March 2001 (DE0104220F). Ver.di now

represents almost 3 million workers in some 1,000 different occupations, most of them in public and private services. There were five unions involved in this merger: the Public Services, Transport and Traffic Union (Gewerkschaft Öffentliche Dienste, Transport und Verkehr, ÖTV); the German White-Collar Workers' Union (Deutsche Angestelltengewerkschaft, DAG); the Post Workers' Union (Deutsche Postgewerkschaft, DPG); the Commerce, Banking and Insurance Union (Gewerkschaft Handel, Banken und Versicherungen, HBV); and the Media Union (IG Medien).

Ver.di is structured as a 'matrix' organisation with a vertical and horizontal structure. The vertical structure follows geographical lines, with a central organisation at national level, located in Berlin, and further organisations at regional, district and local level. The horizontal structure involves 13 'sectoral areas' (Fachbereiche). Each sectoral area has its own suborganisation at the various geographical levels, as well as at the establishment level. Although ver.di faces significant difficulties in retaining its members, the union has already showed itself to be a competent and powerful actor in collective bargaining in a variety of industries.

With most DGB-affiliated trade unions concerned about ongoing membership decline (DE0103210N), some unions have started to set up new programmes for membership recruitment. While ver.di founded the 'connex' project to attract high-skilled employees in the media industry (DE0111204N), the Construction Workers Union (Industriegewerkschaft Bauen, Agrar, Umwelt; IG BAU) - the union with the most dramatic membership loss - decided to concentrate its efforts on recruitment in fields adjacent to construction (DE0110202N).

Organisational developments within employers' associations have been closely related to the ongoing restructuring process of the German branch-level collective bargaining system. Since the 1990s, a number of individual companies have withdrawn from employers' associations and thus refrained from industry-wide collective bargaining. As shown in table 3 below, this problem is most serious in east Germany.

Table 3. Employers' association membership among east German companies in manufacturing (% of companies and % of total workforce they employ)

	Member companies (employees) which want to stay affiliated	Member companies (employees) which consider leaving the association	Non-members
2000	12 (29)	4 (5)	84 (66)
1998	15 (36)	6 (9)	79 (55)
1993/4	26 (62)	10 (12)	64 (24)

Source: German Institute for Economic Research (Deutsches Institut für Wirtschaftsforschung, DIW).

Industrial action

There were no major strikes at sector level in 2001 and consequently only a limited number of working days was lost due to industrial action. There were, however, two strikes which affected only a limited number of employees but which drew a lot of public attention.

- In the airline industry, the VC pilots' trade union organised a number of warning strikes as well as two 24-hour work stoppages at Lufthansa (DE0106226F), forcing it to cancel most of its domestic flights (see above under 'Pay'). In addition, the airline had to suspend temporarily most of its cargo services. After the dispute had dragged on for eight weeks, a settlement was reached by way of a joint resolution agreement. The agreement was reached with the help of a special arbitration committee bringing together VC and Lufthansa, which was chaired by the former minister for foreign affairs, Hans-Dietrich Genscher.
- In January 2001 the IG Medien media workers' union called a strike of technical staff at the musical 'Cats' to protest about plans by the Stella musical corporation to transfer 'Cats' from Hamburg to Stuttgart (DE0102205N).

In addition to these strikes, there were also several warning strikes which accompanied branch-level collective bargaining, notably in public broadcasting (April 2001), the retail industry (June and August 2001), horticulture (October 2001) and among the civilian staff of the German army (May 2001). In May 2001, the most notable warning strike took place in the metalworking industry in the southwest of Germany, where IG Metall called some 60,000 workers in companies such as DaimlerChrysler, Audi and Porsche out on a warning strike. This protest was staged in support of the union's demand for a first comprehensive collective agreement on further training. Several smaller warning strikes followed before employers and IG Metall finally concluded an agreement (DE0107233N) in June (see above under 'Training and skills development').

National Action Plan (NAP) for employment

There is no special institution through which the German federal government involves the social partners when drawing up its National Action Plan (NAP) for employment in response to the EU Employment Guidelines. Instead, the government sees the national tripartite Alliance for Jobs as the central framework for involving the social partners in employment-creating policies, which also includes the issues raised in the NAP. In its 2001 NAP, the German government made reference to several agreements and declarations which has been concluded within the Alliance for Jobs. The 2001 NAP as such, however, played a prominent role neither in

relations between social partners nor in the public debate.

In 2001, the number of activities and agreements within the framework of the Alliance for Jobs showed a significant decrease in comparison with the previous year. There was only one official top-level meeting between representatives of the federal government, trade unions and employers' associations, which took place in March 2001 (DE0103213F).

Company restructuring

There were two major cases of companies which found themselves forced to adjust their business operations substantially during 2001.

- As a consequence of the terrorist attacks on the USA of 11 September 2001, most major German airlines suffered from declining numbers of passengers and subsequent financial losses. Among the most severely affected was LTU, which was for a while on the brink of bankruptcy (DE0111207F). In a joint effort by company management, LTU's major shareholders, the state of North Rhine-Westphalia, and the two unions representing pilots, flight attendants and ground staff, a rescue package was drawn up, seeking to bring the airline through this difficult time. Employees represented by the VC pilots' union and ver.di (representing ground crew and flight attendants) agreed to wage cuts and to forgo bonuses as part of a comprehensive rescue package. The plan will streamline LTU's operations and change its shareholder structure.
- Adam Opel AG, a subsidiary of the US-based motor manufacturer, General Motors, introduced the 'Olympia' restructuring programme, seeking to make the company profitable again. Among other points, the programme includes measures such as the reduction of production capacity and savings in the area of supplies. In June 2001, a framework agreement on this programme was negotiated at the European level within the context of the GM European Works Council (BE0109301F), with exact specifications subsequently negotiated at the national level. In negotiations between the Opel German works council and national management, both parties agreed to reduce the company's workforce by 2,500 but to refrain from compulsory redundancies. However, the company subsequently published new reports relating to the 2001 business year, which revealed that Opel lost even more money than in the previous year, and it is therefore still unclear as to whether these measures will be sufficient to get the company back on track.

Employee participation

As the debate on the EU European Company Statute and its employee involvement provisions (adopted in October

2002 - EU0110203N) is as yet developing slowly within the German business community and trade unions, most attention during 2001 focused on the reform of the Works Constitution Act (Betriebsverfassungsgesetz, BetrVG), approved in June, which is considered to be the boldest reform in the field of co-determination since 1972 (DE0107234F, DE0103221N and DE0102242F).

Through this reform, the government has adjusted numerous provisions of the Works Constitution Act to the changed business environment, in particular giving works councils a say in areas such as training, employment security, the environment and fighting xenophobia and racism. At the centre of the reform are rules to: streamline the election procedure in small companies; make it easier for workers to elect a works council; abolish separate elections for white- and blue-collar workers; increase the total number of works councillors; and improve rules governing the release of elected works councillors from their regular work duties.

The new law also seeks to improve the representation of women in works councils by introducing an 'equality quota', whereby the gender which is in a minority within the workforce must be represented by at least a corresponding share of works council members.

New forms of work

With the advent of the reformed labour market law, the 'Job-AQTIV-Gesetz' (see above under 'Legislative developments'), opportunities to integrate unemployed workers into the labour market through temporary work agencies have been increased. The maximum period of employment for temporary agency workers with the same employer (Überlassungsdauer) has therefore been extended from 12 to 24 months - if it is not expected that the person concerned will take on another form of employment in the near future.

In April 2001, the ver.di trade union and the leading temporary employment agency Randstad Deutschland GmbH concluded an agreement on pay increases for about 21,000 of the latter's employees working in various companies (DE0105222N). Although most agency workers are currently not covered by collective agreements, this was to set an example for the whole sector. Randstad had previously introduced a company agreement regulating working conditions, and – in April 2000 – concluded a three-year collective agreement on working time, overtime pay, holidays, bonus system and periods of notice with the unions in this sector.

'Job rotation' has been introduced within the framework of the 'Job-AQTIV-Gesetz'. This is a measure whereby wage cost subsidies are provided to employers to encourage them to employ an unemployed person as a temporary substitute for an employee released from work to undergo further training. The subsidy is from 50% to 100% of the wage for the substitute.

There is currently no analysis of the number of part-time workers affected by the new law on part-time work and fixed-term employment relationships (Gesetz über Teilzeitarbeit und befristete Arbeitsverträge), which came into force on 1 January 2001 (DE0011293F). The law introduces a right for workers in companies with more than 15 employees to reduce their working time, as long as no internal company reasons prevent such a reduction, and restricts the possibilities for concluding fixed-term employment contracts.

Other relevant developments

In July 2001, the government and employers' associations signed an agreement on equal opportunities in the private sector, in which the latter declared their intention to develop and implement their own measures to promote equal opportunities and 'family-friendly' employment conditions. The conclusion of the agreement means that a binding law on equal opportunities, which had formed part of the current 'red-Green' government's coalition pact, has been put on hold and binding legal regulations have been substituted by declarations of intent (DE0107231F).

Outlook

There are two major factors which will influence the development of German industrial relations in 2002. The first is the forecast poor performance of the German economy and a persistently high level of unemployment. The second is the forthcoming general election, in the autumn of 2002.

With regard to the election, it has already become clear that some of the labour law initiatives taken by the current federal government, such as the reform of dismissal protection or the new Works Constitution Act, will play a prominent role in the electoral campaign, since the opposition parties have already called for further changes to these laws. Since the current high unemployment figures might diminish the present government's re-election chances, it is likely that 2002 will see further initiatives to promote employment, in particular in the 'low-wage sector' (DE0202209F).

Finally, the 2002 collective bargaining round will have a major influence on the relationship between German employers' associations and trade unions. The positions in the run-up to the bargaining round made clear that both parties have rather conflicting viewpoints (DE0112248F). While the employers are calling for a continuation of moderate pay increases in order to secure employment, a large number of unions are convinced that a policy of pay restraint does not lead to more employment but, instead, believe that employment will be stabilised only through pay increases which are sufficient to promote domestic economic demand.

Germany: 2001 Records

January	VW introduces new pension funds	DE0101200F
	Trade unions criticise employers over increased overtime working	DE0101201N
	Fewer work-related injuries and occupational diseases in 1999	DE0101203N
	Parliament approves new pension scheme	DE0101204F
February	Theatre strike silences Cats	DE0102205N
	Collectively agreed pay up 2.4% in 2000	DE0102206N
	Forced labour compensation scheme faces difficulties	DE0102207F
	Survey examines industrial relations at establishment level in 1999/2000	DE0102208F
	Reform of Works Constitution Act proposed	DE0102242F
March	Membership of DGB-affiliated unions falls again	DE0103210N
	WSI survey examines decentralisation of bargaining in 1999/2000	DE0103212F
	Alliance for Jobs agrees joint statement on training	DE0103213F
	Government adopts draft bill on reform of Works Constitution Act	DE0103221N
April	New agreements signed for Lufthansa cabin and ground staff	DE0104215N
	First sectoral agreement on private pensions signed in construction	DE0104216N
	IG Metall seeks collective agreement on further training	DE0104218F
	IG Metall launches debate on the future	DE0104219F
	Unified Service Sector Union (ver.di) created	DE0104220F
May	Federation of Gay Managers awards diversity management prize to Ford	DE0105221F
	Ver.di and Randstad agree on pay increases	DE0105222N
	Employers and unions debate new rules for immigration	DE0105223F
	Government presents first report on poverty and wealth	DE0105225F
June	Lufthansa pilots pay dispute draws to close	DE0106226F
	Pension reform finally passed	DE0106227N
	New agreements signed in private banking and insurance	DE0106228N
	DGB to assess national Alliance for Jobs	DE0106229N
	Employees at Pixelpark multimedia agency elect works council	DE0106230F
July	Government-employer agreement prevents equal opportunities law	DE0107231F
	New collective agreements signed in retail	DE0107232N
	Landmark training agreement concluded in metalworking	DE0107233N
	Works Constitution Act reform adopted	DE0107234F
	IG Metall and VW fail to agree on terms for creation of 5,000 new jobs	DE0107235F
	Interim report on 2001 collective bargaining round	DE0107236F
August	Study examines employment situation of women after taking parental leave	DE0108240F
	Employees accept pay cuts at Hewlett Packard	DE0108237N
	BDA and DGB issue joint declaration on Alliance for Jobs	DE0108239N
September	Agreements signed on Volkswagen's '5000 x 5000' project	DE0109201F
	New collective agreements signed for cinemas	DE0109243N
October	'Doorn group' holds fifth annual meeting	DE0110201N
	Construction workers' union to organise new groups of employees	DE0110202N
November	Agreements establish pension funds in metalworking and chemicals	DE0111201F
	Government proposes reform of labour market policy	DE0111203F
	Ver.di extends connexx project to attract media employees	DE0111204N
	IG Metall presents first findings of its 'debate on the future'	DE0111205F
	New study on income of top managers	DE0111206N
	Pilots and LTU airline agree rescue package	DE0111207F
December	First collective agreement signed for retail call centres	DE0112202N
	Law adopted on equal opportunities for federal civil service employees	DE0112206N
	Employers debate introduction of profit-sharing schemes	DE0112207F
	Soft drinks industry agreements open 2002 bargaining round	DE0112211N
	New laws seek to improve employment prospects of workers with disabilities	DE0112238F
	Conflicting views in run-up to metalworking bargaining round	DE0112248F

GREECE

Political developments

The Panhellenic Socialist Movement (Panellino Socialistiko Kinima, PASOK) government, elected in April 2000 for a second consecutive four-year term and headed by Prime Minister Konstantinos Simitis, remained in power during 2001.

Collective bargaining

As in 2000 (GR0012196F) and 1999 (GR9912160F), during 2001 collective bargaining remained largely centralised. Table 1 below shows the number of collective agreements (SSEs) concluded in 2000 and 2001 at the various levels, and the number of arbitration agreements (DAs) issued by the Mediation and Arbitration Service (OMED), based on official data from the pay directorate of the Ministry of Labour and Social Security. It should be noted that the 2001 data are provisional, since around 10% of all collective agreements were still outstanding at the end of the year.

Pay

As has traditionally been the case in Greece (GR9712159F), financial issues, and especially pay-related issues, were predominant during collective bargaining in 2001. Under the terms of the National General Collective Agreement for 2000-1 (GR0006175N), the nominal increase in minimum basic pay for 2000 was 4.2%. However, the real increase in basic pay, taking inflation into account, was 0.97%. The respective figures for 2001 were 3.3% and -0.09%. However, on the basis of the National General Collective Agreement for 2000-1, a corrective sum of 1.1% was to be awarded in January 2002, so that the real increase in basic pay for 2001 was one percentage point higher than the consumer prices index at average levels.

At sectoral level, the most important collective agreements signed during 2001 were in the banking sector (GR0107113N) and telecommunications (GR0107114N). In both these cases, pay-related issues were predominant: the one-year banking sector deal increased basic pay and allowances by 4.2%; while the telecommunications agreement provided for a pay increase of 3.3% over 2001-2, as well as a variety of new and improved benefits and allowances.

Working time

According to official data from the National Statistical Service of Greece (ESYE), average contractual working hours are 40 per week, and average actual working time for people employed full time (over 35 hours per week) was 44.9 hours a week in 2000 (the 2001 figure is not yet available at the time of writing).

In the area of working time and working time flexibility in particular, the most important change during 2001 involved the start of the full implementation of Law 2874/2000 regarding 'Employment regulations and other provisions' in April 2001 (GR0104104N). This law seeks to encourage the organisation of working time on an annual basis through collective agreements. Since legislative regulations on working time arrangements have until recently remained effectively inoperative, enterprise-level collective bargaining on this subject has been limited in scope. According to data available from the Ministry of Labour up to the summer of 2001, following the implementation of the relevant law, only four agreements on flexible working time arrangements had been signed. As a whole, however, the data available to date allow no quantitative and/or qualitative analyses of the development of flexible working time arrangements. Nor is it possible to evaluate the implementation of the new legislative framework, especially with regard to the effects that the increased overtime costs implied by the new law will have on employment.

In terms of individual agreements, there was little new in 2001. The pilot implementation of a 35-hour working

Table 1. Number of collective agreements (SSEs) concluded and arbitration agreements (DAs) issued, 2000 and 2001

	2000		2001	
	SSEs	DAs	SSEs	DAs
National general	1	–	–	–
National occupational-level	54	15	33	12
Local occupational-level	22	4	24	1
Sectoral	98	17	60	22
Enterprise-level	122	6	146	5

Source: Ministry of Labour and Social Security.

week without loss of pay, as provided for in the 1999-2000 enterprise-level collective agreement (GR9906136N) for the Hellenic Telecommunications Organisation (OTE), was never put into practice, and in the framework of the company's new agreement for 2001-2 (GR0107114N) reduction of working time was not a subject of bargaining.

Job security and training/skills development

Specialised topics such as job security, as well as training matters, are still not central issues in collective bargaining. These are also issues that have not been researched by the competent bodies. As a result, it is not possible to evaluate qualitatively the development of collective bargaining in Greece during 2001; this was also true in 2000 (GR0012196F).

Pay inequalities

With regard to equal pay for women and men, although the legal framework is relatively complete, women lag far behind men. According to data from ESYE for 2000, women's average hourly pay stands at 76.2% of that of men. The main reason that this pay gap continues to exist is a failure to link the principle of pay equality with collective agreements (TN0201101S).

Other issues

In June 2001, a 'global agreement' was signed at the Hellenic Telecommunications Organisation (OTE) by company management, Union Network International (UNI) - which brings together telecommunications workers' trade unions worldwide - and the Federation of OTE Workers (OME-OTE) - which represents some 90% of OTE's Greek workforce. The agreement is based on the fundamental workers' rights set out in a number of International Labour Organisation (ILO) Conventions, and its main objective is to determine an operational code of conduct for the parties to the agreement, in order to implement in practice these agreed principles. This agreement was the first such accord in a Greek-based multinational.

Legislative developments

The main legislative developments during 2001 were as follows:

- implementation of Law 2874/2000 on 'Employment regulations and other provisions' (GR0104104N). In addition to working time arrangements (see above under 'Working time'), this law regulates a range of important issues relating to labour relations, such as overtime, redundancies and matters involving leave;
- the introduction of a new legislative framework on temporary employment agencies, which for the first time lays down specific rules on the establishment, operation and obligations of agencies and the employment rights of temporary agency workers.

These measures were included in a new law on the restructuring of the Labour Force Employment Organisation (OAED) - the public body responsible for Greek employment policy and services - and other provisions, which was passed by parliament in October 2001 (GR0111101F); and

- a number of new developments in the area of equality of opportunity for women and men (which took place during the second half of 2000 and the first half of 2001). Law 2839/2000 (GR0108119F) on 'Regulation of matters regarding the Ministry of Foreign Affairs, Public Administration and Decentralisation and other provisions' introduced a gender quota system in the public sector's various governing councils, administrative boards and collective bodies. Further, an amendment of Article 116 of the Constitution introduced in April 2001 allows for positive action in promoting equality between men and women. Finally, a March 2001 decision of the Supreme Special Court ruled that family allowances could be paid to both spouses (GR0103102N). This decision, of particular importance at national level, relates exclusively to workers in the public sector, and represented the culmination of a long campaign by workers and trade unions (GR9911156F).

The organisation and role of the social partners

During 2001 both the Greek General Confederation of Labour (GSEE) and the Confederation of Public Servants (ADEDY) held conferences, but no decisions were taken regarding changes in their organisation. GSEE deferred issues regarding its organisation and role to an organisational conference planned for autumn 2002.

Industrial action

It is not possible to assess clearly the situation regarding industrial action in Greece during 2001. As was the case for 2000 (GR0012196F), the main reason is the total lack of data on the number of strikes; in addition, the data for the three previous years are incomplete (GR9912160F). However, from the isolated cases of major strikes during the year, it would appear that the increase in social tensions observed in 2000 continued during 2001. A 24-hour national general strike in April 2001 was a prominent example of the tension that was prevalent (GR0105108N). This strike, with participation rates as high as 100% in many sectors, was held in opposition to government proposals to reform the social insurance system. A further one-day strike was held in May (GR0106111N).

With reference to the April general strike, many observers maintained that GSEE and ADEDY's successful action on an issue such as social security, which unites workers, increased the popularity of unions and strengthened the trade union movement in general. However, research into workers' views on trade unions and employment, conducted on behalf of GSEE and published in January 2001 (GR0101197F), found that

only 15% of respondents considered strike action to be the most suitable means of tackling labour problems. The majority (59.7% of the respondents) considered the most suitable way of resolving labour disputes to be dialogue between workers and management.

A noteworthy company-level strike during 2001 was that organised against the privatisation of Hellenic Petroleum in July (GR0108118N).

National Action Plan (NAP) for employment

As in 2000, in 2001 the main criticism levelled against the Greek NAP by both employers' organisations and unions concerned the limited participation of the social partners at both the planning stage and the implementation stage, as well as an inability to monitor the policies being implemented (GR0012196F). However, special meetings held in March 2001 between experts working with the Ministry of Labour and Social Security, unions and employers' organisations were characterised as a positive step. Representatives of all bodies took part in the meetings held, following an appeal from the government, and presented positions and proposals which were considered to be well thought-out. Nevertheless the dialogue was judged by the social partners to be ineffective, on the one hand due to its short duration and on the other due to inadequate evaluation of the results to date on the part of the Ministry. In addition, both employers' associations and unions believe that, overall, the 2001 NAP is a unilateral expression of government positions and proposals (GR0104107F).

Company restructuring

During 2001, the only instance of restructuring which attracted public interest involved the proposed merger between the National Bank of Greece and Alpha Bank. After announcing the merger decision on 1 November 2001, the boards of directors of the two banks restricted themselves to publicising a few initial data regarding the proposal. Issues involving employment and labour relations in the two banks were not touched upon, although the Greek Federation of Bank Employee Unions (OTOE) submitted on 9 November an initial framework of positions, including a primary demand for protection of jobs and labour rights (GR0112123N). The merger plan was subsequently abandoned.

As a whole, it is worth noting that the company restructuring that has taken place in Greece to date has not been discussed within the collective bargaining framework. Regulation of issues that have arisen in relation to the repercussions of restructuring is derived from national and EU legislation centred on provisions

regarding redundancies and company transfers and takeovers.

Employee participation

No significant developments took place in 2001 with regard to the procedures and mechanisms for worker information, consultation and participation, or the development of European Works Councils and their role. The EU European Company Statute and its employee involvement provisions (adopted in October 2001 - EU0110203N) do not appear so far to have been the subject of dialogue between the social partners at any level.

New forms of work

The most important development relating to new forms of work during 2001 was the adoption of Law 2956/2001 on 'Restructuring of the OAED and other provisions', which among other measures (see above under 'Legislative developments'), regulates temporary agency work and in particular the operation of temporary employment agencies (GR0111101F).

Overall, according to the available data, 'non-permanent' employment in Greece has grown significantly, and now represents 13.1% of total employment (15.7% of women and 11.5% of men). With the growth of the phenomenon of non-permanent employment, the existing institutional framework is seen as inadequate, and coupled with the deficiency of mechanisms to monitor labour legislation, it is often associated with the violation of labour rights. In this framework, the adoption of Law 2956/2001 on temporary employment agencies is considered to be of particular significance. The new regulatory framework seeks to strengthen the labour rights of temporary agency workers in a way which is also satisfactory to unions. However, criticism of certain regulations remains (GR0102198N).

Outlook

A new National General Collective Agreement will be negotiated during 2002. In pay terms, this is of particular interest, as it will be the first agreement negotiated in euros (following the introduction of euro notes and coins in January 2002) and will be centred on the unions' demand for real convergence of wages and salaries with EU averages (GR0201146N). GSEE is also again demanding a reduction in the working week to 35 hours without loss of pay, as a measure to combat unemployment. With regard to the content of labour relations, the restricted implementation of Law 2874/2000 as far as flexible working time arrangements are concerned (see above under 'Working time'), along with increased overtime costs, may well cause employers to press for new legislative regulations.

Greece: 2001 Records

January	Survey examines workers' views on employment and unions	GR0101197F
February	New Labour Inspectorate launched	GR0102100F
	Unions demand regulation of personnel leasing	GR0102198N
	New demand framework from the OTOE	GR0102199N
March	Family benefits awarded for both spouses	GR0103102N
	Unions examine industrial relations in petroleum products industry	GR0103103F
April	New industrial relations legislation comes into force	GR0104104N
	Government issues controversial social security proposals	GR0104106F
	Trade union views and proposals on the 2001 NAP	GR0104107F
May	24-hour general strike over social security reform	GR0105108N
	Employers debate challenge of employment	GR0105110F
June	Government and unions still at odds over social security system	GR0106111N
	GSEE sets out social security positions and proposals	GR0106112F
July	New banking sector agreement signed	GR0107113N
	New agreement signed at OTE telecommunications concern	GR0107114N
	Global agreement on fundamental rights signed at OTE	GR0107115N
	Government announces new pay system for public servants	GR0107116F
August	Recent legislative developments in equal opportunities	GR0108119F
	Women in employment	GR0108120F
	Industrial action over privatisation at Hellenic Petroleum	GR0108118N
September	INE annual report highlights low wages	GR0109102F
October	First national conference held on social security system	GR0110104N
	Labour Force Employment Organisation restructured	GR0110106F
	Unions react strongly to shipyard accident	GR0110108N
November	New law regulates temporary agency work	GR0111101F
December	National Bank of Greece to merge with Alpha Bank	GR0112123N

IRELAND

Political developments

The current government is a coalition between the majority centrist Fianna Fail party and the small right-of-centre Progressive Democrats (PDs). This coalition government has been in power since June 1997. The next national general election must be held by June 2002.

The two main political events that occurred in Ireland in 2001 were preparations for the introduction of the euro single currency in January 2002 and the referendum on the EU Treaty of Nice, concluded in December 2000 (EU0012288F). The referendum, held in June, resulted in a 'no' vote.

Collective bargaining

Since 1987, collective bargaining has primarily taken place at national level in Ireland. The current national agreement, the Programme for Prosperity and Fairness (PPF) (IE0003149F), which was introduced in March 2000, is the fifth successive national agreement to be introduced since 1987. The PPF is due to expire at the end of 2002.

In relation to other bargaining levels, there are no accurate figures for the number of collective agreements signed at company level in 2001, while sectoral bargaining is very rare in Ireland.

Pay

Pay increases are set at national level through the PPF, although individual companies may decide to pay an additional amount. The central component of the PPF is a 33-month pay agreement providing a minimum 15% pay increase, or 15.8% on a cumulative basis. This comprises:

- 5.5% (with a minimum increase of IEP 12 per week) in the first year (April 2000-March 2001);
- 5.5% (with a minimum increase of IEP 11 per week) in the following year (April 2001-March 2002); and
- 4.0% (with a minimum increase of IEP 9 per week) for the final nine months in 2002.

These original pay provisions were revised on 4 December 2000, following pressure for extra increases to compensate for higher-than-forecast inflation. Essentially, an extra increase of 2% was awarded in the second year of the agreement, from 1 April 2001 and a further 1% from April 2002 (IE0012161F).

The PPF also contains three key income tax commitments:

- an overall increase in net take-home pay of up to 25% or more over the lifetime of the PPF - as a result of combined pay and tax provisions;
- removing all earnings below the minimum wage threshold from the tax net; and
- ensuring that 80% of taxpayers do not pay tax at the higher rate.

The PPF also contained a commitment to increase the level of the national minimum wage from IEP 4.40 per hour to IEP 4.70 per hour, which came into effect in July 2001.

There was increased evidence of wage drift during the first half of 2001, with many employers awarding pay increases at company level above the basic 'floor' set out in the PPF. This was influenced by the fact that many employers experienced labour and skill shortages in a tight labour market, and were finding it difficult to recruit and retain staff. In the second half of 2001, however, and influenced by the terrorist attacks on the USA on 11 September, the Irish economy experienced a 'slowdown' in growth, and unemployment started to increase slightly (IE0110103F). In this more uncertain economic environment, the Irish Business and Employers Confederation (IBEC), and many individual employers, called for curbs on labour costs. It may be the case that, in 2002, some employers in vulnerable sectors may attempt to hold down wages by invoking the 'inability to pay clause' contained in the PPF, which is applicable in difficult economic circumstances.

Job security, working time, training/skills development

There were no significant collective bargaining developments concerning job security, working time, or training and skills development during 2001. Average collectively agreed normal weekly working hours stood at 39 in 2001, as they have done for some years.

Pay inequalities

There was considerable debate in Ireland during 2001 over the issue of pay inequality. One of the main mechanisms used to tackle pay inequality has been the national minimum wage (IE0107170F). As mentioned above, the national minimum wage was increased from IEP 4.40 to IEP 4.70 per hour in July 2001. The minimum wage has been important in raising income levels amongst the low paid, and has facilitated a small, albeit important, reduction in the gender wage gap. It would appear, however, that it has had little impact on overall trends in income and wealth distribution. This is because relative income inequality, and the gap between rich and poor, has increased in Ireland.

Trends in income inequality are illustrated by two studies from outside and within Ireland that were published in

2001. According to the United Nations' Human Development Report, Ireland has the second highest rate of income inequality and poverty in the industrialised world, after the USA. Ireland also comes second to the USA amongst industrialised countries in having the highest proportion of its workforce categorised as low paid. In addition, a study conducted by the Dublin-based Economic and Social Research Institute (ESRI), entitled *Monitoring poverty trends and exploring poverty dynamics in Ireland*, concluded that there has been a widening in the relative income gap between rich and poor, which is high compared with other EU Member States.

Legislative developments

An important legislative development in 2001 was the implementation of 'right to bargain' legislation in June (IE0112226N). Under the Industrial Relations (Amendment) Act 2001, new powers were granted to the Labour Court, which will enable it to issue binding recommendations on pay and conditions in companies where trade union recognition has been withheld by employers. This represents the second stage of a new system of rules on trade union recognition and worker representation (IE0201260F), and it will apply where all voluntary procedural avenues have failed.

The new legislation essentially constitutes a 'fall-back' provision in the sense that it can be activated only if an employer refuses to enter voluntary procedures. Moreover, these 'fall-back' provisions provide only for representation relating to pay and conditions, and not full-blown union recognition.

Another important legislative development was the implementation of legislation covering the rights of part-time workers in December 2001 (IE0202202F). The Protection of Employees (Part-Time Work) Act 2001, implements the EU Directive (1997/81/EC) on part-time work. The government took longer than was stipulated to implement the Directive (it was due to have been transposed by January 2001). The new legislation prohibits any discrimination on the grounds of part-time employment status.

Finally, the EU Directive (1999/70/EC) on fixed-term work is due to be transposed into Irish law by June 2002. An initial consultation took place between the government and the social partners late in 2001, and an additional meeting was due to take place early in 2002. However, the government will be hard pressed to implement the Directive on time, particularly as the general election must also be held by June 2002.

The organisation and role of the social partners

There were no major changes in the organisation and role of the social partners during 2001. However, the

national-level social partners continued to be active during the year in a range of areas. One of the most high-profile issues was the national pay agreement, the PPF, the terms of which had been revised in December 2000 (IE0012161F). In March 2001, Ireland's largest trade union, the Services Industrial Professional and Technical Union (SIPTU), and the main employers' organisation, IBEC, clashed over the criteria to be used in paying the additional wage increases provided for by the revision of the national accord (IE0104234N).

According to figures released in March 2001 by the Irish Congress of Trade Unions (ICTU) (IE0104233N), trade union membership rose by almost 19,000 or 3.8% in 2000. However, membership levels did not quite keep pace with the overall increase in employment – total union membership increased by 3.8%, while total employment grew by 4.1%.

Industrial action

According to the most recent figures from the Central Statistics Office (CSO), the number of days lost through strikes in Ireland fell sharply to 3,810 days in the third quarter of 2001. This compared with 19,706 days lost in the second quarter, and 90,427 days in the first quarter (although a strike by teachers was a major factor in the first quarter - IE0012226N). However, strike action looks to have increased during 2001 as a whole (IE0201262F). The total number of days lost in the first three quarters of 2001 amounted to 113,943. This compared with 33,341 days lost in the first three quarters of 2000, although 63,705 days were lost in the final quarter of 2000. There were four strikes in progress during the third quarter of 2001, of which three were in the manufacturing sector.

National Action Plan (NAP) for employment

Regular engagement took place amongst the social partners and the government in relation to the preparation and monitoring of the 2001 National Action Plan (NAP) for employment in response to the EU Employment Guidelines. It is stated in the PPF national agreement that the NAPs will be the main channel for consultation on overall labour market policies: 'The employment action plans and the operational programmes under the National Development Plan (NDP) will be the principal means for progress [on labour market policies] and, in terms of both preparation and monitoring, substantive and timely engagement with the social partners will take place.'

The involvement of the social partners in the NAP overlaps considerably with their role in developing employment-related policy under the PPF. The PPF is comprised of five operational frameworks, which closely correspond with the four EU Employment Guidelines of employability, entrepreneurship, adaptability, and

equality. The five PPF frameworks are: i) living standards and workplace environment; ii) prosperity and economic inclusion; iii) social inclusion and equality; iv) successful adaptation to continuing change; and v) renewing partnership. The social partners have actively contributed to all of these areas. For example, with regard to framework four, the social partners have worked closely with the government in exploring and developing the various aspects of a 'knowledge-based economy'. Furthermore, in relation to framework five, the social partners and the government have been seeking to diffuse 'partnership' more widely at enterprise level.

On the whole, employer and trade union organisations were all relatively satisfied with all aspects of their involvement in the 2001 NAP, including: consultation prior to drawing up the NAP; taking account of their ideas; the range of issues covered; their involvement in the implementation of the NAP; and the general way in which the NAP handles labour market issues.

Company restructuring

In 2001, major restructuring took place in the Irish information and communications technology (ICT) sector, as well as in the air transport sector. There were a number of job losses in the ICT sector during 2001 (IE0108101F). The vast majority of these job losses affected the subsidiaries of US-based multinationals, and reflected the downturn in the US technology sector. The announcement by Gateway in August 2001 that it was to close its European headquarters in Dublin, which involved the loss of 900 jobs, represented the biggest single closure of an ICT company in Ireland since 1997, when the Seagate factory in Cork was closed, resulting in 1,600 redundancies. Under EU law as transposed into Irish legislation, Gateway was obliged to consult with employee representatives over the planned collective redundancies. To this end, company representatives engaged in a 30-day consultation period, during which time they examined redundancy terms with an eight-person employee representative council elected by secret ballot. Although Gateway was non-unionised, and like the majority of US-based multinational companies (IE0107240N), was strongly opposed to trade unions, ICTU and SIPTU assisted workers facing redundancy.

The Irish semi-state airline, Aer Lingus, faces an uncertain future, having been hit by a severe crisis following the terrorist attacks on the USA on 11 September 2001 (IE0111101F). Aer Lingus management responded by proposing a restructuring plan incorporating the following measures:

- IEP 148 million in overall cost cuts, made up of payroll reductions and cuts in direct costs/overheads;
- a permanent staff reduction of 2,026 across all areas and grades (31% of the workforce);
- radical changes in work practices to boost productivity;

- a new business model based on a more efficient delivery of products and services;
- a complete freeze on pay for 2002 and 2003; and
- funding for a redundancy programme.

At the end of 2001, the situation for the ailing airline remained precarious. Before the events in the USA, Aer Lingus employed approximately 7,000 staff. The 'removal' of 700 temporary staff had already taken place by the end of 2001, while 2,026 permanent staff were due to be made redundant over the winter of 2001/2. All the redundancies were to be on a voluntary basis, unless sufficient numbers of volunteers come forward, in which case compulsory redundancies could be necessary. It seems likely that sufficient numbers of volunteers will accept the redundancy terms on offer, although there is still a shortage of pilots willing to take redundancy.

A further major restructuring came in June 2001 when Ispat International, the owner of the Irish Ispat steel plant in Cobh, Co. Cork, announced that the site was to close with the loss of 400 jobs (IE0107241N). The decision came in spite of an earlier agreement by the workforce to a major cost-cutting programme.

Employee participation

The EU Directive on national information and consultation rules (formally adopted in February 2002) has received mixed reviews from the Irish social partners and looks set to have major implications for Irish industrial relations (IE0106168F). ICTU is strongly in favour of the Directive, which it believes could play a vital part in improving worker information and consultation rights relating to workplace change and restructuring. Moreover, there is a perception within ICTU that it could potentially facilitate an increased diffusion of enterprise-level 'partnership' arrangements between employers and employee representatives. By contrast, employer groups in Ireland have opposed the Directive because they view it as a potential burden and restriction on business activity. IBEC is opposed to the introduction of statutorily-based mandatory employee representation structures such as works councils, preferring instead a voluntarist system that reflects the competitive situation of individual companies. It prefers the concept of direct communication between management and employees to collective representation. There is a perception within IBEC that works councils are rooted in the past and that the pace of change today requires companies to communicate with employees directly.

The information and consultation Directive has been agreed at a time when there have been a number of high-profile cases where employers have failed adequately to inform and consult their workforces about impending mass redundancies. There has certainly been evidence of this in Ireland, where as in the UK, workers have few information and consultation rights in restructuring situations. This was illustrated by a spate of

redundancies in 2001 in a number of US-based technology companies located in Ireland (see above under 'Company restructuring'). In view of this, the new Directive will undoubtedly be important for improving workers' rights to consultation in instances of workplace restructuring. This is particularly applicable to workers in non-union companies in Ireland, where collective representation and access to consultation is largely absent.

Another significant development relating to employee participation in 2001 was the establishment of a new National Centre for Partnership and Performance (NCP), which replaced the old National Centre for Partnership (NCP) (IE0104166F). The main role of the NCP will be to provide institutional support for the wider diffusion of workplace partnership.

Finally, Ireland's national legislation implementing the EU Directives on transfers of undertakings and collective redundancies was amended in January 2001 to introduce new mechanisms for the consultation of workers in firms which do not recognise trade unions, as well as access to the Rights Commissioner's appeal mechanism, after a complaint from the European Commission (IE0102230N).

New forms of work

As well as the new legislation on part-time work (see above under 'Legislative developments'), other developments related to new forms of work over 2000-1 included a number of initiatives in relation to teleworking (IE0101163F). The government published a Code of Practice on teleworking in 2000 in order to provide a framework for companies introducing teleworking practices and to develop an environment supportive of teleworking. It outlines a number of key issues, such as: guidelines for the selection of jobs suitable for teleworking; practical implications such as home office requirements; communication methods; and legislation affecting employees' rights and employers' obligations.

Company-level collective agreements incorporating teleworking issues are very rare, although a number of trade unions, including Manufacturing Science Finance (MSF), have developed a set of guidelines to be used for negotiating teleworking arrangements with employers. The Communication Workers Union (CWU) has also targeted the needs of teleworkers by compiling a set of guidelines for equitable treatment and establishing a 'virtual branch' to recruit teleworkers into the union. Membership of this 'virtual branch' is open to teleworkers (whether employees or self-employed), and anyone in the communications, online, distribution and computer industries. The guidelines set out a number of principles that should be followed by employers when employing teleworkers.

Outlook

The uncertainty associated with the current economic slowdown, which commenced in the second half of 2001, and which was exacerbated by the events of 11 September in the USA, will shape the Irish industrial relations climate in 2002. Other important conditions which will influence the industrial relations climate are the single European currency (following the introduction of euro notes and coins in January 2002) and the outcome of the general election, which will be held before June 2002.

A key issue in 2002 will be whether the government and the social partners will negotiate a sixth successive national agreement to replace the current Programme for Prosperity and Fairness (PPF), which expires at the end of 2002. At this juncture, the prospects for a new national partnership agreement appear to be quite strong, given that the social partners and the majority of political parties perceive that the benefits of the consensus model outweigh the costs.

Ireland: 2001 Records

January	Teleworking in focus	IE0101163F
	Proposals to implement part-time work Directive published	IE0101228N
	Home carers to be given right to 65 weeks' leave	IE0101229N
February	The state of trade unionism	IE0102164F
	Redundancy and transfer consultation and appeal procedures amended	IE0102230N
	ESB privatisation stalled while technicians reject 18% pay offer	IE0102231N
March	The management of workplace stress	IE0103165F
	Politicians and top civil servants awarded up to 33% pay increases	IE0103232N
	New dispute-resolution body has first outing	IE0103233N
April	New National Centre for Partnership and Performance established	IE0104166F
	Union membership rises but density declines	IE0104233N
	Social partners clash over revised terms of national agreement	IE0104234N
May	Task Force on Workplace Bullying issues report	IE0105167F
	21% pay for change deal at ESB	IE0105235N
	Aer Lingus deal brokered by Labour Court	IE0105236N

June	Implications of proposed EU information and consultation Directive in Ireland	IE0106168F
	Adherence to national pay deal high but falling	IE0106237N
	ICTU to toughen inter-union transfer rules	IE0106238N
July	European human resource directors' conference focuses on attracting and retaining employees	IE0107169F
	National minimum wage developments and trends in income distribution	IE0107170F
	US firms are major influence in rise of non-unionism	IE0107240N
	Steel plant to close despite cost reduction deal	IE0107241N
August	Job losses hit information technology sector	IE0108101F
	Binding provisions of right to bargain law come into effect	IE0108242N
	Irish Rail report calls for internal disputes body	IE0108243N
September	Most human resources managers would replace many staff	IE0109244N
	Implications of new EU equality Directives in Ireland	IE0109101F
October	First successful disability discrimination case	IE0110101N
	Impact of minimum wage lessened by wage inflation in tight labour market	IE0110103N
	Social partners debate priorities as economy slows down	IE0110103F
November	Crisis rocks Aer Lingus	IE0111101F
	Dublin light rail bidder agrees pre-entry union deal	IE0111202N
	Aer Lingus begins restructuring talks as bankruptcy looms	IE0111203N
December	Compensation payments agreed for euro changeover	IE0112224N
	Unions seek changes in 'right to bargain' legislation	IE0112226N
	Tackling racism at the workplace	IE0112228F

ITALY

Political developments

The main political event during 2001 was the general election, held on 13 May. The centre-right coalition, the House of Freedoms (Casa delle Libertà) - made up of Forza Italia, the National Alliance (Alleanza Nazionale), the Northern League (Lega Nord), the Christian Democratic Centre (Centro Cristiano Democratico, CCD) and the United Christian Democrats (Cristiani Democratici Uniti, CDU) - won a large parliamentary majority. It obtained 366 seats out of 630 in the lower house of parliament, the Chamber of Deputies, and 177 out of 315 in the upper house, the Senate. It thus formed a new government in June 2001, replacing the former centre-left administration. Silvio Berlusconi, the leader of Forza Italia, became Prime Minister.

In May 2002, around 10 million citizens will vote in local administrative elections in various Italian towns and provinces.

Collective bargaining

The year saw a number of developments in the coverage and scope of collective bargaining. For example, the first ever single national collective agreement was signed in July for the 1 million staff employed by 'professional offices' - ie the offices of employers such as lawyers, engineers and architects (IT0109196N). In April, a new national collective agreement for journalists was concluded after 18 months of confrontation. As well as introducing new rules on fixed-term employment and freelance journalists, the agreement for the first time covers online journalism (IT0104367F).

Attempts at defining new industry-wide agreements in sectors affected by liberalisation and privatisation processes (ie sectors where there was formerly only one state-run operator and thus no distinction between the company and sectoral agreement) continued in 2001. An important result was a new single sectoral agreement for the electricity sector (both generation and distribution) which was approved by employees and signed in September (IT0109197N). Negotiations on the definition of an agreement for water and gas distribution and on a new sectoral agreement in the rail sector were still under way at the end of the year. On the railways, despite continuing conflict in the sector during the year (IT0111201F), in November 2001 trade unions and the Italian State Railways (Ferrovie dello Stato, FS) eventually signed an agreement on some aspects of company reorganisation, performance-related pay and participatory procedures. The agreement included an explicit commitment to support a rapid conclusion of negotiations over a new sectoral agreement. By contrast,

the parties' positions on a single industry-wide agreement for water and gas distribution still seemed quite distant from one another.

Pay

The National Institute of Statistics (Istituto Nazionale di Statistica, Istat) collects data for a sectoral bargaining panel, which includes 80 agreements covering some 11.5 million employees out of a total of about 15.7 million employees. At the end of November 2001, according to the Istat figures, a total of 66 industry-wide collective agreements on pay were in force, covering around 10.9 million employees, and accounting for 94.8% of the paybill covered by the panel. This compared with a total of 49 agreements in force at the same date in 2000, accounting for 63.2% of the paybill.

During 2001, 32 industry agreements were signed, covering around 7 million employees and accounting for 60.2% of the surveyed paybill. At the end of December 2001, the pay provisions of many industry-wide agreements expired, resulting in a decrease in coverage from 94.8% of paybill to 34.0% in January 2002, if no renewals were signed. This would especially affect sectors such as banking and insurance, transport and communications, building, public administration (including schools) and agriculture. In manufacturing, the chemicals sectoral agreement expired on 31 December 2001 (and a new accord was concluded in February 2002).

In November 2001, the general increase in collectively-agreed pay over November 2000 was 2.8%, according to Istat data. Over the same period, the actual inflation rate had been 2.3%.

During the year, the issue of wage increases led to a significant split between trade unions over the renewal of the pay terms of the metalworking sector agreement. The final deal with the Federmeccanica employers' association was signed in July by the Italian Metal-Mechanical Federation (Federazione italiana metalmeccanici, Fim), the metalworkers' federation affiliated to the Italian Confederation of Workers' Unions (Confederazione Italiana Sindacati Lavoratori, Cisl), and the Union of Italian Metal-Mechanical Workers (Unione Italiana Lavoratori Metalmeccanici, Uilm), affiliated to the Union of Italian Workers (Unione Italiana del Lavoro, Uil) - but not by the Italian Federation of Metalworkers (Federazione Impiegati Operai Metallurgici, Fiom), affiliated to the General Confederation of Italian Workers (Confederazione Generale Italiana del Lavoro, Cgil) (IT0107193F).

The reason for disagreement was essentially a different interpretation of the provisions with regard to 'admissible' pay demands of the July 1993 national tripartite agreement which regulates the Italian collective bargaining system. Fiom sought to use the sectoral

agreement to give workers a share in sectoral productivity gains and took a stricter view on the recovery of past differentials between forecast and actual inflation than the other unions. Fim and Uilm maintained instead that productivity gains should be redistributed only through company-level agreements, notably through the performance-related pay bargaining introduced by the July 1993 agreement.

Moreover, in the final deal, Fim and Uilm agreed with Federmeccanica a pay rise which includes an element representing anticipated recovery of future inflation differentials - a provision which Fiom and Cgil regarded as likely to have a negative impact on the viability of future pay demands. The divisions between the metalworking unions persisted throughout the year and Fiom continued to campaign for reopening the negotiations, calling a one-day strike in November 2001 to support its demands (IT0111133N).

Working time

The issue of working time did not feature prominently in the 2001 collective bargaining round, although some agreements contained new provisions relating to both the length of the working week and working time flexibility. One such accord was the the new single agreement concluded in July in the electricity sector (IT0109197N). Under this deal, working time is set, for all companies, at 38 hours per week, though some companies which currently have longer hours will achieve this objective only by the end of the agreement's four-year term. In order to reduce recourse to overtime, the agreement also provides for the creation of an 'hours bank', allowing for variable working hours, following the example of many other national collective agreements. Overall, as in previous years, collective agreements set normal weekly working time at 36 to 40 hours.

Pay inequalities

The issue of pay inequality did not receive a great deal of attention in sectoral or company-level bargaining during 2001. However, studies published in March 2001 (IT0104181N) found that the gender pay gap remains substantial. Women are in general paid less than their male counterparts. In terms of average annual pay, female managers are paid 7.7% less than men, female middle managers 5.2% less and female white-collar workers 11.1% less. Further, the gender gap is more pronounced in the South of the country than in the North.

A study analysing initiatives to support equal opportunities between women and men at the workplace at three companies (Coop Toscana Lazio, IBM Semea and Electrolux-Zanussi), conducted in 2000, indicates that it is possible to narrow the gap between women and men in terms of access to jobs and career advancement, though important differences persist

(IT0103279F). Other studies addressed the issues of gender discrimination in career development and of occupational segregation (IT0104183F), finding a substantial under-representation of women in all managerial posts.

Job security

The social partners' efforts to conclude agreements to foster employment creation and job security continued in 2001 at all levels. An example of an agreement at 'territorial' level was the 'social pact' for Catania, a town in Sicily, which was signed in February 2001 (IT0103177N). The agreement aims to help create new companies and facilitate the access to the labour market of people facing difficulties, as well as to enable the stabilisation of 'precarious' employment.

Another interesting agreement was signed in January 2001 by the Ministry of Industry and the Fim, Fiom and Uilm metalworkers' federations in order to support the mobility of workers between the South and the North of the country, with a view to coping with the increasing recruitment difficulties that many northern firms are experiencing (IT0102173N). The agreement seeks to set up a system to support companies in seeking personnel, and promote South-North mobility and investment in the South. The arrangement will be temporary, allowing workers to gain professional experience in northern plants before returning to work in a plant that the company concerned has meanwhile built in the South. The system will be applied on an experimental basis to Franco Tosi, an electro-mechanical company located in the North

In October 2001, an innovative agreement was reached at Electrolux-Zanussi, in which management and unions agreed to move the company's entire production chain for clothes-dryers from Nuremberg, Germany to Porcia in Italy, under the condition that the company would be able to relocate the dryer operation to another country after 2005, should this become more economically convenient (IT0111136N). The company committed itself to hiring 320 new employees on a fixed-term basis for the duration of the project. Moreover, the agreement envisages the implementation of joint training initiatives to support the employability of workers hired on fixed-term contracts, and assistance to the workers in finding employment after the expiry of the temporary contract.

Training and skills development

A number of agreements concluded during 2001 contained provisions designed to improve training and skills development provisions. For example, the new accord concluded in February in the schools sector introduces training leave and allocates 1% of the total payroll to continuing training (IT0103179N).

Legislative developments

A major legislative development in 2001 related to fixed-term work. Negotiations among the Italian social partners on the transposition of the EU Directive (1999/70/EC) on fixed-term work led to an important split among the trade unions in March 2001, when the Cgil trade union confederation decided to leave the bargaining table (IT0104182N). However, in May 2001, a number of social partner organisations signed a joint statement on the transposition into Italian law of the Directive (IT0105282F). Of the three main union confederations, Cisl and Uil signed the agreement, while Cgil did not sign it and expressed its strong disagreement with the content of the joint document.

The government eventually transposed the Directive by legislative decree no. 368 of 6 September 2001, which followed the lines laid down in the social partners' joint statement. The new legislation generally reduces the constraints formerly imposed on fixed-term employment and makes its use more flexible for firms. One of the main changes is the elimination of the previous explicit listing, either by law or collective bargaining, of the specific circumstances in which the use of fixed-term employment was legal. The new law states only that workers may be hired on fixed-term contracts 'for technical, productive and organisational reasons or in substitution for absent personnel'. On the other hand, employers are now required to specify in writing the reasons for using fixed-term work for each employment contract. In addition, the new law: stipulates when the use of fixed-term work is not allowed; limits the possibilities of renewing contracts; confirms the principle of non-discrimination against workers on fixed-term contracts; introduces some training rights for the workers involved; and defines the role of collective bargaining in regulating fixed-term work.

One of the most high-profile and controversial developments of the year was the presentation by the new government in October 2001 of a White Paper containing a wide range of proposed legislative reforms in the labour market and industrial relations areas (IT0110104F). During the debate over the implementation of the White Paper, the government presented to parliament a 'proxy law' (whereby parliament is asked to delegate to the government the power to legislate on an issue) on labour market reform, which included proposals to modify the current legal rules on individual dismissals. Despite their different approaches towards the government's White Paper, the three main trade union confederations reacted unanimously to what they saw as an attack on workers' rights and organised a strike towards the end of the year (IT0112127N). Subsequently, further government initiatives in the fields of tax and pension reform increased the unions' criticism and led to the calling of a series of joint strikes against the government's proposals at the beginning of 2002 (IT0201108N).

The organisation and role of the social partners

In March 2001, at a conference held in Parma, the Confindustria employers' confederation presented a document entitled 'Actions for competitiveness', which contained its proposals to relaunch the Italian economy (IT0104185F). The main measures were:

- reform of the pension system;
- an increase in labour market flexibility by relaxing constraints on recruiting and dismissing workers;
- reduction of the tax burden for companies; and
- reducing the size of the 'irregular' economy.

The Parma meeting was also important in that it took place during the general election campaign and highlighted many similarities between the programme of the centre-right coalition and Confindustria's demands. This convergence, highlighted by Mr Berlusconi, obliged Confindustria's president to stress that the employers' organisation is politically neutral.

In June 2001, the Cisl union confederation held its 14th national congress (IT0107191N), which confirmed Savino Pezzotta as general secretary. The main issues debated at the congress included the confederation's relationship with the new centre-right government and with other union confederations, particularly in the light of emerging differences with Cgil. Mr Pezzotta stressed the need to react cautiously towards the new government, stating that it should be judged according to its proposals and actions. Moreover, he affirmed that social concertation between the government and the social partners can continue to play an important role in the future.

The relations between unions in 2001 were characterised by a certain degree of disagreement. This was illustrated by the fact that the joint statement on implementing the fixed-term contracts Directive (see above under 'Legislative developments') and the metalworking sectoral collective agreement (see above under 'Pay') were both signed by Cisl and Uil but not by Cgil. However, in autumn 2001, the opposition to some government initiatives in the fields of labour and social policy (see above under 'Legislative developments') led to a united reaction by the unions and reduced the emphasis on their different points of view.

Industrial action

From January to November 2001, according to Istat provisional data, a total of 650,000 working days (5.2 million hours) were lost due to industrial action. This level of conflict was broadly the same as the previous year (down only 1.0%). The great majority of strikes were held in connection with collective agreement renewals

(73.1%) or other economic or 'normative' demands (12.4%). About two-thirds of all strikes took place in the metalworking sector (where some 440,000 working days were lost), which experienced difficult negotiations over the renewal of the sectoral agreement (see above under 'Pay').

Towards the end of the year, some of the government's initiatives on reforms of the labour market, the pension system and the fiscal system (see above under 'Legislative developments') met with strong opposition from the unions, which called a series of strikes (IT0201108N).

National Action Plan (NAP) for employment

The 2001 Italian National Action Plan (NAP) for employment, in response to the EU Employment Guidelines, was issued by the centre-left government at the beginning of May (IT0106369F), a few weeks before the general election was held, on 13 May. In general, employers were largely satisfied with most of the processes related to the drawing up and implementation of the 2001 NAP, while trade unions were generally less satisfied. The new centre-right government which took office in June drew up an additional document and subsequently presented it to the European Commission without any consultation with the unions.

Company restructuring

The Italian national airline Alitalia was hit by the air transport crisis following the 11 September 2001 terrorist attacks in the USA (IT0111103N) and the company subsequently drew up a restructuring plan which involves more than 5,000 redundancies (IT0201178F). The negotiations on measures to deal with this situation were still underway at the end of the year. In the autumn of 2001, the labour and welfare minister, Roberto Maroni, announced that he would not permit the use of 'social shock absorbers' (which cushion the effects of redundancies and restructuring in some sectors), such as the wages guarantee fund, in Alitalia's case and that special measures would not be introduced for Alitalia.

In December 2001, the motor manufacturer Fiat presented a major reorganisation plan (IT0201107N), whereby 18 plants around the world will be closed, two of them in Italy. Fiat will use the wages guarantee fund to manage the redundancies which will occur in Italy, and will reduce recruitment of both temporary agency workers and those on fixed-term contracts.

During 2001, no modifications of the legislation on collective dismissals and industrial restructuring took place. Reform of the 'social shock absorbers' has been on the government's agenda for a number of years, but its linkages to the labour market and the pension system reforms have hindered any progress, since negotiations with the social partners on these two issues have proved

particularly difficult (see above under 'Legislative developments').

Employee participation

There were no particular developments in the field of employee participation during 2001. The issue of financial participation is still topical and from time to time has drawn the attention of the broader public. This has often happened when the reform of the end-of-service allowance (Trattamento di fine rapporto, Tfr - a portion of a worker's pay set aside by the employer and then paid as a lump sum at the end of the employment relationship) has been addressed, with a view to supporting the development of pension funds. A significant development was the employee financial participation scheme launched by Rinascente, one of Italy's main large-scale retail companies, at the end of May 2001 (IT0107192N). This was the first time that an Italian company had offered its workers shares on particularly favourable terms, granting a guaranteed yield higher than that available on the general market. The unions nonetheless harshly criticised the initiative, largely because they regard it as a mere financial operation, with no effects on actual workers' involvement and participation. They also expressed concerns that the use of the Tfr to purchase shares for employees in this case might hinder the workers' chances of participating in supplementary pension schemes.

New forms of work

There were a number of developments during 2001 in the area of new forms of work. In addition to the new law on fixed-term contracts (see above under 'Legislative developments'), in July 2001, a national collective agreement on telework in small and medium-sized enterprises was signed by the Italian Confederation of Small and Medium-sized Industry (Confederazione italiana della piccola e media industria, Confapi) and Cgil, Cisl and Uil (IT0108194N). This was the first national intersectoral agreement signed on this topic in Italy; hitherto, telework had been regulated either at sectoral or company level. The experimental agreement, which runs until 2003, covers teleworkers' rights and organisational aspects and delegates to sector-level bargaining the definition of some aspects of the regulation of telework, including working time.

Total employment increased during 2001: labour force survey figures for October 2001 showed a growth of 1.2% compared with October 2000. Among dependent workers, there had been an expansion of open-ended employment (up 3%) and a reduction of fixed-term employment (down 4%). Part-time workers accounted for 8.5% of all employees, a decrease of 0.4 percentage points when compared with 2000.

According to Confinterim, the main employer's association for temporary work agencies, during the first

half of 2001, the number of workers hired on a temporary agency work contracts amounted to 236,072 (up 3.5% on the first half of 2000) and represented the equivalent of 70,845 full-time posts. Some 61% of these workers were men and the average age was 28. Temporary agency work was most widespread in metalworking (29.5% of all agency work). The duration of 80% of temporary work contracts was less than six months. On 30 June 2001, the number of temporary work agencies operated by the 60 authorised companies stood at 1,572.

Other relevant developments

In October 2001, the government issued a White Paper on the labour market (see above under 'Legislative developments'), which presented an analysis of the situation and outlined the objectives of the government for the next five years in the field of labour regulation and policies, as well as the general measures envisaged to fulfil its goals. In the area of industrial relations, two particularly important points were highlighted in the White Paper :

- a shift from 'social concertation' to 'social dialogue', which in practice means a lower commitment by the government to reaching an unanimous agreement with social partners on the issues discussed in tripartite negotiations; and
- an invitation to the social partners to consider revising the collective bargaining structure in order to increase its decentralisation.

Discussion with the social partners on the content of the White Paper was interrupted when the government decided to launch labour market reform initiatives in mid-November 2001 (see above under 'Legislative developments').

Outlook

Industrial relations developments in 2002 will be characterised by the development and outcome of the

confrontation between unions and the government which developed in late 2001. There are at least three inter-related issues which may be strongly influenced by the outcomes of this situation.

First, if the government and the social partners are not able to reach a joint solution, an increase in the level of conflict in industrial relations may follow and a continuation of the collaborative approach in this area may be very difficult. The consensual conditions which made company restructuring through collective bargaining feasible without major conflict in the 1980s and enabled the establishment of a successful incomes policy in the 1990s may be endangered.

Second, mobilisation against the government's initiatives may provide the basis for overcoming the divisions which emerged in the trade union movement during 2001 and renew their commitment to united action. However, the real test for this will come from the actions that follow the mobilisation phase and from the unions' ability to make a breakthrough in the apparent stalemate in relations with the government.

Third, developments will contribute to defining the meaning of the shift from 'social concertation' to 'social dialogue' which has been announced by the government. In other words, the outcome of the confrontation may help to define a new balance between the involvement of social partners and the exercise of the government's autonomy in the field of labour and social policies, which may be acceptable to all the actors involved. This may result in an agreement, possibly informal, on the procedures which will make this new form of social dialogue viable and consistent.

If this new equilibrium in the relationship between the government and the social partners is to be attained, other features of the Italian industrial relations system may be reconsidered. Among them, the revision of the collective bargaining structure, including the role of incomes policy, and a new balance between industry-wide and decentralised bargaining may become the next focus of the debate.

Italy: 2001 Records

January	Agreement signed for atypical workers in market research	IT0101171N
	Agreement signed on funding for schools sector pay	IT0101172N
	Agreement on conversion of National Air Traffic Control Agency into joint-stock company	IT0101267F
February	Agreement on workers' mobility between South and North	IT0102173N
	New agreement signed for postal workers	IT0102174N
	Public sector's first supplementary pension fund set up in education	IT0102175N
	New law reforms social services	IT0102176F
	Future prospects for social concertation under discussion	IT0102277F
	Social partners face BSE emergency	IT0102364F

March	Employment pact agreed for Catania	IT0103177N
	Agreement relaunches bargaining in Lombardy's artisanal sector	IT0103178N
	New agreement signed for schools sector	IT0103179N
	Milan employment pact assessed - one year on	IT0103278F
	Equal opportunities and positive action examined	IT0103279F
	Trade union initiatives on equal opportunities	IT0103366F
April	Agreement signed at Fiat Cassino	IT0104180N
	Gender pay differentials examined	IT0104181N
	Negotiations on transposing fixed-term work Directive fail	IT0104182N
	Career discrimination against women examined	IT0104183F
	Supplementary pension funds under debate	IT0104184F
	Confindustria proposes new social pact	IT0104185F
	New rules introduced on equality advisors	IT0104281F
	New agreement for journalists faces up to changing profession	IT0104367F
May	Cgil holds conference of officials and representatives	IT0105186N
	Cgil and some employers' associations do not sign fixed-term work agreement	IT0105282F
	Social partners highlight competitiveness and development issues	IT0105368F
June	Metalworkers strike as agreement renewals loom	IT0106187N
	Social partners react to new centre-right government	IT0106188N
	2001 NAP issued	IT0106369F
July	New agreement signed for food sector	IT0107189N
	New government and trade unions open dialogue	IT0107190N
	Cisl holds 14th congress	IT0107191N
	Rinascente introduces new form of employee financial participation	IT0107192N
	New metalworking collective agreement signed despite Cgil opposition	IT0107193F
August	Agreement signed on teleworking in small and medium-sized enterprises	IT0108194N
	Sierra SpA introduces part-time shiftwork aimed at women	IT0108195N
	The social partners and the Genoa G-8 summit	IT0108196N
	Government halts reform of schools system	IT0108371N
September	New agreement signed at Mediaset	IT0109102N
	National collective agreement signed for professional offices	IT0109196N
	Single national agreement signed for electricity sector	IT0109197N
	New development pact signed for Lombardy	IT0109101N
	Income distribution developments since the 1993 incomes policy agreement	IT0109301F
	Social partners react to new government's economic policy	IT0109302F
October	Government issues 2002 budget law	IT0110103N
	Government presents White Paper on labour market	IT0110104F
November	Italian unions stress role of bargaining during European health and safety week	IT0111302F
	Strike called in public sector	IT0111101N
	Strike organised in schools sector	IT0111102N
	Crisis hits Alitalia	IT0111103N
	Fiom-Cgil metalworkers' union holds strike	IT0111133N
	Agreement on 'mobile plant' at Electrolux Zanussi	IT0111136N
	Dispute over procurement of railway cleaning services	IT0111201F
December	Unions call joint strike against government proposals on reforming dismissals law	IT0112127N
	Report examines relationship between young people and work	IT0112151F
	Positions of Italian social partners on WTO	IT0112339F

LUXEMBOURG

Political developments

Luxembourg has been governed since August 1999 by a coalition government composed of the Social Christian Party (Chrëschtlech Sozial Vollekspartei, CSV) and the Democratic Party (Demokratesch Partei, DP). There were no elections in 2001.

Collective bargaining

Collective bargaining in Luxembourg is conducted mainly at company level, with a few sectoral agreements, and there was no change in this area in 2001. A total of approximately 250-300 collective agreements, mainly at company level, are currently in force in Luxembourg, with some 100 agreements renewed each year. One recent development is that the duration of collective agreements has been tending to increase to around two years, after a period during which the average duration was around one year.

Pay

Collective bargaining concentrated mostly on pay rises in 2001. Pay increased by between 1.5% and 2% in 2001. Luxembourg has an automatic pay indexation system, resulting in additional increases of 2.5% in 2001.

Working time

There was little change in collectively-agreed working time in 2001, with the exception of a few collective agreements (for example at Siemens) that provided for a reduction in the working week from 40 hours to 39 (the norm in Luxembourg agreements).

Job security

Very few collective agreements deal with the issue of job security (the unemployment rate in Luxembourg stands at around 3%). However, a new agreement signed in the hospital sector in 2001 provides employees with specific protection in the case of a merger, or in the event of an enterprise or service being taken over, or of collaboration between two or more members of the Luxembourg Hospitals Alliance (Entente des Hôpitaux Luxembourgeois, EHL) (LU0103161N). Under the deal, in the event of such developments, collective or individual dismissals of employees in post at the time of the change for reasons not related to misconduct are not permitted for a period of 10 years starting on that date, and all employees' contractual and collectively agreed rights are protected. In the event of a service being closed down, and its activities being taken over by an external firm, no workers may be dismissed in establishments employing more than 100 people.

Training and skills development

The new collective agreement in the hospital sector (see above under 'Job security') also deals with another issue that is rarely addressed in Luxembourg collective bargaining: continuing vocational training. Under the agreement, competence for decision-making on the organisation of training at the level of each establishment will now lie with the company joint committee (comité mixte d'entreprise) or, if no such body exists, with the joint training committee (commission paritaire pour la formation). It was also decided to set up a foundation for continuing vocational training in the hospitals sector, bringing together EHL and the signatory trade unions. The foundation will be responsible for promoting and coordinating employees' continuing training in EHL member establishments.

Further, the 2001 collective agreement for the vehicle sales and maintenance sector gives each employee one hour off a month for continuing training. (along with eight hours' compassionate leave per year for dealing with unforeseeable events).

Pay inequalities

There were no developments during 2001 which directly addressed the issue of pay inequalities. However, more generally in the area of gender equality, for the first time in Luxembourg a collective agreement – at the BRAM retail company – introduced measures designed to combat sexual harassment (LU0105166N).

Legislative developments

A law dated 28 June 2001 that came into effect on 1 September 2001 transposed into Luxembourg law EU Directive (97/80/EC) on the burden of proof in cases of discrimination based on sex (LU0109171N). The law:

- for the first time in Luxembourg defines indirect discrimination, stating that: 'indirect discrimination shall exist where an apparently neutral provision, criterion or practice disadvantages a substantially higher proportion of the members of one sex unless that provision, criterion or practice is appropriate and necessary and can be justified by objective factors unrelated to sex';
- in terms of its scope, does not follow the Directive (a specific list of the legal situations to which it applies), but states more broadly that it: 'applies to any proceedings in the framework of a civil or administrative procedure in the public or private sector relating to access to employment, pay, opportunities for promotion and vocational training, access to a self-employed profession, terms and conditions of employment, and occupational social security schemes'; and
- does not take up the opportunity provided by the Directive to lay down rules of evidence which are

more favourable to plaintiffs in sex discrimination cases, and confines itself to the burden of proof principles laid down by the Directive, as follows: 'when persons who consider themselves wronged because the principle of equal treatment has not been applied to them establish, before a court or other competent authority, facts from which it may be presumed that there has been direct or indirect discrimination, it shall be for the respondent to prove that there has been no breach of the principle of equal treatment.'

A law of 1 August 2001 introduced a few amendments to existing regulations protecting pregnant workers and new and nursing mothers, improving their protection against dismissal for serious misconduct and abolishing the previous absolute ban on night working (LU0110108F).

In July, the government presented a bill regulating working time in the hotels and catering sector, following the failure of the social partners to reach an agreement on the issue. When the law is adopted, there will be a statutory 40-hour week in the sector, which may be varied if the 40-hour average is respected over a reference period (LU0108172N).

The organisation and role of the social partners

The issue of trade union representativeness was again topical in 2001. For a collective agreement to be valid, a 1965 law requires that it must be signed by one or more of the most representative trade unions at national level; it excludes sectoral unions, company unions, and enterprise- and plant-level employee representatives. The most representative trade unions at national level are deemed to be those that identify themselves as such through the size of their membership, their activities and their independence.

As the terms of this law are far from precise, two rulings by the Council of State (Conseil d'Etat) - the supreme administrative court in Luxembourg until 1997 - in 1980 and 1988 determined that a trade union's nationally representative status does not derive ipso facto simply from being established in a particular sector; the union also has to provide evidence of substantial membership, and therefore a degree of influence in various sectors of economic life.

However, in the context of an appeal lodged by the Luxembourg Association of Bank and Insurance Employees (Association luxembourgeoise des employés de banques et d'assurances, ALEBA) against the Minister of Labour's blocking of a collective agreement that it had signed, the new administrative courts, the Administrative Tribunal (Tribunal administratif) and then the Administrative Court (Cour administrative) - in a ruling issued on 28 June 2001 - granted national representativeness to ALEBA, a trade union that was

clearly only represented in the banking and insurance sectors.

In October 2001, in response to these decisions of the administrative courts to grant a sectoral trade union nationally representative status, the Minister of Labour presented a draft reform aimed at redefining the notion of nationally representative status, and allowing sectoral unions to negotiate collective agreements in certain circumstances (LU0111102F).

Following the legal decisions referred to above, the three representative trade unions in the banking sector - ALEBA, the Luxembourg Confederation of Christian Trade Unions (Lëtzebuerger Chrëschtliche Gewerkschafts-Bond, LCGB) and the Luxembourg Confederation of Independent Trade Unions (Onofhängege Gewerkschafts-Bond Lëtzebuerg, OGB-L) - set up a new collaborative structure, and put in a joint claim for a new collective agreement in banking and insurance. They sought a large pay increase and abolition of the system of paying salaries based on performance-related criteria (LU0110107F).

Also in 2001, a dispute broke out among member organisations of the General Confederation of Labour (Confédération générale du travail, CGT), an umbrella body for a number of unions. The history of this dispute goes back to 1955, when the Association of Luxembourg Drivers (Association des conducteurs d'automobile du grand-duché de Luxembourg, ACAL) concluded a cooperation agreement with the National Federation of Luxembourg Railway and Transport Workers and Civil Servants (Fédération nationale des cheminots, travailleurs du transport, fonctionnaires et employés du Luxembourg, FNCTTFEL), and affiliated to that organisation. ACAL and FNCTTFEL are members of CGT, along with OGB-L and the National Federation of Book Production Workers (Fédération nationale des travailleurs du livre, FNTL). In early 2001, an extraordinary conference of ACAL voted to terminate the cooperation agreement with FNCTTFEL, following internal disputes, and join the ranks of OGB-L. This later occurred.

Industrial action

No strike action was taken in 2001, although a general strike had been planned by the OGB-L union confederation, whose national committee had voted unanimously at a meeting on 21 November 2000 to call such a strike (LU0012154F). The action was planned in protest against government proposals to maintain high employee contribution rates to sickness insurance funds and not to implement an immediate increase in private sector pensions. However, on 10 September 2001, the president of OGB-L announced that the general strike planned for 9 October 2001 would not take place (LU0110101N). This decision followed a round-table meeting on pensions, at which most of the union's claims were met. As a result, private sector pensions were to rise by an average of 7% (LU0108175F).

National Action Plan (NAP) for employment

On 16 May 2001, the Minister of Labour and Employment presented Luxembourg's 2001 National Action Plan (NAP) for employment - the first since 1998 - noting that it was 'much less spectacular than the 1998 Plan'. The main focuses of the 2001 NAP were to make it easier for long-term unemployed people to find work, and to increase equal opportunities between men and women. The NAP was drawn up by the Luxembourg Standing Committee on Employment (Comité permanent pour l'emploi) and was approved by the Tripartite Coordination Committee (Comité de coordination tripartite) at a meeting on 11 April 2001 (LU0106168N).

Work in the various tripartite committees was conducted behind closed doors and was not publicised. As a result, it was not possible to identify the elements introduced by the individual social partner organisations, or to assess their degree of satisfaction with the final outcome. In general, however, the social partners felt that the final solution had been reached to 'general satisfaction'.

Other labour market developments in 2001 included a parliamentary debate on illegal immigrants - people 'without documents' ('sans papiers') - in March, in the course of which deputies voted on a motion calling on the government to regularise their situation. Following this, the government decided to give the people concerned two months in which to regularise their situation. The government opted for an exercise in 'regularisation through work', granting work permits to those people meeting certain criteria (LU0112140F). Three employers' associations - the Federation of Craft Workers (Fédération des artisans), the Chamber of Agriculture (Chambre d'agriculture) and Horesca (representing hotels, catering and cafés) - were closely involved in the regularisation exercise, but it did not have the results anticipated, as the expectation that the Luxembourg labour market would easily absorb people without documentation turned out to be incorrect, particularly because of problems related to skills and language.

Company restructuring

The most prominent example of company restructuring during 2001 was in the iron and steel industry, where the outcome proved positive for employees. In February 2001, three iron and steel companies - Arbed (Luxembourg), Usinor (France) and Aceralia (Spain) - announced their intention to merge (BE0104344F), and thereby establish the largest iron and steel enterprise in the world with 45 million tonnes of steel produced a year, a turnover of EUR 30 billion, and a workforce of 110,000 worldwide. After the European Commission gave its agreement with certain conditions, the new giant group, known as Arcelor, was introduced to the international press in December 2001.

The trade unions followed developments in the merger process very closely. Various informal and tripartite meetings culminated in an 'action day on steel' on 20 November 2001 organised by OGB-L, LCGB, SESM and the Neutral Union of Luxembourg Workers (Neutral Gewerkschaft Lëtzebuerg, NGL). The unions called for: iron and steel production sites in Luxembourg to be maintained; employees' status and pay to be preserved in the merged group; the Luxembourg state to continue playing its role in the future group; and the social dialogue and special tripartite structures in the Luxembourg iron and steel industry to be maintained. On 3 December 2001, the unions announced that a general sectoral strike would be held on 1 February 2002 if they were not satisfied with developments.

A tripartite meeting held on 9 January 2002 led to the matter being completely resolved, and as a result, the planned strike was cancelled (LU0201191F). It was agreed that tripartite meetings will be held quarterly after the establishment of Arcelor, while the government confirmed its intention to remain a stable shareholder in Arcelor in the long term. The current co-determination model will be retained for Arcelor iron and steel enterprises in Luxembourg, and also in companies where this is not required by law. Arbed SA will continue to be run by its own board of directors, on which representatives of the trade unions and the Luxembourg state will have seats.

An innovative feature of the deal is that, if one of the partners so wishes, the situation in the Arcelor group's non-iron and steel enterprises in Luxembourg (ie Paul Wurth, Circuit Foil and IEE) may be placed on the agenda of meetings between the employers, the trade unions and the government. This broadening of the boundaries of tripartite dialogue was a trade union demand. However, these companies will not be administered by a system of co-determination.

The Prime Minister and the unions also support the view that Arcelor should cease to be a public limited-liability company, and rapidly acquire the status of a European Company, as provided for in the recently adopted European Company Statute (EU0110203N).

Employee participation

There were no significant developments in the area of employee participation in 2001. The EU Directive (94/45/EC) on European Works Councils was not transposed in Luxembourg until 28 July 2000, making it the last EU Member State to do so (LU0101157F). The law has so far not been widely discussed since it was introduced.

New forms of work

The normal type of employment contract in Luxembourg is open-ended. Any other forms of contract are deemed

to be 'atypical' and there were no significant developments in this area in 2001.

Other relevant developments

A range of tripartite meetings held throughout the year had a good deal of success. At a meeting of the Tripartite Coordination Committee chaired by the Ministers of Social Security and Labour on 25 June 2001, the social partners finally managed to reach an agreement on a new partial disability pension, in addition to the existing full disability pension. It will be incumbent on employers in the first instance to offer internal redeployment to employees in receipt of the partial disability pension. In the event of non-compliance, the employer will be liable to pay a compensatory tax of 50% of the minimum wage for up to 24 months (LU0107169F).

In September, the iron and steel industry tripartite committee agreed that blue- and white-collar workers at the Arbed company born in 1945, 1946 and 1947 may apply for early retirement on their 57th birthday. (LU0110102N).

In July, at a wide-ranging round-table meeting on the issue of private sector pensions, the government, the political parties and trade unions agreed, against the employers' wishes, on substantial increases in private sector pensions (see above under 'Industrial action'). These increases were accompanied by family policy measures supporting women who have brought up children (LU0109175F).

Outlook

It is expected that 2002 will be a relatively calm year in terms of industrial relations and social policy events, as long as the economic situation does not become critical. The main issues dominating the debate during the year are likely to include finding a solution to problems linked to working time legislation and adapting a new law on collective agreements, incorporating a more appropriate definition of the notion of the national representativeness of trade unions (see above under 'The organisation and role of the social partners'). Further, a national 'observatory on industrial relations' is expected to be set up during the year.

Luxembourg: 2001 Records

January	Minimum wage increased by 3.1%	LU0101155N
	European Works Councils Directive finally implemented	LU0101157F
February	Unions refer CSC Computer Sciences dispute to conciliation	LU0102158N
	Dispute within CGT union confederation	LU0102159F
March	New agreement signed in hospitals sector	LU0103161N
	ILO submits study on pensions scheme	LU0103162N
	Economic and Social Council proposes its own reform	LU0103163F
April	Bank Hapoalim wins equality prize	LU0104164N
May	First collective agreement signed on moral/psychological harassment	LU0105166N
June	2001 NAP presented	LU0106168N
July	Tripartite agreement on partial disability pensions	LU0107169F
August	Substantial increases in private sector pensions agreed	LU0108175F
	New bill regulating working time in hotels and catering	LU0108172N
September	New law changes burden of proof in sex discrimination cases	LU0109171N
October	OGB-L calls off general strike	LU0110101N
	Agreement on early retirement in iron and steel	LU0110102N
	Unions table joint claims in banking and insurance sectors	LU0110107F
	New law on protection of pregnant workers	LU0110108F
November	Parental leave being taken up, but not by men	LU0111101N
	Draft bill presented on new union representativeness rules	LU0111102F
	Sickness insurance contributions cut and benefits increased	LU0111153N
	Agreement reached in social and care sector	LU0111154N
December	Regularisation of illegal immigrants makes slow progress	LU0112140F

NETHERLANDS

Political developments

The present government, consisting of the social democratic Labour Party (Partij van de Arbeid, PvdA), the liberal Party for Freedom and Democracy (Vereniging voor Vrijheid en Democratie, VVD) and the social liberal Democraten 66 (D66), was in 2001 in its last full year in office. General elections will be held in May 2002.

Collective bargaining

No significant changes took place in 2001 concerning the number of collective agreements and the level at which they were negotiated.

Pay

Pay agreements concluded in 2001 provided for an average pay increase of 4.5%. There was a range of increases between sectors, however, with the lowest in commercial services (3.3%) and the highest in services (5.3%) (according to figures from the Labour Inspectorate). The salaries of senior management and executives rose in many cases by at least 14%, attracting criticism not only from the government and trade unions but even from employers' representatives (NL0107137F).

Throughout 2001, both the social partners in the Labour Foundation (Stichting van de Arbeid, STAR) and the government urged wage moderation (NL0101123F). The government offered tax incentives to stimulate flexible payment systems and investment in occupational training, while the social partners agreed to focus on flexible forms of payment, on education, and on how to combine work and care responsibilities (NL0104129F). Union federations explicitly followed these recommendations and criticised the demand for a 6% pay increase made by FNV Bouw, the construction sector union affiliated to the Dutch Trade Union Federation (Federatie Nederlandse Vakbeweging, FNV) (NL0103126N). With inflation in 2001 at 4.5%, the general wage increase for most employees may be seen as modest.

Several weeks after the attacks on the USA on 11 September 2001, Willem Vermeend, the Minister for Social Affairs and Employment, invited the social partners to a meeting (NL0110101N). The minister elaborated on several scenarios in order to clarify the potential consequences of the events for the Dutch economy, based on a number of fundamental economic variables. The most important conclusion drawn by the minister was that the need for wage moderation was now even more urgent than ever. While employers agreed, trade unions saw the appeal as somewhat premature.

Working time

The 36-hour working week remained the norm, although there were exceptions in 2001, such as a 38-hour week accepted by care sector unions (NL0104129F).

An evaluation of the 1996 Working Time Act took place in 2000 and the results were published in 2001 (NL0110102F). In the Act, which aimed to protect the health, safety and well-being of employees and promote the balance between working and private life, decision-taking over working time was, with certain conditions, delegated to the social partners at company level. The evaluation showed that employers mainly took the initiative in using the provisions of the Act which permit negotiations at company level. It found that, in many cases, trade unions opposed such initiatives as they believe their countervailing power is too low at company level. Nevertheless, in almost 60% of the enterprises surveyed, mainly companies with works councils, agreements were reached. The other 40% had either a collective agreement which already offered sufficient scope, or had fixed working hours or no need to change working time and rest breaks.

In general, the employers surveyed were more positive (87%) than the employee representatives (74%). The predominant impression is that works councils mainly 'follow' in decision-making on working and rest hours. Reacting to the evaluation, the government voiced its concern about the partial failure of the decentralisation of negotiations and hoped to increase the openness and transparency of employer policy by providing better information and training to improve the knowledge of employees.

Pay inequalities

Although both government and social partners at central level are agreed that pay inequality should not increase, pay differentials remain as a result of factors such as the tight labour market, good company results and employers' focus on performance-based pay.

Job security

Job security is currently linked to the issue of 'employability' and performance-related pay. Research by the Labour Inspectorate (Arbeidsinspectie) published in 2001 showed that of 125 collective agreements surveyed, 75 included provisions on flexible pay, mostly in the form of an end-of-year bonus. In the case of company collective agreements, 86% included such a provision, compared with 47% in the case of sectoral agreements. In respect of employability (issues related to training and educational leave), 97 of the 125 collective agreements surveyed included these kinds of provisions. Since 1998, the number of agreements relating to employability has hardly grown, with the exception of individual education development plans. Agreements on

this latter issue have more than doubled (from 13 in 1998 to 28 in 2000).

From the summer of 2001, job security issues predominated as a result of a slowdown in growth and an increase in redundancies (NL0111103N).

Training and skills development

To compensate for moderate wage developments, the social partners focused strongly on employability and training opportunities in bargaining in 2001. It was therefore agreed that resources should be reserved for training, although it became apparent that only a small amount of money available in 2001 had actually been used.

Other issues

One of the most striking features in Dutch industrial relations is the close involvement of the social partners in the social security system, in which they play an executive role. One of the pillars of this is the WAO system of benefits for disabled employees. The liberal coalition party, VVD, and employers' representatives judge this system to be too accommodating, while social democratic politicians and unions believe that it offers too little stimulus to encourage employees to re-enter the labour market and to employers to help them. This issue has been under debate for a number of years.

In 2001, the 'Donner Committee' recommended a reform of the occupational disability insurance system, with the aim of decreasing the number of disability claimants by urging employees and employers to increase their efforts to reintegrate sick and disabled employees (NL0105131F). Central to the Committee's advice was a proposal to examine the degree of disability of each individual employee, with subsequent consequences for benefits and the assumed ability to work again; employees' protection against dismissal while ill would disappear if they do not cooperate in finding ways to return to work.

At the end of 2001, the Second Chamber of parliament was still awaiting advice on the matter from the social partners (and independent members) in the Social Economic Council (Sociaal Economische Raad, SER). Although the Council had been studying the advice of the Donner Committee for months, it has not reached a consensus by the end of 2001 (a deal was subsequently reached in January 2002 - NL0201113F). In the meantime, an initiative by the VVD and the opposition Christian Democrats (Christen Democratisch Appèl, CDA) to bring some of the Committee's proposals before parliament failed (NL0108139N).

In the context of a tight labour market in 2001 and unfilled vacancies in the public sector, its terms of employment and recruitment potential were studied by the 'Van Rijn Committee'. The Committee found a wage

imbalance for higher positions in the public sector of between 11% and 17% in relation to the private sector, while at lower levels the disadvantage amounted to less than 5% (NL0104129F).

Legislative developments

On 22 November 2001, a new Work and Care Act (NL9903128F) passed the First Chamber of parliament and came into force on 1 January 2002. The legislation brings together various existing and new leave provisions and seeks to facilitate the reconciliation of work and family responsibilities (NL0002182F). In addition to the amendment of existing regulations, such as those governing maternity and parental leave, new provisions cover:

- the right to adjust working hours if personal circumstances require;
- two days of paid paternity leave;
- four weeks' leave for couples who adopt a child; and
- two days of paid leave per year for urgent personal reasons, along with 10 days of paid leave a year to care for family members.

In the autumn, the government made proposals on the last component of the new law, long-term leave to care for seriously or terminally ill close relatives, with those taking the leave receiving 70% of the minimum wage.

Other legislative measures proposed or approved in 2001 included:

- transposition of the 1999 EU Directive (1999/70/EC) on fixed-term work (EU9901147F) by amending the 1998 Act on Flexibility and Security (NL9901117F). As a result employees on fixed-term contracts have been given additional rights. Equal treatment with workers on open-ended employment contract is more clearly defined, while the Act now explicitly sets out the responsibility of employers to offer vacancies for open-ended positions internally to employees on fixed-term contracts;
- a proposed amendment to the 1996 Working Time Act to give employees the right to refuse to work on Sundays (unadopted at the end of the year); and
- legislation to prevent discrimination on grounds of age and disability, largely in response to the 2000 EU Directive (2000/78/EC) establishing a general framework for equal treatment in employment and occupation (EU0102295F).

The organisation and role of the social partners

In 2001, the liberal VVD party, which is part of the governing coalition, raised the issue of trade union

representativeness, pointing out the relatively small number of employees represented by unions (NL0103127F). Although union density is well below 30%, unions play an important role in advisory bodies to the government, in public employment organisations and in the administration of social security and training and education funds. Their representativeness was an issue at the beginning of 2001, while their role in the various 'social funds' came under the spotlight at the end of the year (NL0112135F). The Lower House of parliament criticised the lack of transparency in fund expenditure and the level of the free 'distributable reserves' of the social funds, totalling more than EUR 500 million. These sector-specific funds are jointly administered by employer and employee representatives, and are mainly intended for educational and employment-related projects. Of these funds, more than 10% finds its way back to the employer and union organisations, providing for information and information-related services.

In terms of the organisation of the social partners, recent reorganisations involving more than 300 redundancies within Allied Unions (FNV Bondgenoten) – one of the largest unions affiliated to FNV – demonstrated the difficult financial situation of trade unions (NL0112135F). New recruitment to many unions has slowed down and growing groups of employees such as women and ethnic minorities, and new sectors such as the information technology sector, are not being reached.

Employers' organisations did not join in the discussion inaugurated by the VVD on the representativeness of unions. There are a number of reasons for this. It is possible that this debate could widen to question employers' organisations' own representativeness. The Federation of Small and Medium-Sized Businesses (Midden en Klein Bedrijf, MKB), has openly admitted that not more than 35% of relevant businesses are members. Furthermore, employers' representatives appreciate their counterparts: together they have established a favourable negotiating climate and a high degree of industrial peace.

Industrial action

In 2001, most industrial action took place in the healthcare and education sector, and in the docks and railways. At Rotterdam docks, the employees of the largest container transshipment group, Europe Combined Terminals (ECT), took successful industrial action to retain their unique system of automatic wage compensation for price increases (NL0106134N). In the rail sector, the process of privatisation has resulted in ongoing problems with equipment and employees. A shortage of trains and technical problems have damaged the once punctual service, with some services being cancelled, and the incomplete process of privatisation is held to be responsible. In 2001, drivers, traffic controllers and other staff took strike action in support of their dissatisfaction with new duty rosters (NL0102125F). Finally, after several

attempts at mediation (NL0104128N), the new rosters were accepted, despite rejection by the largest union (NL0107136N).

Employees in both the healthcare and education sectors also expressed their dissatisfaction by means of strikes and other forms of action during 2001. The flourishing economic situation in 2001 and the many unfilled vacancies in the care sector (and in education) seemed to unions the best moment to try to secure better terms of employment. Accordingly, the healthcare unions demanded a 12.8% wage increase over a two-year period, with employers offering a maximum of 9% (NL0104129F). This triggered a series of 'relay strikes', resulting in the cancellation of hundreds of operations. After a failed attempt by the Minister of Health to arbitrate, the parties came to an agreement for a period of 16 months, providing for a 7.4% pay rise (NL0106134N).

National Action Plan (NAP) for employment

The National Action Plans (NAPs) for employment, in response to the EU Employment Guidelines, are not a particularly controversial issue in the Netherlands. The social partners are closely involved in the drawing up and implementation of the Plans, although employers' representatives and unions may differ in their view on particular aspects. Employers' representatives, for instance, have criticised subsidised employment schemes, while unions see these as an important means to support efforts to enter the labour market. In general terms, the discussion in this area in the Netherlands was in 2001 focused on the tight labour market.

Company restructuring

In the autumn of 2001, the first signs of a slowdown in economic growth became apparent and the first major redundancies were announced. In November 2001, 16,000 redundancies were recorded, although unemployment did not increase. In addition to temporary work agencies (NL0111102F), travel agencies and the KLM airline, the telecommunications group KPN announced redundancies during the latter part of the year. As a result of declining activity, the temporary work agencies, travel agencies and KLM are trying to restructure, involving cuts in the number of employees. KPN is a special case, the company having built up huge debts through high investment, the purchase of expensive licences and takeovers. The initial 4,800 compulsory redundancies (10% of the total workforce) announced at KPN (NL0111103N) was reduced to 2,800 following consultation with the unions and the works council. All levels of staff will accept lower pay over a two-year period, with management accepting a 15% reduction, while lower-level staff will take a pay cut of between 2.5% and 10%.

Employee participation

In 2001, six years after the introduction of a law on works councils in the government sector, an evaluation was presented to the Second Chamber of parliament. A major topic was the so-called 'primacy of politics', an issue which was decided in January 2000 by the Supreme Court (Hoge Raad). The Court's judgment restricted the influence of government sector works councils on all decisions linked to political issues (NL0004189F). In the evaluation presented in 2001, the government supported the verdict of the Supreme Court. On other subjects pertaining to works councils in the government sector, the government saw no reason for amendment of the law.

During 2001, a decision was made to extend the law on works councils to the judiciary. The extension was due to come into force at the beginning of 2002.

New forms of work

In 1999, the social partners in the temporary agency sector negotiated an accord in conjunction with the new Flexibility and Security Act, which provides that temporary agency employees are entitled to a permanent position with their agency after three successive temporary contracts within three years (NL9906146N). During 2001, temporary agency employers became used to this change and their new responsibilities as employers. However, much remained to be arranged, including the issue of the relationship between specific collective agreements for the temporary agency work sector and the collective agreements applying to the user companies in which agency workers perform their work. In October 2001, the bipartite Labour Foundation agreed a set of recommendations on this issue, providing a more exact definition of when the pay and conditions set by temporary agency work sector agreements apply, and when they are superseded by those in the sectoral agreement covering the user company (NL0111102F). A further issue facing the temporary agency work sector in 2001 was a wave of redundancies in connection with the changing economic climate.

As mentioned above (see under 'Legislative developments'), 2001 saw amendments to the Dutch legislation on fixed-term contracts.

Other relevant developments

Pension funds remained a prominent issue during the year and mid-2001 saw considerable activity on the issue of supplementary pension provision. The government proposed to make supplementary pension schemes, where they exist, 'generally applicable' to all employees

(ie no exclusions from membership would be permitted, except on a limited number of strictly specified grounds). In May, the advisory Social and Economic Council (SER) expressed a negative opinion on this approach. The context is that around 10% of Dutch workers - often women - have no supplementary pensions cover (NL0106135F).

High occupational pension fund yields once again prompted discussions on the allocation of reserves, with a number of cases of surpluses being funnelled back from their pension funds to large companies. Pensioners voiced the loudest opposition to returning fund surpluses to companies at a time when their pensions are lagging behind wage growth. The pensioners also complained about their lack of influence in the management of pension funds, which are traditionally jointly managed by the social partners (NL0108142N).

During the year, the issue of corporate social responsibility figured high on the agenda of Dutch social partners and politicians. In January, the SER published a unanimous recommendation on the issue. The subsequent debate mainly concerned the desirability of legislation compelling companies to report on their policies in areas such as the environment and human rights. The social partners rejected the idea of legislation for the time being (NL0108141F).

Outlook

There are several issues which have become a permanent feature of Dutch industrial relations in recent years. One major example is the high number of disabled employees and the lack of success of reintegration programmes, linked to the permanent reorganisation of the social security system and the employment services system. Another recurrent issue is that of wage moderation, in the context of high inflation, a tight labour market (notwithstanding a series of recent redundancies) and major salary increases for management.

The major new development which took place during 2001 was the emergence of a debate on the Dutch industrial relations system. The famous 'polder model' - the Netherlands' highly developed consultation structure, with a vital role for social partners in the decision-making process, combined with a willingness to make compromises, wage moderation and a high degree of labour peace - was under attack, both from the liberal parties in the government and from Dutch and foreign economists (NL0201113F). More specifically, the representativeness of unions and employers' organisations was questioned, especially at the central level. An interesting feature of the debate is that the dividing line runs not so much between employers and unions, but between the social partners and 'outsiders'.

Netherlands: 2001 Records

January	Ethnic minority labour market participation still low despite more stringent legislation 2001 bargaining round likely to be difficult	NL0101119N NL0101123F
February	Commission finds unequal pay for new teachers discriminatory Agreement reached at Dutch Railways, while further privatisation is halted	NL0102124N NL0102125F
March	First collective agreements reached for 2001 Union representativeness under debate	NL0103126N NL0103127F
April	Rail unions threaten strikes as arbitration fails Tight labour market and inflation drive collective bargaining outcomes New agreement reached at Dutch railways	NL0104128N NL0104129F NL0104130N
May	Committee recommends occupational disability insurance reform	NL0105131F
June	Strikes in healthcare and docks while rail agreement is rejected Debate over making supplementary pension coverage compulsory	NL0106134N NL0106135F
July	New roster introduced at Dutch Railways despite rejection by largest union Controversy over wage moderation	NL0107136N NL0107137F
August	Corporate social responsibility under debate Occupational pension fund issues still controversial Disability insurance reform proves divisive	NL0108141F NL0108142F NL0108139N
September	EU reclaims ESF funding from the Netherlands	NL0109103F
October	Mixed response to call for wage moderation in wake of attacks on USA Decentralisation of working time regulation to enterprise level assessed	NL0110101N NL0110102F
November	Job losses and new rules on employment conditions in temporary work agencies Mass redundancies announced at KPN	NL0111102F NL0111103N
December	Unions aim to take moderate approach in bargaining Trade unions' finances and representativeness under debate	NL0112121N NL0112135F

NORWAY

Political developments

The general election in September and the preceding campaign dominated politics in Norway during 2001. The ruling Labour Party, (Det norske Arbeiderpartiet, DnA) witnessed its most disastrous parliamentary election result since 1900 and, although the largest single party in parliament after the election, chose to resign from office. A new centre-right minority coalition government entered office in October 2001, comprising the Conservative Party (Høyre), the Christian Democratic Party (Kristelig Folkeparti, KRF), and the Liberal Party (Venstre) (NO0110108F). The new Prime Minister, Kjell Magne Bondevik of KRF, had also been Prime Minister in the centre coalition government which resigned in March 2000.

The new coalition does not command a majority in the Norwegian parliament (Stortinget), and relied on the support of the right-wing Progress Party (Fremskrittspartiet, FRP) to assume office. Furthermore, the new government needed the support of FRP in order to push the 2002 state budget through parliament, although not without long and intense negotiations.

The new government pledged to pursue a more liberal public sector policy, with a view to creating a more efficient and leaner administrative structure, by such means as allowing greater use of competitive tendering. Furthermore, the government signalled that more extensive measures will be taken to reduce the state's ownership and control of various large companies, and that it will change the present legal framework with regard to overtime work and temporary employment. Despite the slight shift to the right, the centre-right coalition government pledged, in its supplement to the previous Labour government's state budget proposal, to continue Norway's cooperative venture on incomes policy, the 'solidarity alternative'.

Collective bargaining

2001 was the first year in several decades that no central bargaining took place in Norway, as both the private and public sectors were still covered by the provisions of two-year agreements concluded in 2000. Company-level negotiations were conducted as usual, and in a few bargaining areas negotiations were conducted as normal.

Pay

The two-year agreements negotiated in 2000 provided for central pay rises in 2001. A general hourly wage increase of NOK 1.00 for 2001 was laid down in the 2000 private sector wage settlement (NO0005192F)

between the Norwegian Confederation of Trade Unions (Landsorganisasjonen i Norge, LO) and the Confederation of Norwegian Business and Industry (Næringslivets Hovedorganisasjon, NHO). In addition, groups with a low average wage received supplementary hourly increases of NOK 1.50 or NOK 2.00 (depending on their level of pay). Similar increases for 2001 were also provided by the other private sector agreements.

In the public sector, a general annual pay increase of NOK 2,200 took effect on 1 May 2001. Furthermore, funds had also been set aside in the 2000 public sector settlement (NO0006194F) for local, sector-level, and central 'adjustment' negotiations in 2001.

According to the Technical Calculating Committee on Wage Settlements (Det tekniske beregningsutvalg for inntektsoppgjørene, TBU), average wage growth in 2001 was just below 5% (NO0202101N). On average, the increase in real income after taxation was 1.75%, which was slightly higher than in the previous year.

Working time

Working time was not a major collective bargaining issue during 2001, and average collectively agreed weekly hours remained at 37.5. However, as a result of the 2000 central agreements, a majority of employees were given four additional days of annual leave - with two extra days introduced in 2001 and a further two days in 2002.

Pay inequalities

It is generally acknowledged that a gender pay gap persists in Norway, and attention has over the past few years focused on raising pay in sectors and occupations dominated by women. In the 2000 bargaining round, teachers were awarded extra increases (NO0006194F) in order to aid recruitment in the sector. In late 2001, the Norwegian Union of Registered Nurses (Norges Sykepleierforbund, NSF) was disappointed by the fact that the new centre-right government had not introduced a similar improved wage package for nurses. In early 2002, nurses were taking strike action over a new collective agreement (NO0202102N).

Job security

There were no prominent job security agreements concluded in 2001, although the year saw a number of high-profile restructuring and merger plans, possibly involving job losses (see below under 'Company restructuring').

Training and skills development

Trade unions failed in the 2000 settlements to win employer's agreement to their demand for a central fund to finance subsistence for workers during leave for continuing and initial vocational training purposes

(NO0109141N) - an issue which dominated several bargaining rounds during the late 1990s. The labour market parties nevertheless agreed to a greater commitment to training and to consider the issue further. However, no progress had been made by the end of 2001, and there is speculation in many quarters that the issue has been put to rest for the time being.

Other issues

Several 'basic agreements' were revised in 2001. These regulate issues such as the rights and obligations of trade unions and employers and the system of information and consultation, and are usually concluded at confederation level. In the manufacturing sector, the new basic agreement signed in 2001 strengthened the social partners' obligations to further gender equality and also improved the working conditions of shop stewards. In the public sector, basic agreements were also subject to revision, although the negotiations in the municipal sector between LO and the Norwegian Association of Local and Regional Authorities (Kommunenenes Sentralforbund, KS) broke down because of a failure to agree on procedures for wage negotiations. The matter was due to be reconsidered in the normal bargaining over a new collective agreement in the spring of 2002.

Legislative developments

The legal framework concerning discrimination in employment was strengthened in 2001. The general prohibition against discrimination in recruitment and selection was extended to cover people with disabilities (NO0108138F). Another significant alteration was a new duty on employers, if requested by an unsuccessful job applicant, to provide information in writing on the job-related qualifications and skills of the persons appointed to a job. Furthermore, the principle of 'shared burden of proof' was introduced: if there has beyond reasonable doubt been an instance of discrimination on any grounds, the employer is required to demonstrate the probability of this not being due to discrimination. If it is proven that the employer has acted in breach of the law, the applicant may demand compensation.

On 1 January 2001, new occupational pension regulations came into force. Norwegian employers are now entitled to tax allowances on so-called 'defined-contribution' pension plans, whereby pension rights depend on how much is paid in to a scheme (NO0101119F). The tax allowances formerly applied only to 'defined-benefit' plans, whereby the employees concerned are guaranteed a fixed pension amount.

In November 2001, the Supreme Court (Høyesterett) issued a landmark ruling on closed-shop arrangements in collective agreements (NO0111131F). The court ruled that such arrangements, whereby employment is conditional upon employees' or job applicants' trade union affiliation, are in breach of paragraph 55A of the Act Relating to Worker Protection and the Working

Environment (AML), as well as existing practice in connection with the European Social Charter. The issue of the closed shop and the protection of the 'negative right of association' has long been the subject of considerable debate in Norway, even if such arrangements apply to only relatively few workers. LO made a decision in January 2002 to abolish its own closed-shop practice as an employer, as a result of the ruling.

In autumn 2001, the Labour government appointed a public committee to consider and propose changes to the AML legislation. The committee's mandate is to consider aspects of the Act such as the rules concerning information and consultation, working time, non-discrimination, control and surveillance in working life and company transfers. With the coming to power of the new centre-right government in October, the committee's mandate was changed to include a review of the regulatory framework concerning temporary employment.

The organisation and role of the social partners

As in 2000 (NO0012118F), the organisational map in Norway underwent considerable change in 2001, especially on the trade union side. The Confederation of Norwegian Professional Associations (Akademikernes Fellesorganisasjon, AF) was formally dissolved just before the summer (NO0006195N), and a number of AF's smaller member associations joined the Confederation of Vocational Unions (Yrkesorganisasjonenes Sentralforbund, YS) in the course of 2001.

The founding congress of a new teachers' union, the Norwegian Education Union (Utdanningsforbundet), was held on 2-4 October 2001 and the new organisation became operational on 1 January 2002 (NO0110105N). The new organisation was the result of a merger between the independent Norwegian Union of Teachers (Norsk Lærerlag, NL) and the once AF-affiliated Teachers Union Norway (Lærerforbundet), and has approximately 130,000 members.

Following the decision to dissolve AF in 2000, plans were soon laid for a new public sector trade union confederation (NO0009106F), involving two of AF's largest members, the Teachers Union Norway and the NSF nurses' union, and two independent unions - the Norwegian Police Federation (Politiets Fellesforbund, PF) and the Norwegian Union of Teachers. The new confederation, Utdanningsgruppene Hovedorganisasjon (UHO) was established in December 2001 (NO0201184F), following the merger of the two teachers' unions. The new confederation's membership base is among organisations for public sector employees with university- and advanced college education.

LO held its four-yearly national congress on 5-11 May 2001 (NO0105132F). There were significant alterations in

the LO leadership at the congress, with Gerd-Liv Valla elected as president, the first woman to hold this post.

In 2001, the government decided that the central state should take over responsibility for Norwegian hospitals (NO0108139F). As a result of the reform, employer and bargaining responsibility for public hospitals was transferred to the NAVO employers' organisation, which represents semi-privatised public enterprises. During autumn 2001, NAVO also acquired employer and bargaining responsibility over the national postal service and railways. As a result, NAVO almost quadrupled in size in 2001.

In September 2001, the NHO employers' confederation adopted a new 'employer policy' programme (NO0109102F). In its programme, NHO states that the wage policy pursued during the 1990s has to only a limited extent accomplished its objectives. NHO further emphasises that working life is changing and that both employees and employers demand greater flexibility than is possible in the present system. The implication of these developments for NHO is that collective agreements must become more framework-oriented and flexible, with regard to both pay and working time regulation. The focus of centralised (sectoral) agreements must be on overall principles and the 'rules of the game', while pay and working conditions should mainly be determined at the company level.

In June 2001, Abelia was founded as Norway's first employers' association for the information and communications technology (ICT) sector (NO0107136F). The new association is a member of NHO and initially groups around 300 member companies from the ICT sector and from adjacent knowledge-based companies and consultancies. Abelia's ambition is to be an 'organisational alternative' for companies in the ICT sector, by combining the role of industry association and employers' federation.

Industrial action

There were no major strikes or industrial action in Norway during 2001, the reason for this being the fact that no major negotiations took place during the year.

National Action Plan (NAP) for employment

Norway is not under any obligation to formulate an National Action Plan (NAP) in response to the annual EU Employment Guidelines, as it is not an EU Member State. However, in 2001, as in previous years, Norwegian employment and labour market policy was characterised by a wish to safeguard employment in the private sector industries most vulnerable to international competition, as well as to maintain a high rate of overall employment. As such, policy goals were geared towards maintaining wage moderation in order to strengthen Norwegian competitiveness in relation to its main trading partners.

These are the main elements of the so-called 'solidarity alternative', which has guided Norwegian incomes policy for over a decade. The new centre-right government has pledged to continue this cooperative venture on incomes policy.

Company restructuring

2001 was a year of large-scale company restructuring in Norway. In late November, an agreement was reached to merge the long-troubled Norwegian engineering and construction group Kværner with its competitor Aker Maritime (NO0112108N). The formal merger of the two companies was due to take place in March 2002. The financial problems of Kværner had been common knowledge for some time when the merger proposal was put forward by Kværner's largest shareholder, Aker Maritime, in early 2001. Initially employee representatives, as well as the management of Kværner, expressed significant discontent with the decision to merge, which was eventually accepted because it was seen as the only alternative to bankruptcy.

The second major merger event in Norway in 2001 was the bid put forward by the Scandinavian Airlines Systems (SAS) to purchase the Norwegian airline, Braathens. Braathens had been on the brink of bankruptcy, and the situation worsened during the autumn of 2001 (NO0106134N). The initial stance of the Norwegian Competition Authority (Konkurransetilsynet) was to reject the bid, but it later reversed its decision in the light of changing market conditions, related, among other matters, to the terrorist attacks on the USA of 11 September 2001 (NO0111125N). However, although Braathens now appears to have been saved by the takeover, both SAS and Braathens initiated significant staff reductions as a result of changing market conditions, and Braathens warned in late 2001 that as many as 20% of its employees may be made redundant in the months to come.

There were also significant developments in the public sector during 2001. In June, parliament approved a transfer of ownership of public hospitals, as well as most county and municipal specialist health services, from the counties and municipalities to the state (see above under 'The organisation and role of the social partners'). The formal transfer of ownership took effect on 1 January 2002, and the hospitals now operate as subsidiaries under five regional 'health enterprises' and are wholly owned by the state. The implication is that the public hospitals are now separate legal entities, enjoying significant financial and operational independence, and thus not an integral part of the central government administration.

The government's programme for a major restructuring of the armed forces was approved by parliament in June 2001. The government warned of significant staff reductions in the years to come, among both civilian employees and military personnel.

In January 2002, the Minister of Labour and Government Administration, Victor D Norman, informed parliament of the new centre-right government's plan for large-scale restructuring of the public sector (NO0202103F). The main objective of the plan is to make public sector services more efficient and to reduce the costs of state administration. The restructuring proposal involves a number of measures, of which the most controversial is the relaxation of rules governing employment protection and changes to occupational pension schemes in the public sector.

Employee participation

The EU European Company Statute and its employee involvement provisions (adopted in October 2002 - EU0110203N) was not formally placed on the agenda for discussion in Norway in 2001, nor was the new Directive on information and consultation (finally adopted in February 2002). Both, however, are likely to be extended to Norway through the operation of the European Economic Area (EEA) agreement. In Norway, the issue of information and consultation is traditionally an area left to the social partners themselves, and as such mostly regulated through agreements. However, the gaps in the coverage of collective agreements means that supplementary legislation making the agreed regulations universally applicable to all employees will have to be adopted.

In 2001, in connection with the implementation of the 1997 EU Directive (97/81/EC) on part-time work, Norwegian regulations concerning the election of employee representatives to company boards were changed to enable part-time employees working less than 50% of normal hours to participate in ballots, as both voters and candidates.

New forms of work

New forms of work are frequently discussed in Norway. Since new regulations concerning the hiring in/out of labour came into force in June 2000, there has been a significant increase in the activities of temporary work agencies. This has been notable in the hospital sector, where there has been an upsurge in the hiring out of nurses and other healthcare workers, including from outside Norway. The NSF nurses' union has concluded collective agreements with agencies that hire out nurses.

Other relevant developments

On 3 October 2001, the social partners and the outgoing Labour government concluded an 'agreement of intent' with the view to creating a more 'inclusive working life' (NO0110107F). It is hoped that the agreement's various measures will help to reduce the use of sickness benefits and cut the number of employees who are dependent on disability pensions. The agreement addressed the controversial issue of sick pay by setting an explicit goal

of reducing the sickness absence rate by at least 20% over the period 2001-5, and stating that the present sick pay scheme will remain unaltered for the time being. The new centre-right government subsequently signalled that it would monitor developments closely, and warned that changes to the legal framework may be made if the agreement fails to accomplish its objectives.

Outlook

As has been the case for most settlements in the past few years, there is great suspense associated with the spring 2002 wage bargaining round. In 2002, all the existing two-year agreements are to be renegotiated and there are significant challenges facing the social partners in most sectors.

Wage bargaining in the private sector LO-NHO area will most probably occur at industry level. There are, however, reasons to believe that the greatest challenges will come in other bargaining areas. In the NAVO semi-public bargaining area (see above under 'The organisation and role of the social partners'), new agreements are to be negotiated for employees in the public hospitals which have been transferred from the state sector and the county/municipal sector. Here, attempts will be made to achieve convergence between the differing wage systems for the state and municipal sectors. Most of the unions involved in the hospital reform agreed to postpone negotiations over new agreements until the scheduled bargaining round in spring 2002. However, the NSF nurses' union refused to do so, and took strike action in January 2002 (NO0201114N).

As in bargaining in previous years, large groups with higher education in the public sector - including nurses - are demanding significant wage increases in 2002. In the 2000 settlement, teachers were given special attention (NO0006194F), and there are reasons to believe that in 2002 nurses may receive the same special consideration. Supporters of this approach argue that the government must take action to raise nurses' wages in order to improve recruitment.

Furthermore, wage statistics indicate that municipal employees experienced the weakest wage growth in the period 2000-1 (NO0202101N). LO member unions in the municipal sector will thus also demand significant increases in 2002. The municipal employers, on the other hand, want to alter the wage system so as to allow for more individual wage-setting, which has been rejected by three out of four trade union confederations.

There are fears in many quarters that the policy of wage moderation, which marked much of the 1990s, will be further undermined in the 2002 pay settlements. There are worries that these developments will serve further to undermine the position of those industries most vulnerable to international competition, which have traditionally set the pace for wage formation in

Norwegian collective bargaining. NHO has called for an end to centralised wage formation and a change in incomes policy. A 2002 settlement generating much higher pay growth than among Norway's main trading partners may expedite NHO's wish gradually to move the bargaining system in the direction of greater decentralisation.

The comparatively high sickness absence rate in Norway and the national sick pay scheme was high on the agenda during the 2001 election campaign. Although an agreement on this question was reached between the

social partners in early autumn 2001, the issue will most probably remain on the agenda in 2002. Many commentators believe that the goal of a 20% reduction in sickness absence will be difficult to achieve, especially in a situation where the pressure on the labour market is as great as it is today.

Finally, the proposed restructuring of the public sector will also dominate 2002. Many of the measures proposed are controversial, and have been met with significant opposition both from within parliament and among trade unions.

Norway: 2001 Records

January	No general right to retain employer in transfers	NO0101118N
	New occupational pension regulations in force	NO0101119F
	Controversial health sector reform proposed	NO0101120F
February	New reports show no exaggeration of employment data	NO0102121N
March	OECD claims that Norway needs sound macroeconomic policy	NO0103122N
	LO wants occupational pensions on bargaining agenda	NO0103125F
April	Supreme Court reverses previous rulings in working time case	NO0104126N
	Continued rise in management salaries threatens pay moderation	NO0104127N
	Wage growth still high	NO0104128F
	Public committee proposes changes to rules on mediation and strikes	NO0104129F
May	Statoil to be listed on stock exchange in June 2001	NO0105131N
	LO holds four-yearly national congress	NO0105132F
June	Governor of central bank causes controversy	NO0106133N
	Braathen Safe employees support takeover by SAS	NO0106134N
July	New teachers' union to be established	NO0107135N
	New employer and industry association created for ICT sector	NO0107136F
August	Legal framework on discrimination strengthened	NO0108138F
	Changes ahead in hospital sector industrial relations	NO0108139F
September	Agreement reached on new reorganisation rules in state sector	NO0109101F
	NHO adopts new policy on incomes policy and bargaining	NO0109102F
	Sick pay a key issue in general election	NO0109140N
	No consensus on financing subsistence during educational leave	NO0109141N
October	New teachers' union established	NO0110105N
	Kværner struggling to survive	NO0110106N
	Agreement reached on sickness absence and an 'inclusive working life'	NO0110107F
	New centre-right government takes office	NO0110108F
November	SAS given green light to take over Braathens	NO0111125N
	Union density and labour market participation among immigrant workers examined	NO0111113F
	Supreme Court rules against closed shop	NO0111131F
December	Kværner to merge with Aker Maritime	NO0112108N

PORTUGAL

Political developments

Presidential elections took place in January 2001. Jorge Sampaio of the Socialist Party (Partido Socialista, PS) was elected President of the Portuguese Republic, obtaining 55.76% of the votes.

Local government elections were held on 16 December 2001. As a result, 76 of the country's 308 town halls changed hands from the governing Socialist Party (Partido Socialista, PS) to the Social Democrat Party (Partido Social Democrata PPD/PSD). The PS won 34.12% of the vote and PPD/PSD 28.22%. This swing away from the party of government upset the political balance of the country and had an immediate impact on central government and the PS, which does not quite have an absolute majority in parliament. The political situation prompted the Prime Minister, António Guterres, to tender his resignation, thus bringing about an early general election, which the President set for 17 March 2002.

Collective bargaining

The number of agreements negotiated or renegotiated in 2001 was approximately 6.6% higher than in 2000, according to provisional data available at the end of 2001 - see table 1 below (multi-employer agreements are agreements covering more than one company, but not signed by an employers' association).

Table 1. Collective agreements concluded in 2000 and 2001

	2000	2001
Sectoral agreements	217	236
Multi-employer agreements	20	20
Company-level agreements	94	97
Total	331	353

Source: DGCT.

Pay

According to the Ministry of Labour and Solidarity's Directorate-General of Working Conditions (Direcção-Geral das Condições de Trabalho, DGCT), in both 2000 and 2001, collective agreements focused on remuneration issues, with a higher number of agreements on these issues recorded in 2000 than in 2001. Average collectively agreed pay increases stood at 3.9% in 2001, compared with 3.3% in 2000.

DGCT figures on changes to the remuneration provisions of collective agreements in the first three quarters of

2001 indicate that (as in the same period of 2000) changes to pay scales were the most common revisions in company-level and sectoral agreements, followed by changes relating to meal allowances, cash-handling allowances, travel allowances and long-service payments

Working time

Bargaining on working time issues was less prominent in 2001 than in the previous year. DGCT reports a total of six company-level agreements on the duration of working time in 2001, compared with 10 in 2000. At sectoral level, there were only two agreements on the duration of working time, compared with 13 in 2000. There was one company agreement and four sectoral agreements on the adaptability and flexibility of working time, compared with 14 company accords and five sectoral agreements in 2000.

Average collectively agreed normal weekly working hours stood at 38.7 in 1999, the last year for which figures are available.

In December 2001, VW Autoeuropa, a subsidiary of the German motor manufacturer Volkswagen, argued that a reorganisation of working time has become essential for the development of the automobile industry in Portugal. The company's call for greater flexibility has been supported by other motor manufacturers and reflects a wider debate on working time organisation and on investment by foreign-based multinationals (PT0112163F).

In April 2001, an informal agreement was reached between management and trade unions at the Lisbon public water company, EPAL. The innovative provisions of the deal include the introduction of a 35-hour working week by 2004 and additional holiday entitlement, which were criticised by the Portuguese Business Association (Associação dos Empresários de Portugal, AEP), fearing a 'knock-on' effect in the private sector (PT0104145F).

Job security

According to DGCT, there was one company agreement and six sectoral agreements on restructuring and training during 2001, compared with two company agreements and six sectoral agreements in 2000.

Job security is a general topic of concern in Portugal – on 24 March 2001, the General Confederation of Portuguese Workers (Confederação Geral de Trabalhadores, CGTP) called a national day of action to highlight increasing job insecurity as well as delays in fulfilling expectations of convergence with wage levels elsewhere in the EU (PT0104141N).

Pay inequalities

The gender pay gap is a source of concern in Portugal and this issue, along with more general equal

opportunities issues, featured prominently in the 2001 Portuguese National Action Plan for employment (see below 'National Action Plan (NAP) for employment'). A seminar on equal pay was held in June 2001 as a joint initiative of the European Trade Union Confederation (ETUC), CGTP and the General Workers' Union (União Geral de Trabalhadores, UGT). The initiative was an attempt to stimulate discussion and reflection on the topic. Participants called for additional measures to address the continuing inequalities between men and women and discussed recent developments, particularly the NAP and new equal opportunities legislation (PT0108163F).

Training and skills development

According to DGCT, one company accord and six sectoral accords addressed the issue of training in 2001, compared with two company accords and six sectoral accords in 2000.

In February 2001, the central social partner organisations and the government signed an intersectoral agreement on 'employment, the labour market, education and training', under the aegis of the Economic and Social Council (Conselho Económico e Social, CES) (PT0102134F) (see below under 'The organisation and role of the social partners'). Among other provisions, the agreement provides for measures to:

- promote quality training, accreditation and the certification of skills;
- develop the training and vocational qualification levels of the active labour force and improve companies' competitiveness;
- boost initial training and the transition to working life; and
- raise employment and job quality levels.

Other issues

DGCT data indicates that the other issues most dealt with in collective bargaining in 2001 were annual leave, job descriptions, career paths, absence and maternity and paternity cover.

Legislative developments

A number of changes to employment legislation took place during 2001. A change to previous legislation regulating fixed-term contracts came into effect in August, through law no. 18/2001 (PT0108160F). One of the aims of the law, which establishes new rules governing the conclusion and termination of such contracts, is to ensure that employees who, de facto, have permanent jobs can benefit from a standard open-ended employment contract

Law no. 4/2001 came into effect on 10 January 2001, regulating the status of immigrant workers in Portugal

(PT0101131F). The legislation includes measures which will make it easier for immigrants in employment to gain residence rights and allow illegal immigrants to regularise their situation. Overall, the trade unions regarded the law as positive, although they called attention to the possible consequences of the presence of immigrant workers in Portugal in terms of the labour market and working conditions.

Other key legislative changes which took place in 2001 included:

- law no. 9/2001 of 21 May, which strengthened the supervisory and disciplinary mechanisms in relation to sex discrimination at the workplace;
- law no. 10/2001 of 21 May, which provided for the publication of an annual report on equality of opportunity between men and women; and
- decree-law no. 170/2001 of 25 May, which outlined sanctions for breaches of new legal provisions relating to the employment of minors and allowed the flexibilisation of working hours in order to provide greater adaptability for workers whose situation is particularly precarious.

In 2001, a draft bill on shiftwork (PT0105148F) was debated in parliament. The intention was to introduce an integrated regulation governing this area in terms of working hours, health and safety conditions and retirement. However, the bill was not passed. During the year parliament also considered proposed legislation to prevent 'psychological terrorism' and 'moral harassment' - essentially bullying (or 'mobbing') - at the workplace (PT0101132F).

The organisation and role of the social partners

In 2001, there was less activity in terms of the creation and abolition of employer and employee representative bodies than in 2000.

Developments in 2001 recorded by the Ministry of Labour and Solidarity included the following:

- seven new employers' bodies were created, compared with 17 in the previous year. Five new employers' organisations were created in trade and distribution, one in services and one in transport. Only one of these was a federation. One employers' body was dissolved; and
- a more complex picture emerged in relation to the creation of trade unions. Eight new trade unions were created in the transport, communications and public administration sectors. Half of the new bodies have coordination functions, comprising three federations and one confederation. A significant number of the bodies created (four out of eight) use the term 'independent' in their name. Three union organisations were dissolved.

There was no tendency for union restructuring through mergers, though it was reported during 2001 that moves to create a single banking trade union federation for the North, Centre and South of the country (replacing existing regional federations) were under way.

In terms of the role of the social partners, 2001 saw the national social dialogue process between the government and social partners, which was launched in January 2000 (PT0001179F), bear fruit in the form of three tripartite agreements:

- an agreement, signed in February, aimed at improving working conditions and health and safety at the workplace and combating accidents at work (PT0102135F). The agreement's provisions were implemented over the remainder of the year (PT0109102F);
- an agreement, signed in February 2001, on 'employment, the labour market, education and training', aimed at bringing about major changes in the structure of the Portuguese labour market, especially with regard to the training of employees and helping young people to gain qualifications. (PT0102134F); and
- an agreement, signed in November 2001, reforming some aspects of social security, notably changing the calculation formula for pensions and allowing employees to invest their pension contributions, above a certain ceiling, in private schemes (PT0112112N). The Confederation of Portuguese Industry (Confederação da Indústria Portuguesa, CIP) did not sign the agreement, while the CGTP trade union confederation did not sign the annex on contributions to private schemes.

Industrial action

Table 2 below sets out data on the number of strikes and strike calls in Portugal in the first three quarters of 2001 and of 2000.

Table 2. Strikes and strike notices in Portugal, 2000-1

Type of strike	First three quarters of 2000	First three quarters of 2001
Public service	31	49
Company level	222	163
Sectoral	25	15
Called but not carried out	152	166
Unknown type	3	1
Strike notices	821	591

Source: Institute for Development and Inspection of Working Conditions (Instituto para o desenvolvimento e Inspeção das Condições de Trabalho, IDICT).

The data for the first three quarters of 2001 indicate that:

- the number of strikes fell by 23%, in comparison with the same period in 2000;
- the drop was particularly marked in the case of company strikes, where the figure fell by 36%. However, there was an increase in the number of public sector strikes - for example, April 2001 saw teachers, nurses and doctors taking or threatening strikes over a variety of demands and government reform proposals in areas such as careers, pay and early retirement (PT0105143N);
- a sharp fall was registered in the number of strikes that were announced but which did not take place;
- the majority of strikes took place in transport, posts and telecommunications (PT0111103F) and the metalworking sector;
- there was a 38% fall from 2000 in the number of strike notices issued; and
- in keeping with the experiences of some other countries, Portugal is apparently starting to witness a hardening of user attitudes in relation to strikes. This situation is particularly manifest in the case of transport strikes.

National Action Plan (NAP) for employment

The 2001 Portuguese National Action Plan (NAP) for employment (PT0106151N) was approved by the government in May. Its key aims include: the intensification of the fight against illegal work; the promotion of employability; support for continuing training; and an increased number of jobs in the service sector.

The CIP industrial employers' organisation and Confederation of Portuguese Services and Commerce (Confederação do Comércio e Serviços de Portugal, CCP) stated that they were not consulted early enough on the 2001 NAP, while the CGTP union confederation and the Confederation of Portuguese Agriculture (Confederação da Agricultura de Portuguesa, CAP) stated that they were satisfied. The UGT union confederation was moderately satisfied.

However, the social partners did not in general feel that their points of view were taken on board in the content of the NAP – UGT, CCP and CAP were moderately satisfied while CIP and CGTP indicated less favourable opinions. In terms of the issues covered by the NAP, CGTP, UGT, CCP and CAP showed some degree of satisfaction, whilst CIP was not very satisfied. In respect of their own involvement with the NAP, the social partners, with the exception of the CCP, consider it to be generally satisfactory. Finally, the social partners indicated they were either moderately satisfied or dissatisfied with

the way the NAP had been handling labour market issues in general.

Company restructuring

There have been few studies carried out in relation to company restructuring in Portugal in the past few years or specifically in 2001. However, various statements have been made in the press about the need for modernisation and innovation. Further, a study on organisational change carried out by Institute for Innovation in Training (Instituto para a Inovação na Formação, INOFOR) highlights the numerous methods of improving the status of individuals in a context of organisational success and economic and social development.

The public institutions have also expressed an interest in promoting business modernisation policies, in particular through the 'business revitalisation and modernisation incentive scheme' (SIRME) run by the Institute for the Support of Small and Medium-sized Enterprises (Instituto de Apoio às Pequenas e Médias Empresas e ao Investimento, IAPMEI). SIRME aims to improve the 'critical size' of Portuguese companies in order to: keep pace with economic globalisation in general and EU Economic and Monetary Union in particular; re-establish a competitive environment in companies that have suffered significant financial losses; and create a mergers and acquisitions market in order to change business practices that are not sufficiently dynamic.

Specific cases of industrial restructuring during 2001 included Portugal's national airline, TAP (PT0104142N). The airline is currently at a difficult stage between privatisation and continuing state intervention. Against this background, early 2001 saw the announcement of further restructuring measures, involving the loss of 700 jobs, while management and unions were in disagreement over a wage freeze.

Spring 2001 saw the latest in a series of announcements of job losses in Portugal, following the restructuring of multinational companies involving closures and relocation. The redundancies have affected sectors such as textiles and clothing (Têxteis Proteu and C&J Clark), steel (Siderurgia Nacional) electronics (Indelma) and motor manufacturing (VW Autoeuropa). The job losses, often hitting especially women and poorer regions, prompted much criticism and debate (PT0104144F). Furthermore, in the autumn, the glass-making and home textiles industries faced particular problems caused by competition from countries outside Europe, bringing company closures and the threat of unemployment (PT0111101N). Trade unions responded with industrial action and calls for government support.

Employee participation

Employee participation does not feature predominantly on the social partners' agenda or in academic studies in Portugal. There are some exceptions, however. For

example, trade unions in the banking sector regard European Works Councils (EWCs) as an important topic for future discussion. In general, however, Portuguese representatives on EWCs are thought to be less visible than those of other countries. In addition, there is currently very little debate on issues such as the European Company Statute and its employee involvement provisions (adopted in October 2002 - EU0110203N).

However, there have been some positive examples of the development of employee participation arrangements. For instance, the INOFOR training institute ran a 'Paths to innovation' project during 2001, which sought to promote organisational innovation in small and medium-sized enterprises. One of the conditions for companies' involvement was the development of structures enabling the participation of employees in innovation (PT0106152F).

New forms of work

A number of significant developments took place in the area of new forms of work during 2001, in addition to the new legislation regulating fixed-term contracts (see above under 'Legislative developments').

In its guidelines for collective bargaining and pay policy in 2001/2, the UGT trade union confederation supports the development of a high and sustained level of 'good-quality' employment. It argues that trade unions should seek to transfer their major objectives, in terms of national employment policy, to the collective bargaining arena, with particular reference to the creation of jobs, the fight against precarious employment and the strengthening of equality of opportunity in general and, in particular, between men and women. Negotiating the regulation of new forms of work, notably teleworking and home working, constitutes one of the key areas for trade union action.

The CGTP union confederation's 2002 manifesto also defends the promotion of 'high-quality' employment, involving the fight against precarious and clandestine employment and seeking guarantees of contractual stability. According to CGTP, the promotion of high-quality employment should include:

- increased supervision in the fight against the abusive and illegal use of fixed-term contracts and temporary work;
- resolution of the situation of workers who work on a 'falsely independent' basis;
- monitoring the growth of temporary work; and
- combating abusive practices in relation to part-time employment.

In terms of the incidence of new forms of work, there was a slight increase in 2001 in the number of workers with a permanent full-time contract (up 0.4%) and an increase of 13% in the incidence of full-time fixed-term

contracts. There was a 23.3% decrease in the number of part-time workers and a 14% increase in the number of workers with 'service contracts' and independent workers.

As far as teleworking is concerned, the Portuguese Association for the Development of Telework (Associação de Língua Portuguesa para o Desenvolvimento do Teletrabalho) stated in 2001 that there are 100,000 Portuguese making a living from telework, working in services and the private sector. Of these:

- 72% perform technical jobs;
- 22% occupy a management position;
- 38% have a degree;
- 16% have successfully completed their 12th year of schooling; and
- 70% are men and 30% are women.

Two factors are thought to be hindering the diffusion of telework in the country:

- the nature of the Portuguese business community, which is characterised by the proliferation of small and medium-sized family-owned companies, with very hierarchical and rigid structures; and
- the technological backwardness of Portuguese companies, in terms of equipment, software and skills.

Outlook

In view of the economic situation and the absence of an economic and social modernisation plan in Portugal, 2002 is anticipated with a degree of pessimism in terms of employment. Already at the end of 2001, a large number of company closures, above all in the textiles and footwear sectors, were being announced. In terms of pay, the first signs are that wage bargaining will be difficult in 2002 – the loss of workers' purchasing power in 2001, due to an unexpectedly high level of inflation, and calls from the Bank of Portugal for wage moderation are two important factors to be dealt with. Finally, debate on productivity and the organisation of working time is expected to intensify in 2002.

Portugal: 2001 Records

January	Tax reform seeks better balance	PT0101128N
	Retirement age under debate	PT0101129N
	New immigration law adopted	PT0101131F
	Proposed legislation seeks to tackle bullying	PT0101132F
February	Proposals to restrict use of fixed-term contracts	PT0102133N
	Social partners sign pact on employment, the labour market, education and training	PT0102134F
	Tripartite agreement signed on working conditions and health and safety	PT0102135F
March	RTP seeks to improve work-life balance	PT0103137N
	Unions participate in regularising position of immigrant workers	PT0103138N
	Unions protest against new management models for public services	PT0103139F
April	CGTP holds day of action to highlight job insecurity and low pay	PT0104141N
	TAP restructuring continues	PT0104142N
	Restructuring in multinationals hits employment in Portugal	PT0104144F
	EPAL 35-hour week deal causes controversy	PT0104145F
May	Industrial action by teachers, nurses and doctors	PT0105143N
	Government launches new employment programme	PT0105146N
	Shiftwork bill to be discussed	PT0105148F
June	CIP presidency election brings calls for change	PT0106149N
	New programme promotes innovation	PT0106150N
	2001 NAP intensifies fight against illegal work and promotes employability.	PT0106151N
	Project promotes innovation and employee participation in SMEs	PT0106152F
July	Debate over low pay, low productivity and high inflation	PT0106153F
	Social security issues prominent on social partners' agenda	PT0107155N
	New initiatives on gender equality	PT0107158F
	Guaranteed minimum income scheme assessed	PT0107159F
August	Survey examines working conditions	PT0107160F
	New rules for fixed-term contracts	PT0108160F
	Collective bargaining in the first half of 2001 examined	PT0108162F
	Social partners discuss equality bargaining	PT0108163F

September	Trade union agendas for 2002 focus on wages, working time and income redistribution	PT0109101F
	National health and safety agreement followed up	PT0109102F
	Social partners call for self-employed drivers to be covered by working time rules	PT0109165N
October	New framework proposed for individual employment law	PT0110101N
	Civil service pay talks start as employers propose reform of public administration	PT0110105F
November	Glass-making and home textiles industries face unemployment	PT0111101N
	Social partners discuss social security reform	PT0111102N
	Strikes over postal workers' working time	PT0111103F
	Study analyses earnings of technical and scientific staff	PT0111104F
December	Social partners reach agreement on social security reform	PT0112112N
	Motor manufacturer calls for new organisation of working time	PT0112163F

SPAIN

Political developments

The political framework remained stable during 2001. The absolute majority achieved by the conservative People's Party (Partido Popular, PP) in the 2000 general election has allowed it to govern with a fair degree of tranquillity. The most important political event of the year was the regional election in Galicia, which returned the People's Party with an absolute majority.

Collective bargaining

Collective bargaining covered around 80% of Spanish workers in 2001, a very similar figure to that of previous years. The structure of bargaining was also similar to that of previous years: it was neither centralised nor decentralised, but, rather, fragmented and could therefore be characterised as 'mixed'. This mixed structure of collective bargaining has been the subject of lengthy discussions between the government and the social partners, but attempts at reform failed in 2001 (ES0107150N). Provincial sectoral agreements dominate bargaining, whereas national sectoral agreements are less important - see table 1 below. The structure of collective bargaining still lacks articulation and results in considerable overlapping, which leads to a lack of legal certainty in some cases.

On the one hand, collective bargaining is showing a tendency towards decentralisation through company agreements (complementary to collective agreements) that have no legal status and are therefore not reflected in the official figures. On the other hand, however, it shows a tendency towards centralisation, as witnessed by

the conclusion of new national sectoral agreements and a reduction in local and county-level bargaining.

In the debate on reforming collective bargaining, the social partners agree on one point: the structure must be simplified in order to focus primarily on national sectoral agreements and company agreements. The difference between the social partners lies in the type of articulation between the levels and in the topics that should be negotiated at each level (ES0107152F). Some aspects of the bargaining system were addressed in an intersectoral 'agreement for collective bargaining 2002' (*Acuerdo para la Negociación Colectiva 2002*), concluded by the main trade union confederations and employers' organisations in December 2001 (ES0201207F). Alongside its pay provisions (see below under 'Pay'), this agreement contains recommendations to facilitate the negotiation of collective agreements. These cover: not delaying the start of the bargaining process; drawing up written proposals, particularly on difficult points in bargaining; and resorting to systems for resolving disputes out of court (ES0104238N) when substantial differences arise that are an obstacle to the bargaining process.

The main topics of Spanish collective agreements are employment, pay, working time and some 'qualitative' issues. These topics have shown a tendency to change in recent years, and there are some interesting new features as set out below.

Pay

The tendency towards wage moderation experienced in previous years continued during 2001. Pay increased by an estimated 3.7% in 2001, compared with inflation of 2.7% - see table 2 on p.118. One new feature is the increasing presence in collective agreements of wage revision clauses which guarantee maintenance of purchasing power if inflation rises above forecast levels.

Table 1. Structure and levels of collective bargaining, 2000

Type of agreement	No. of agreements	No. of companies covered	No. of workers covered
Company	2,899	3,049	902,874
Provincial sectoral	932	678,592	4,115,887
Local sectoral	14	622	5,112
Inter-provincial sectoral	29	76,011	572,958
Regional sectoral	28	75,716	571,441
Inter-regional sectoral	1	295	1,515
National sectoral	71	219,052	2,265,983
Total	3,946	977,326	7,862,814

Source: Economic and Social Council (Consejo Económico y Social, CES), *Memoria sobre la situación socioeconómica y laboral, 2001*.

Trade unions see these clauses as an attempt to make up for loss of purchasing power over the past few years. The real value of the national minimum wage has also declined (ES0201249N).

Table 2. Pay increases and inflation, 1999-2002.

	1999	2000	2001	2002 (forecast)
Pay increase in in collective agreements	2.7%	3.7%	3.7%*	2%-3%
National minimum wage	1.8%	2.0%	2.0%	2.0%
Retail Prices Index	2.4%	4.0%	2.7%	2%-3%
<i>*Provisional figures.</i>				

An important pay-related development which took place at the end of 2001 was the conclusion of the intersectoral 'agreement for collective bargaining 2002', in which the main trade union confederations and employers' organisations recommend wage moderation (ES0201207F). The accord lays down no fixed figure for pay increases in 2002, but recommends taking as a reference point the inflation forecast (2%), plus the increase in productivity (calculated at a national average of 1.1%). In exchange for wage moderation, there is a commitment to maintain employment and a call for responsibility by employers in fixing prices so as to help reduce inflation (see below under 'Job security'). The pact will be in force for one year, and is highly significant because the last intersectoral accord on pay was signed in 1986

Working time

There was a modest collectively-agreed reduction in working time in 2001 - average agreed annual working hours stood at 1,758.2 in 2001, compared with 1,761.7 hours in 2000. A 35-hour week was introduced in small number of collective agreements, particularly in the regional public administration and in public services. However, this was rarely linked to the creation of new jobs.

Many collective agreements have also increased working time flexibility. Working time has become a way of adjusting the workforce through a 'quantitative' approach to flexibility management. Of particular importance are clauses on the annual calculation of working time (68% of relevant agreements mention this), irregular distribution of working time over the year, and employee availability. There has also been an increase in the number of agreements that compensate overtime with time off (56% of agreements), which helps to

reduce labour costs. A notable example of an agreement on flexible working time arrangements was concluded at the Delphi Diesel Systems plant at St Cugat del Vallés in January (ES0101231F).

Job security

One of the most significant features of collective bargaining during 2001 was the prevalence of employment as an issue of bargaining: around 83% of collective agreements contain clauses referring to employment. The conversion of temporary contracts into permanent ones seems to have lost momentum, possibly because, from 2000, reductions in social security contributions for the conversion of temporary contracts into permanent ones were discontinued. On the other hand, there are more clauses regulating the use of temporary recruitment or limiting the use of temporary employment agency workers. Some of these clauses even establish a maximum ratio of temporary contracts to permanent contracts in companies or provide for compensation for employees at the end of temporary contracts. Compulsory retirement is gaining ground in collective agreements, but is rarely combined with 'hand-over contracts' (allowing older workers to take partial retirement with a new part-time employee filling the hours vacated).

Agreements that include clauses on increasing the workforce or maintaining jobs are still few. However, the intersectoral 'agreement for collective bargaining 2002' signed in December 2001 (ES0201207F) seeks to exchange wage moderation for commitments to maintain jobs. The pact also recommends employers to recruit young people, women and persons over the age of 45 (who are eligible for reductions in social security contributions). It was also agreed to avoid the abuse of temporary employment, of which Spain has the highest rate in Europe (31%). The agreement includes alternatives to 'quantitative' workforce flexibility (ie hiring and firing), such as internal flexibility, functional mobility between occupational groups, suspension of contracts, and shorter working hours instead of dismissal and uncushioned redundancies.

Training and skills development

In December 2000, the main central employers' organisations and trade unions signed the third National Agreement on Continuing Training (Acuerdo Nacional de Formación Continua, ANFC) (ES0101130F), which was implemented during 2001. The agreement provides for the extensive involvement of the social partners in managing all levels of the continuing training system. It also provides for the creation of a new Tripartite Foundation for Training in Employment (Fundación Tripartita para la Formación en el Empleo) to administer the system, which was approved by the government on 1 June 2001 (ES0109202F)

Other issues

In April 2001, a new Pact on Pensions (Pacto de Pensiones) was signed by: the Prime Minister; the most representative national employers' confederations - the Spanish Confederation of Employers' Organisations (Confederación Española de Organizaciones Empresariales, CEOE) and the Spanish Confederation of Small and Medium-sized Enterprises (Confederación Española de la Pequeña y Mediana Empresa, CEPYME); and the Trade Union Confederation of Workers' Commissions (Comisiones Obreras, CC.OO). The accord provides for enhanced funding and for improved conditions for pensioners in areas such as early retirement, minimum benefit levels and widows' benefits. The General Workers' Confederation (Unión General de Trabajadores, UGT) did not sign the agreement.

In January 2001, all the main union confederations and employers' organisations renewed their national agreement on resolving labour disputes out of court, signed in 1996. The revised agreement will remain in force until the end of 2004 (ES0104238N).

Legislative developments

Two important laws were passed in 2001. The first was Law 12/2001 on Urgent Measures for the Reform of the Labour Market (Ley de Medidas Urgentes de Reforma del Mercado de Trabajo) aimed at increasing employment and improving its quality, which limits temporary recruitment slightly and fosters part-time employment. This law emerged after the failure of the negotiations to reform the labour market, and temporary recruitment in particular (ES0103237F).

The second was the Organic Law on Universities (Ley Orgánica de Universidad), which reforms the process of recruitment of teaching staff and led to a major wave of demonstrations by students and lecturers. This controversial piece of legislation was passed by parliament in late 2001 (ES0111210F).

The organisation and role of the social partners

There were no major changes to the organisation and role of the social partners in Spain during 2001. However, unions and employers' organisations were very active during the year, giving their views on a range of government policies and negotiating agreements on some social issues. In April 2001, they gave their opinion on the government's National Action Plan (NAP) for employment (see below). While agreeing with the government's assessment that unstable employment was a priority, they had different views on how to tackle this issue (ES0106246F).

In the early summer of 2001, the government consulted the social partners over a reform of collective bargaining

(ES0107150N). The social partners gave their views on this issue (ES0107152F), although no agreement could be reached on concrete reforms during the year, apart from some limited measures included in the intersectoral 'agreement for collective bargaining 2002' (see above under 'Collective bargaining'). Other areas where social dialogue involving the national-level social partners ran into difficulties over the year included civil service pay, social security and labour market reform (ES0109207N), though agreements were reached on pensions and bargaining in 2002 (see above under 'Collective bargaining').

Industrial action

There was a low incidence of industrial conflict in 2001, although there were some significant disputes in the service sector, such as a bus strike in Barcelona (ES0101227N), and protest actions by public employees (ES0107149N) related to a ruling by the National Court (Audiencia Nacional) against a government-imposed wage freeze for civil servants (ES0102233F). A number of demonstrations and strike action over a new collective agreement in the telemarketing sector were also significant, both due to the high level of temporary employment in this sector and because it is a relatively new sector that has recently been growing (ES0107251N).

In the industrial sector, there were three significant disputes. A long dispute at Sintel, the bankrupt telecommunications networks installation company, made a considerable impact in the media (ES0107148N) and ended with the intervention of the government and the redeployment of part of its workforce to other companies in the telecommunications sector, with the aid of Telefónica (ES0111102N). Another major dispute, lasting five months, was that at Ford over a new collective agreement (ES0111211F). In April, a one-hour general strike in Catalonia and the Basque Country against the industrial accident rate mobilised in particular the construction sector (ES0104241N).

National Action Plan (NAP) for employment

The 2001 National Action Plan (NAP) for employment presented by Spain in response to the EU Employment Guidelines was severely criticised by the trade unions and slightly less by the employers (ES0106246F). The NAP was, according to the social partners, not negotiated, as the government informed and consulted the social partners after it had been formulated. The employers' organisations, and particularly the trade unions, therefore considered the process of information, consultation and bargaining to be very unsatisfactory.

Nevertheless, the Ministry of Labour claims that there was participation by the social partners. It maintains that the procedures for drawing up the NAP for 2001

followed the same lines for participation of the social partners, regions (autonomous communities), local authorities and other social and labour institutions and associations as the Plan for 2000. However, according to the trade unions and employers' organisations, information meetings only were held relating to the 2001 NAP.

The presentation in April of the 2001 NAP led to an evaluation of the previous Plan. The social partners found several positive aspects in this evaluation, such as the policy on equal opportunities and the identification of unstable employment and the reduction in long-term unemployment as priority problems.

The employers' organisations are pleased with the NAP measures concerning equal opportunities. CEOE and CEPYME are in favour of some measures laid down in the 2000 and 2001 NAPs, such as the promotion of a nurseries plan, the creation of support services for families and workers with adult dependants, and programmes of vocational training and guidance for women with unshared family responsibilities. Nevertheless, they consider that more specific measures are needed in terms of equal opportunities policy.

Overall, the trade unions were far more critical of both the procedure and the content of the NAP for 2001. In the view of CC.OO and UGT:

1. the procedure for evaluating the execution of the previous year's NAP was incorrect;
2. there was no negotiation over the NAP with the social partners, but they were merely informed and consulted on the content of and modifications to the Plan; and
3. the NAP fails to confront the serious problems of the Spanish labour market. The fundamental problem continues - the rate of temporary recruitment is the highest in Europe. One out of three workers has a temporary contract.

The social partners' evaluations and proposals indicate three shared concerns:

- the identification of unemployment and temporary employment as the priority problem. However, the partners disagree on the strategy to follow in response. The employers in particular insist on the need for greater flexibility in part-time contracts. The trade unions, on the other hand, consider that the main problem is the successive use of temporary contracts;
- consensus on the need to improve coordination on employment between the three levels of public action - ie the the central administration, the autonomous communities and the local authorities. The National Institute of Employment (Instituto Nacional de Empleo, INEM) is already working in this direction to

improve the employment services. The social partners are critical of the current situation of low coordination and overlapping of actions related to the NAP; and

- the trade unions and the employers' organisations agree with the Ministry of Labour that that the NAP has not stimulated social dialogue and social concertation, as these existed previously. On the other hand, it has led to greater participation and involvement of the autonomous communities and the local authorities.

There has also been a greater level of agreement (and even a positive appraisal) on some priority contents of the NAP, such as equal employment opportunities for men and women (see above), increasing activity and occupation rates of women, attempting to reduce unstable employment, and reducing long-term unemployment.

Company restructuring

In late 2001, Spanish companies were feeling the effects of the economic slowdown. This took the form not so much of direct effect, but rather a 'crisis of expectations' (ie concern about the future, rather than the current situation), which meant that there were no radical workforce reduction measures (ES0112242F). However, the Survey of the Active Population (Encuesta de la Población Activa, EPA) showed a fall in the rate of job creation, from 4.24% to 1.80% between 2000 and 2001.

Large-scale redundancies in 2001 were largely limited to sectors such as airlines, which were directly affected by the terrorist attacks on the USA of 11 September. More generally, the policy of workforce adjustment has been carried out in three ways: non-renewal of temporary contracts; early retirement from as early as 52, without replacement by young workers (as widely used in the banking sector); and the introduction of greater flexibility in working time (see above under 'Working time').

The airlines, which were the firms most affected by the economic downturn in 2001, began to make redundancies. Iberia prepared a workforce adjustment plan that will affect 2,526 workers (8.6%) out of the total workforce of 29,124 (ES0112243F), while Air Europa planned to make 450 of its 3,000 employees redundant.

Telecommunications companies also seemed to be suffering the effects of the downturn, although their problems date from before 11 September and are related to the heavy debt that they incurred with the purchase of expensive 'universal mobile telephone services' (UMTS or 'third-generation' mobile telecommunications) licences. The motor manufacturing industry also felt the effects of the economic slowdown, with companies reducing production and stopping overtime (ES0109205F). Nissan

introduced a redundancy procedure affecting 4,000 workers during 2001 (ES0101231F). The construction sector, which has been very dynamic in recent years, was also beginning to show signs of deceleration among its small and medium-sized enterprises.

Employee participation

There were no major developments during the year in the area of employee participation. The new EU information and consultation Directive (formally adopted in February 2002) has not engendered a great deal of debate in Spain as current provisions governing employee representation and information and consultation rights largely comply with the provisions of the new Directive.

New forms of work

Temporary employment is one of the main characteristics of the Spanish labour market. Despite a range of incentives at their disposal, employers continue to prefer to conclude fixed-term and temporary contracts with their employees rather than employing them on an open-ended basis. This was a central theme addressed by the social partners in their discussions on labour market reform during the year. However, they could not agree on measures to encourage open-ended contracts and the government issued its own reform (ES0103237F). Although this reform contained a range of measures, it was felt in some quarters that it did not directly address the problem of temporary work and fixed-term contracts.

Statistics looking at the link between precarious employment, gender and age were released in the late summer of 2001 (ES0109201F). These found that the impact of temporary employment is distributed unequally

between men and women in favour of the former in both the public and the private sector. However, the distance between the two sexes in relation to temporary employment is lower than that observed for other 'atypical' forms of employment, such as part-time work, and far lower than that observed for forms of 'non-employment' such as unemployment and inactivity.

Outlook

2001 was set to be a year of reforms in the labour market, in the system of social protection and in collective bargaining. However, the parties failed to reach consensus on these issues. The negotiations failed and the reforms have in some cases been imposed unilaterally by law.

The outlook for 2002 is that the Spanish economy will decelerate, which will involve a high risk of vulnerability for temporary workers. However, the deceleration in the Spanish economy is interpreted by the government and the social partners as a 'crisis of expectations', rather than a real crisis. In fact, there are other indicators that show that the Spanish economy (with a growth rate of between 2% and 2.5% forecast in the 'stability programme' for 2002) can still continue to create employment. The number of workers contributing to the social security system is still growing, which shows continuing growth in employment despite a more moderate forecast for 2001.

As noted above, under pressure from the government, the central social partners ended 2001 by signing an agreement setting guidelines and criteria for lower-level collective bargaining in 2002, including pay increases linked to inflation and productivity gains, and a focus on employment and health and safety.

Spain: 2001 Records

January	Employers' group forced to retract proposal that women pay for maternity leave	ES0101129F
	Third National Agreement on Continuing Training signed	ES0101130F
	Bus strike hits Barcelona	ES0101227N
	Civil servants hold 24-hour general strike	ES0101228N
	Working time flexibility dispute at Delphi plant	ES0101231F
February	Accident highlights precarious situation of immigrants without documents	ES0102134F
	The institutional framework of public sector industrial relations	ES0102232F
	National Court rules against freezing of civil servants' pay	ES0102233F
March	Court supports unions' right to use internet	ES0103236N
	Government introduces new labour market reform	ES0103237F
April	Agreement on resolving labour disputes out of court renewed	ES0104238N
	Production ends at Hewlett Packard Barcelona	ES0104240F
May	Strike in Catalonia and Basque Country against industrial accident rate	ES0105241N
	Gender pay discrimination examined	ES0105242F
June	Pensions agreement signed	ES0106144F
	Industrial accident rate still high	ES0106147F
	Part-time employment examined	ES0106245F
	Social partners assess NAP	ES0106246F
	Industrial accident rate still high	ES0106247F

July	Sintel dispute continues	ES0107148N
	Civil service pay dispute continues	ES0107149N
	Government seeks reform of collective bargaining	ES0107150N
	Social partners assess bargaining	ES0107152F
	Major revision of chemicals industry agreement	ES0107153F
	Law on reconciliation of work and family life examined	ES0107154F
	Strikes in the telemarketing sector	ES0107251N
August	Irregular distribution of working time examined	ES0108157F
September	UGT criticises effects of labour market reform	ES0109259N
	Precarious employment and gender inequality	ES0109201F
	Third National Agreement on Continuing Training implemented	ES0109202F
	Vocational training and qualifications law proposed	ES0109203N
	Pay structure and collective bargaining examined	ES0109204F
	Impact of Opel restructuring plans in Spain	ES0109205F
	Industrial conflict and settlement out of court in 2000	ES0109206F
	Social dialogue runs into difficulties	ES0109207N
	Social partners disagree with government plan to balance budget using surplus social contributions	ES0109208N
UGT Catalonia compares labour market quality in Spain and beyond	ES0109209N	
October	UGT launches popular legislative initiative on employment stability and safety	ES0110203N
November	Sintel dispute comes to an end	ES0111102N
	Controversy over new universities law	ES0111210F
	Dispute at Ford over new collective agreement	ES0111211F
December	Agreement on workforce renewal and employment signed at SEAT	ES0112213N
	Social partners consider agreement on wage moderation and reform of collective bargaining	ES0112242F
	Redundancy procedure negotiated at Iberia	ES0112243F
	The quota of immigrant workers for 2002	ES0112244F

SWEDEN

Political developments

The present government, elected in autumn 1998, continued in office during 2001. It is a minority Social Democratic Party (Socialdemokratiska Arbetarepartiet, SAP) administration that generally governs with the help of the Left Party (Vänsterpartiet) and the Green Party (Miljöpartiet de Gröna). The next general election will be held in September 2002 to elect a new government for a four-year term. Elections to municipal and city councils will also take place in September 2002.

Collective bargaining

Sweden has two levels of collective bargaining – the national/sectoral level and the local level. Around 200 national sectoral collective agreements were concluded during the 2001 bargaining round. This figure was broadly equivalent to the number of agreements concluded in the previous sectoral bargaining round, in 1998 (no information is available on the amount of bargaining occurring at local level, as such agreements are not registered). In 2001, sectoral agreements were largely concluded for a term of three years, as they had been in 1998.

Overall, the 2001 collective bargaining round could be described as undramatic, with most agreements following the pattern set in private industry (SE0105102F). Bargaining generally proceeded relatively smoothly, with little industrial action (though see below under 'Industrial action'). One new development was the conclusion in February by the Salaried Employees' Union (Tjänstemannaförbundet HTF) and the Swedish Service Employers' Association (Tjänsteföretagens Arbetsgivarförbund) of a first collective agreement laying down general conditions for the call-centre and telemarketing branch. The agreement contains rules on flexible working time arrangements, the promotion of permanent employment and overtime pay (SE0102183N).

Pay

The pattern, in terms of relative pay moderation, which was set in the previous 1998 bargaining round was continued in 2001. The 2001 deals contained an average wage increase of 8.5% over a three-year period. One exception was the deal giving municipal workers - a traditionally low-paid group who had earlier been promised a little extra in this pay round - an increase of 11.4%. A more notable exception was the agreement for teachers, which was widely termed the 'best' agreement from an employee point of view, for a number of reasons. In the area of pay, the agreement provides for increases of up to 20% over five years, with most of the

increase to be negotiated in both local and individual deals (SE0101179N).

Working time

Working time featured in many of the three-year accords negotiated during 2001. For example, the paper industry agreement furthered the provision contained in the 1998 agreement allowing workers either to reduce working time by nine hours a year, or instead to receive extra pay or extra pension contributions. In chemicals (SE0101177N), in engineering (SE0102182F) and in steel, the new agreements provided for an extra 0.5% increase a year, to be awarded either as a pay increase, a reduction in working time (of one day a year) or extra pension contributions. In construction, the new agreement provided for an eight-hour annual working time reduction, while in the rail sector, the new agreement provided for a reduction in the working week from 40 to 38 hours for those working irregular hours, and for the establishment of working time accounts.

A number of agreements, such as the accord in the private service sector, contained working time flexibility provisions. Employers in the cleaning sector also sought more working time flexibility in the industry's new agreement, but failed to secure this.

Pay inequalities

Although the gender pay gap remains an issue in Sweden - data released by Sweden Statistics in April 2001 showed that in 1999, female workers had an average annual income only 70% of that of male workers (SE0105197N) - this was not a significant issue during the 2001 collective bargaining round.

Beyond the bargaining arena, equal pay for women and men was the subject of considerable legal activity in 2001. New legislation introduced a new definition of 'work of equal value' in assessing equal pay, and an obligation on employers to conduct an annual wage survey (see below under 'Legislative developments'). In a February 2001 ruling, the Labour Court (Arbetsdomstolen) for the first time approved the use of a job evaluation procedure in a wage discrimination case (SE0103187F). In September, the Equal Opportunities Ombudsman (Jämställdhetsombudsmannen) lost the latest in a series of gender wage discrimination cases in the Labour Court. Shortly afterwards, the Ombudsman withdrew a similar case, announcing that the financial stakes were too high to risk losing again (SE0110101F). The Ombudsman also stated that it would prefer to take wage discrimination cases to the public courts instead of the Labour Court.

Job security

There were no major developments in collective bargaining on job security in 2001. However, the

announcement made by the Swedish-owned Ericsson electronics group in the spring of 2001 of a massive programme of redundancies in Sweden and elsewhere (see below under 'Company restructuring') focused attention on a particularly innovative project agreed in 1999 to find new jobs for 587 workers made redundant at the Ericsson Telecom plant in Norrköping (SE0104193F). The 'Norrköping model', widely regarded as having been very successful, brought together the company, trade unions, the Proffice temporary work agency and various local government and labour market bodies.

Training and skills development

There were no significant developments in collective bargaining on training and skills development in 2001. In December 2000, a commissioner appointed by the government submitted her final report on individual learning accounts after a year of deliberating the issue. The commissioner proposed creating new opportunities for all adults to finance their own needs for skill development throughout their working life (SE0101178F). The proposals were broadly welcomed by the social partners.

Other issues

A number of bargaining developments in the area of occupational social security took place during 2001. In April, the social partners in the private sector signed a collective agreement improving the terms of the collectively-agreed occupational injury insurance scheme (Trygghet vid arbetsskada, TFA). The improvement means that workers affected by accidents at work will now have full compensation for loss of income and, furthermore that the burden of proof will not fall on the injured employees, ie they will not have to prove that the employer caused the accident. Changes were also made to two other insurance schemes based on collective agreements, the sick pay scheme (Avgångsbidragsförsäkring, AGB) and the insurance scheme against job loss though, for example, redundancy (Avtalsgruppsjukförsäkring, AGS) (SE0106103N).

Long-running talks on white-collar supplementary pensions were expected to make progress in 2001 (SE0104192N), although by the end of the year it was clear that not a great deal had happened. The Federation of Salaried Employees in Industry and Services (Privattjänstemannakartellen) and the Confederation of Swedish Enterprise (Svenskt Näringsliv) employers' confederation have been trying since the mid-1990s to reach a new agreement, but these efforts failed in 1999. In March 2001, the parties announced that they were jointly starting to make new calculations in order to arrive at possible new solutions for the pensions scheme, but there was little progress. Furthermore, the social partners now have to adapt the current supplementary pensions agreement to the recent EU Directives on part-

time and fixed-term work. It is felt that the current agreement is discriminatory, as it does not include certain categories of worker.

In spring 2001, new supplementary pensions agreements were concluded between the social partners in the municipal and city council sectors, containing provisions which adapt arrangements to the EU Directives on part-time and fixed-term work. Finally, the central government sector reached a new supplementary pensions agreement at the end of December 2001 (SE0201112N).

Legislative developments

A range of new legislation was adopted or implemented during 2001, in addition to a number of proposals issued by the government, as follows:

- new equality legislation came into force in January 2001 (SE0102179N). The new law overhauls the 1991 Equal Opportunities Act, adding a definition of the concept of 'work of equal value' in equal pay cases, obliging employers to conduct an annual wage survey, and extending the ban on sex discrimination to the whole recruitment process, while adjusting the burden of proof;
- in May 2001, parliament amended the Employment Protection Act to give all employees the right, but not the obligation, to remain in employment until the age of 67 (SE0103186F). It is thus not permitted to conclude collective agreements providing for obligatory retirement before the age of 67 (the average retirement age set out in collective agreements is currently 65 years). This proved controversial, with two of the three main trade union confederations stating that the new right to retire at age 67 overruled the collectively-agreed retirement age of 65 and therefore constituted unwarranted interference by the government in collective bargaining. In November 2001, the Swedish Trade Union Confederation (Landsorganisationen, LO) and the Confederation of Salaried Employees (Tjänstemännens Centralorganisation, TCO) reported the case to the International Labour Organisation (ILO), arguing that this move was in breach of ILO Conventions on the right to collective bargaining (SE0201113N);
- in June, parliament accepted a government proposal for new legislation designed to implement the EU Directives on part-time work (97/81/EC) and fixed-term work (1999/70/EC) (SE0106104N). The new law will ban discrimination against workers in these forms of employment. Trade unions would rather have implemented the Directives through collective agreements, but employers were opposed to such a move; and
- in December (SE0201198F), the government proposed amendments to the legislation on the occupational injury insurance scheme (SE0106106F).

The new provisions will make it easier to have occupational injury compensation claims accepted, and the handling of cases will be quicker. Furthermore, annuities for people permanently unable to work will be tied to the development of pay instead of prices.

In December 2000, the government announced the establishment of a new working time commission to examine the entire system of legislation on working hours and leave and propose changes which allow for greater individual choice. (SE0101176N). The commission issued a report in September 2001, proposing that current legislation on annual leave should be made more flexible. It suggested that employees be allowed to take part of their annual leave entitlement in hours instead of full days of holiday (SE0109102N).

Finally, in October 2001, the government commissioned a review of legislation on parental leave, after a parliamentary committee found that there was probably a need to strengthen employment protection for employees taking such leave (SE0111103N). The examination of this issue was added to a study of labour law as it relates to job security already being conducted by the National Institute for Working Life (Arbetslivsinstitutet) (SE0008158N).

The organisation and role of the social partners

2001's main development in terms of the organisation of trade unions was the collapse of merger plans drawn up by four white-collar unions. These unions, all affiliated to the Swedish Confederation of Professional Employees (Tjänstemännens Centralorganisation, TCO), had been working for about three years to conclude a merger creating a new union with 460,000 members (SE0111104F). However, in December 2001, the council of one of the unions involved, the Salaried Employees' Union (Handelstjänstemannaförbundet) narrowly rejected the proposal to accept the merger, which had been accepted by the other three unions (SE0201111N).

According to figures published in spring 2001, the total membership of Swedish trade unions continued to decline in 2000, with overall union density down to 79% from 84% in 1994 (SE0106105F). Losses were recorded among the affiliates of the blue-collar LO confederation, while the white-collar TCO and especially the graduate Swedish Confederation of Professional Associations (Sveriges Akademikers Centralorganisation, SACO) experienced small increases. Research indicated that unions are failing to attract younger workers

On the employers' side, the main event in 2001 was the merger of the main central private sector employers' and industry organisations - the Swedish Employers' Confederation (Svenska Arbetsgivareföreningen, SAF) and the Federation of Swedish Industries

(Industriförbundet) - to create the Confederation of Swedish Enterprise (Svenskt Näringsliv). The new organisation represents some 46,000 firms in 52 member associations (SE0105199N).

Industrial action

2001 was, in spite of the important bargaining round which took place, a quiet year as far as industrial action is concerned. There were, however, a number of smaller actions, such as strike action taken by 350 train drivers over the issue of a separate pay agreement (SE0111102N). Limited industrial action occurred in bargaining over a new agreement in construction (SE0105102F), and was threatened but averted in negotiations over new agreements for commerce and for newspaper journalists (SE0112129F).

A major agreement on cooperation and bargaining procedures (including mediation) and schedules was signed in the industry sector in 1997 (SE9703110N). It was followed by similar agreements in many other sectors, such as central and municipal government, and around 60% of the labour force are now covered by such accords. Furthermore, since 2000, a statutory Mediation Authority (Medlingsinstitutet) has been in existence with powers to intervene at certain points in the bargaining process in sectors without their own agreements on bargaining procedures (SE0105195F). It is generally believed that these developments had the desired effect of decreasing the bargaining parties' propensity to take industrial action.

National Action Plan (NAP) for employment

In general terms, representatives of the social partners appear to be at least quite satisfied with the work carried out on drawing up and implementing Sweden's 2001 National Action Plan (NAP) for employment. The LO union confederation commented that, on the whole, the social partner working group on NAP issues, linked to the government, has functioned well. However, LO also found that not all of the points and issues it raised have been taken on board by the government and that too much emphasis has been placed on new surveys. LO stated that it would have preferred more proposals for certain measures giving quick results.

On the part of the employers, Karin Ekenger, who works on NAP-related issues at the Confederation of Swedish Enterprise, stated that after some years of relative lack of interest the government has recently shown that it wants to hear the views of the social partners and now tries to involve them early in the work on the NAP. However, she went on to say that the responsibility for the NAP is above all the government's and that in Sweden the NAP has essentially become a document in which the government describes and defends its employment policies. She added that it has been difficult to

implement concrete proposals even in cases where the social partners are agreed, such as in the case of individual learning accounts. She stressed that the parties' cooperation on the NAP during 2001 was restricted to delivering basic material and data regarding collective agreements and to dealing with the national policies contained in the NAP.

Company restructuring

In 2001, a total of around 69,000 workers were given notice of redundancies, half of them in manufacturing industry. One of the most high-profile announcements of workforce reductions was that made by Ericsson, which stated in March 2001 (SE0104193N) that 2,100 jobs were to be cut in Sweden (see above under 'Job security'). At the time, management stated that it was going to help the redundant workers to adjust to their new situation. Most of the workers were still employed by the company at the end of the year, as legislation governing notice periods in redundancy situations states that, where more than 100 workers are made redundant, the minimum notice period must be six months. In previous redundancy situations at Ericsson over recent years, redundant workers received one year's full pay and up to one year's employment through a temporary employment agency. However, it remains to be seen if all the workers being made redundant during 2002 – ie those given notice in 2001 – will receive the same favourable conditions (SE0104193F).

Broadly speaking, there are no current plans to tighten up the legislation governing dismissals, redundancy, severance arrangements or informing and consulting the workforce in restructuring situations, nor have there been any demands of this kind from the social partners. The Swedish laws on employment protection and co-determination both originally date back to the 1970s, and have been amended since. The key piece of employment protection legislation is the Employment Protection Act (*anställningsskyddslagen SFS 1982:80*), while the key item of co-determination legislation is the Co-Determination Act, (*medbestämmandelagen 1976:58*). The legislation thoroughly regulates collective dismissals and employee information and consultation in restructuring situations (as well as in other situations involving significant change).

Redundancy and severance arrangements are mostly dealt with in local negotiations between the employer and the trade unions represented at the company or plant. If these negotiations fail, the social partners at sector/national level are called upon.

Employee participation

There were no significant developments related to employee participation in 2001. The current system for information and consultation at the workplace is based on the provisions of the Co-Determination Act (see above

under 'Company restructuring'), complemented since the 1970s by collective agreements on the issue. In the late 1980s, the Board Representatives' Act (*Styrelserepresentationslagen SFS 1987:1245*), introduced trade union representation on the boards of private companies. This kind of cooperation between the local social partners has proved to be quite successful and appears to be appreciated by both sides (SE9907181F). Given that the social partners and the government are satisfied with the current situation, there has been no specific recent debate concerning employee participation, nor any new legislation proposed.

New forms of work

There were a number of developments during 2001 in relation to the collective regulation of new forms of work. A new collective pay agreement was concluded in November for all 20,000 white-collar temporary agency workers (SE0112101N). Unlike earlier collective agreements for these workers, which were linked to the main agreement for all salaried employees, the new accord is an independent agreement for the whole temporary agency work sector. Further, the first collective agreement for call-centres and telemarketing was signed in February 2001 (see above under 'Collective bargaining')

There has been no specific collective bargaining in relation to teleworkers, as they are considered to be permanent and regular employees, even if they work at home. Thus, teleworkers are bound by the normal collective agreements covering their employer, though in some cases these workers have individual agreements, or are covered by a local agreement with the employer which regulates their actual work situation. In 2000, the Swedish National Energy Administration (*Statens Energimyndighet, STEM*) introduced teleworking on a large scale, affecting a majority of its employees. A study of the STEM experience, published in November 2001, found that telework has become established as a 'conventional' form of work through the development of rules and regulations within the organisation, which control the work of the employees concerned (SE0112130F).

A report issued by LO in September 2001 found that fixed-term employment now represents 14% of all employment in Sweden, compared with 9% in 1990 (SE0109101F). In the first quarter of 2001, about 525,000 workers had some kind of fixed-term employment, mainly casual, stand-in and project work.

Other relevant developments

In November 2001, the government launched tripartite talks with the social partners on the issue of 'increased health in working life', against a background of increasing levels of sickness absence (SE0111108F). The talks will seek to put into effect an 11-point programme

drawn up by the government.

In December 2001, employers and trade unions in manufacturing industry launched an innovative alliance, known as 'Future for Swedish Industry'. The aim is to stimulate long-term investment in Swedish industry and to initiate and use 'spearhead' research (SE0201110N).

Outlook

2002 will see a general election in September. It is widely thought (at least at the end of 2001) that this will not result in a change of government. It is, however, an open question as to whether any new Social Democrat government will again have to rely on the support of the Left Party and/or the Green Party.

Developments in the economy and labour market in 2001 turned out to be more negative than expected. In the middle of the year, the optimistic forecasts for Sweden were adjusted downwards due to recessionary developments in the USA, Japan and elsewhere in the EU. Economists now believe that there will be an improvement for Sweden at the earliest towards the end of 2002.

In terms of pay, most of the large sectors are now covered by three-year accords negotiated in 2001. Attention will therefore turn more towards the issue of wage drift. Industrial peace is now also guaranteed in the majority of sectors for three years.

Other issues likely to be at the forefront of concern during the year include industrial restructuring. There were around 70,000 redundancy notices during 2001, half of which were in the manufacturing industry, a direct result of falling orders. Companies in the telecommunications industry were also forced to make many redundancies, while the Scandinavian Airlines Systems (SAS) air carrier will cut its Swedish workforce by about 2,500 employees due to economic difficulties.

However, employment levels remain high in other sectors and the 'open' unemployment rate remained below 4% at the end of 2001, compared with 3.7% in November 2001 and 3.9% in 2000, according to Sweden Statistics. Nevertheless, unemployment is expected to rise during 2002, due to factors such as the abovementioned negative developments in manufacturing industry.

One potential trend in 2002 is the development of a new understanding between the social partners, which was recently manifested in the creation of a new 'alliance' between employers and trade unions in industry in order to stimulate long-term investments and initiate more research (see above under 'Other relevant developments'). In May 2002, the board of the alliance plans to release its first report.

Finally, two governmental committees will deliver reports and proposals during the autumn of 2002 on possible changes to legislation on employment protection and working time.

Sweden: 2001 Records

January	Working time legislation to be examined again	SE0101176N
	Chemicals industry concludes first agreement of 2001 bargaining round	SE0101177N
	Commissioner proposes individual learning accounts	SE0101178F
	Five-year pay agreement for teachers finally concluded	SE0101179N
February	New equality rules come into force	SE0102179N
	Government and trade union positions on gender equality highlighted	SE0102180F
	Working time is stumbling block in engineering talks	SE0102180N
	Engineering pay deal agreed	SE0102182F
	First collective agreement signed for call-centres and telemarketing	SE0102183N
March	Government proposes compulsory right to work until 67 years of age	SE0103186F
	Labour Court approves job evaluation in wage discrimination case	SE0103187F
April	Court rules that examination fees do not violate negative freedom of association	SE0104191N
	Negotiations over white-collar supplementary pensions may be relaunched	SE0104192N
	Ericsson's Norrköping model for helping redundant workers reviewed	SE0104193F
	Ericsson announces 2,100 redundancies in Sweden	SE0104193N
May	2001 bargaining rounds nears completion	SE0105102F
	Mediation Authority seeks to improve wage-formation process	SE0105195F
	Women's incomes still only 70% of men's	SE0105197N
	Budget proposals include improved unemployment, sickness and injury insurance	SE0105198N
	Merger creates Confederation of Swedish Enterprise	SE0105199N
June	Social partners agree improved occupational injury insurance scheme	SE0106103N
	Government proposes legislation to implement EU Directives on part-time and fixed-term work	SE0106104N
	Overall union membership declines	SE0106105F
	Work injury insurance scheme to be amended	SE0106106F

July	LO focuses on fighting ethnic discrimination	SE0107107N
	Report examines position of immigrants with professional qualifications	SE0107109F
August	Determinants of manufacturing plant closures surveyed	SE0108110N
	Council proposes new authority to advance gender equality	SE0108111F
September	Fixed-term employment increases significantly	SE0109101F
	Committee suggests more flexibility in annual leave	SE0109102N
October	Equal Opportunities Ombudsman clashes with Labour Court	SE0110101F
	Employers reluctant to hire older workers	SE0110106F
November	Train drivers strike for own pay agreement	SE0111102N
	Parental leave legislation to be reviewed	SE0111103N
	Planned merger of four white-collar unions continues	SE0111104F
	Tripartite talks launched on improving health at work	SE0111108F
December	Independent pay agreement signed for temporary agency workers	SE0112101N
	Newspaper journalists dispute settled by mediation	SE0112129F
	Telework in practice - a matter of control and regulation	SE0112130F

UNITED KINGDOM

Political developments

The Labour government elected in May 1997 was re-elected for a second five-year term at the general election held in June 2001. The Labour Party's majority over all other parties in the lower house of parliament, the House of Commons, fell slightly but remained substantial at 167.

Collective bargaining

As there is no system for registering collective agreements in the UK, making an accurate assessment of the number of collective agreements impossible. Collective bargaining in the UK continues to be highly decentralised: most bargaining is at company or workplace level, with little multi-employer bargaining outside the public sector.

One development in bargaining structures during 2001 was that new, unified national pay negotiation machinery arrangements were agreed between employers and trade unions in the higher education sector, introducing 'single-table bargaining' covering all staff in both the 'pre-1992' and 'new' universities.

Pay

Collectively agreed basic pay rose by an average of 3.2% during 2001 (according to the Labour Research Department *Bargaining Report*, November 2001). The increase in average earnings was higher, at 4.4% (according to the Office for National Statistics).

In the public sector, for the third year running, the government accepted in full the pay awards recommended by the independent pay review bodies for more than 1 million public sector workers (UK0103120F). Most groups received above-inflation increases. For example, school teachers in England and Wales and nurses received a general pay rise of 3.7%. Particular groups, including newly qualified teachers and senior nurses, were awarded substantially higher increases, reflecting severe recruitment and retention problems.

Working time

Average collectively-agreed normal weekly working time in 2001 was just over 38 hours for manual employees and 37 hours for non-manual employees (according to *IDS Study 717*, October 2001). Average actual weekly working time for full-time employees was 38.1 hours (according to the *New Earnings Survey*).

Agreements reducing working hours were not reported to be widespread over 2001. At their Easter 2001

conferences, the UK's three main teaching trade unions supported a joint resolution calling for a 35-hour working week and threatening to take industrial action if the government refused to meet their demands (UK0105130N). A review group to examine teachers' workloads was subsequently set up, and the School Teachers Review Body was asked to recommend on how to deal with the issue when it reports in early 2002.

Research published in April 2001 suggested that the Working Time Regulations 1998 - which implemented the 1993 EU working time Directive (93/104/EC) - have had a limited effect, if any, on most UK organisations. It found that long hours continued to be worked consistently by a significant minority of employees, facilitated by voluntary exemptions from the legislation, and that the Regulations were seemingly a matter of little concern for most employers and their workers. There was also evidence of some employers exploiting ignorance about the Regulations to deprive vulnerable workers of their rights (UK0105133F).

New agreements on flexible working time were reached at a number of companies, including motor manufacturers Land Rover, Nissan and BMW.

Pay inequalities

In February, the Equal Opportunities Commission's Equal Pay Taskforce published a report drawing attention to the 18% gap in average pay between men and women and making recommendations to tackle the disparity. These included a requirement on employers to carry out regular equal pay reviews (UK0104126F). While rejecting mandatory pay reviews, the government responded by announcing a range of measures, including reforms to speed up equal pay cases at employment tribunals, the appointment of 'fair pay champions' to promote good practice, and extra funding for the EOC to help employers with pay reviews (UK0106134N).

Research suggests that unionised workplaces are almost twice as likely to have well developed equal opportunities policies and monitoring arrangements as non-union workplaces (UK0108144F).

Job security

No reports of significant new employment security agreements were found. Such agreements are not widespread in the UK. In recent years a number of high-profile employment security guarantees have been overtaken by closures or other major restructuring exercises. Union concern at the significant rise in redundancies during the year, particularly in manufacturing, where there were almost 150,000 job losses in 2001, was reflected in calls for more government support for the manufacturing sector and for more effective consultation requirements on employers (see below under 'Company restructuring').

Training and skills development

Trade unions have been seeking greater involvement in training matters. Research completed during 2001 found that, although collective bargaining over training is still relatively rare, joint project work, consultation and other forms of employee involvement in training provision is more widespread. Legislative innovations may stimulate wider union involvement. The Employment Relations Act 1999 requires consultation over training issues where trade union recognition is introduced under the statutory procedure. The Employment Bill published by the government in November 2001 includes a right for 'union learning representatives' to take paid time off to promote training and development opportunities in the workplace (UK0112104N).

Other issues

During 2001, a number of employers were reported to have agreed improved parental leave arrangements, notably in respect of paid paternity leave, in advance of forthcoming legislative changes. Major employers doing so included motor companies Vauxhall, Land Rover and Peugeot, retailers Tesco and Sainsbury and a range of government departments. There was also an increase in the number of long-term pay deals reported, spreading beyond manufacturing to other sectors.

Legislative developments

During 2001, a number of significant changes to the legal framework were introduced and proposals for further reforms published, against the background of continued concern from employers' groups over the volume and cumulative impact on businesses of new statutory requirements (UK0112103N and UK0110106N).

Changes to employment tribunal rules in July 2001 to deter unreasonable cases were followed by further government proposals to reduce the number of tribunal applications (UK0108142N). The Trades Union Congress (TUC) was particularly critical of a proposal to charge workers for pursuing employment tribunal cases. Ministers subsequently dropped this idea but included other proposals for changing employment tribunal rules and reforming dispute resolution in the Employment Bill published in November (UK0112104N). Other key provisions of the Bill included extended parental leave rights, in line with commitments made in the Labour Party's election manifesto (UK0105132F), and powers to make regulations to implement the EU Directive (1999/70/EC) on fixed-term work (UK0108141N). The government also announced that provisions would be added to the Bill during its passage through parliament to place a duty on employers to consider requests for flexible working arrangements from parents with young children (UK0112105N).

During the year, litigation pursued by unions which reached the European Court of Justice resulted in

changes in the UK's legislation on parental leave (UK0105128N) and holiday entitlement (UK0107138N and UK0110105N) to bring it in line with EU Directives.

In May 2001, a new arbitration procedure became operational in the UK, providing a voluntary, fast-track alternative to an employment tribunal hearing for resolving claims of unfair dismissal (UK0109101F).

Other key legislative developments are highlighted elsewhere in this chapter.

The organisation and role of the social partners

At the beginning of April 2001, the Amalgamated Engineering and Electrical Union and the technical union Manufacturing Science Finance announced that a proposed merger between the two organisations had been approved in membership ballots. The new 'super-union' - named Amicus - came into being on 1 January 2002. With around 1 million members, the new union is the second largest affiliate of the TUC, behind the public services union Unison, and is the largest affiliate of the Labour Party. Another new union, Prospect, came into being on 1 November 2001 as a result of a merger between the Institution of Professionals, Managers and Specialists and the Engineers' and Managers' Association. Prospect has over 100,000 members.

The Confederation of British Industry (CBI) and the TUC are both represented on the Learning and Skills Council, set up in April 2001, which has taken over responsibility for the funding and planning of all post-16 vocational education and training (UK0110111F).

In October 2001, the CBI and the TUC published a joint assessment of the reasons behind the 'productivity gap' between the UK and its major competitors (UK0111104N), following a request by the government in October 2000 that the two organisations jointly address a range of issues in an effort to boost the UK's productivity. The exercise resulted in a proposal for a permanent CBI-TUC Productivity Group, which the government will consult on policy development.

Industrial action

Official statistics published in June 2001 showed that current levels of strike activity in the UK continue to be historically low, but that there was a slight upturn in each of the three indicators (number of strikes, days lost and employees involved) during 2000 (UK0110109F). Provisional figures for the first six months of 2001 suggested a further rise. Notable strikes during 2001 included:

- three one-day strikes by London Underground drivers in February over safety issues;

- an unofficial strike of postal workers in May over the implementation of a national agreement on new working time arrangements; and
- an eight-day strike by firefighters in Liverpool in July over plans to appoint non-uniformed staff to senior management positions.

National Action Plan (NAP) for employment

As in previous years, the government consulted the CBI and TUC on the content of the UK's 2001 National Action Plan (NAP) for employment, drawn up in response to the EU Employment Guidelines. However the previous practice of incorporating a joint contribution by the two organisations on the guidelines which accord the social partners a key role was discontinued.

TUC officials expressed less satisfaction than their CBI counterparts with their respective organisation's involvement in drawing up the 2001 UK NAP, perhaps reflecting the greater importance trade unions attach to active labour market planning. The TUC told EIRO that 'the main problem in terms of social partner involvement is that the UK lacks the institutional arrangements between the social partners on the one side and between them and the government on the other side to take all the various elements of the employment guidelines process forward.'

The NAP records the government's commitment to 'promoting a closer dialogue with the social partners by involving them in the formulation, development and implementation of policies', and highlights the range of areas covered by the EU Employment Guidelines in which the social partners play a role.

Company restructuring

In January 2001, in the light of the controversial restructuring initiatives in a series of high-profile companies, including General Motors' December 2000 announcement of the closure of its Vauxhall car plant at Luton, the government initiated a review of the UK's redundancy consultation laws (UK0101110F). Subsequent instances of restructuring, including large-scale redundancies at the Anglo-Dutch steel-maker Corus announced in February 2001 (UK0102113F), prompted further trade union criticism of the way in which companies frequently make such announcements without first informing and consulting their workforces, and renewed calls for the swift adoption of the proposed EU employee information and consultation Directive, which the UK government continued to oppose (it was eventually adopted in February 2002). The House of Commons Select Committee on Trade and Industry also called for improvements to the UK's workforce consultation legislation (UK0103117N).

The plant closures and redundancies at Corus led to a GBP 135 million aid package from the UK government and the Welsh Assembly designed to support redundant steel workers and promote training opportunities and regeneration measures (UK0107140F).

Other major instances of restructuring during the year included the closure of Motorola's Scottish plant (UK0110107F) and substantial job cuts in the UK's aviation and aerospace industries following the terrorist attacks in the USA on 11 September 2001 (UK0110114F).

Employee participation

The progress made towards adoption of the EU Directive on informing and consulting employees generated extensive debate about its potential impact in the UK (UK0201116N). The EU Employment and Social Policy Council's political agreement on the Directive in June 2001 (EU0106219F) was welcomed by the TUC as a 'major strategic breakthrough', but disappointed the CBI, which had campaigned against its adoption. The CBI was strongly critical of the amendments put forward by the European Parliament on second reading (EU0110206F), and praised the UK government for negotiating 'the least damaging deal available' during the negotiations on the final text of the Directive, concluded in December. The DTI said that it would consult widely about the Directive's implementation in the UK once the measure is finally adopted.

The adoption in October 2001 of the EU European Company Statute and the associated Directive on employee involvement in European Companies (EU0110203N) attracted relatively little attention, but UK implementation of the Directive may serve to revive debate on board-level employee participation in the UK, where the issue has been largely ignored since experiments in certain state-run enterprises in the late 1970s. There is as yet no indication of the extent to which companies headquartered in the UK intend to use the European Company Statute to incorporate as European companies.

New forms of work

Temporary agency work

During 2001, the government published a revised draft of the Conduct of Employment Agencies and Employment Business Regulations for consultation. The government's aim, as set out in the NAP, is to overhaul existing legislation 'to ensure that the interests of both those who are seeking and offering temporary employment are properly protected'. The new measures are expected to be introduced during 2002.

Section 23 of the Employment Relations Act 1999 allows the government to confer employment status on groups

of workers, potentially including agency workers, who are not legally classified as 'employees' and are therefore excluded from some statutory protection. The government has yet to act on this.

Teleworking

The CBI's 2001 employment trends survey (UK0107139N) showed a significant increase in the number of private sector companies using teleworking - 39% compared with 23% the previous year - and commented that this indicated that employers were responding to employees' demands for more flexible working. In August, the TUC published a report arguing that the widely predicted teleworking revolution had so far failed to materialise, highlighting recent statistics showing that employed teleworkers who usually work at home account for less than one in 10 of all teleworkers and only 0.5% of all employees. The TUC argued that, while teleworking can provide more flexible working patterns for individuals, it can also become an extension of work intensification and the 'long hours culture', in which case the opportunity to help improve work-life balance is lost. Both organisations are currently taking part in government-initiated discussions on developing voluntary guidance on teleworking.

Other relevant developments

With effect from 1 October 2001, the government increased the main adult rate of the national minimum

wage (NMW) from GBP 3.70 an hour to GBP 4.10 - a rise of almost 11% (UK0104124N). At the same time, the 'development rate' of the NMW, for workers aged 18-21, rose from GBP 3.20 to GBP 3.50. The government also announced that it had agreed in principle to increase the adult rate to GBP 4.20 and the development rate to GBP 3.60 on 1 October 2002, subject to economic conditions.

Outlook

In 2002, industrial relations in the UK are likely to be increasingly affected by heavy job losses in manufacturing and an upturn in unemployment. The political priority the government attaches to the modernisation of the public services (UK0111107F) may lead to growing tensions with the public sector unions, a number of which have already begun to review the extent of their financial support for the Labour Party (UK0111106F). In the renewed debate about the prospects of the UK joining the European single currency, the leaderships of both the CBI and TUC support the principle of UK euro entry but there are differences over the issue within both organisations. In terms of the legislative agenda, the way in which the UK implements the EU employee consultation Directive is likely to be a major focus of attention.

United Kingdom: 2001 Records

January	Green paper on parental leave receives mixed reception	UK0101106F
	Government plans to speed up equal pay cases	UK0101107N
	Government and employers submit evidence on national minimum wage	UK0101108N
	Government launches review of redundancy consultation laws	UK0101110F
	Cross-border comparison leads to shorter working week at UK Peugeot plant	UK0101111F
February	TUC submits evidence on national minimum wage	UK0102112N
	Corus announces large-scale redundancies	UK0102113F
	Government calls for better work-life balance	UK0102115F
	Teleworking in action at Unity Trust Bank	UK0102116F
March	Round-up of industrial relations developments	UK0103117N
	Advocate-General finds against UK in ECJ working time case	UK0103118N
	Unions help launch government stakeholder pensions	UK0103119F
	Review body recommendations accepted in full as staff shortages jeopardise public sector modernisation	UK0103120F
	Unions debate priorities for a second term of Labour government	UK0103121F
April	Merger forms new super-union	UK0104123N
	Government agrees to significant increase in national minimum wage	UK0104124N
	Employers and unions respond to parental leave green paper	UK0104125N
	EOC urges new action on equal pay	UK0104126F
	UK to extend rights and labour market support for disabled people	UK0104127F
May	Unions hail government climb-down on parental leave	UK0105128N
	More public holidays in prospect?	UK0105129N
	Teaching unions adopt united stance on 35-hour week	UK0105130N
	Parties' industrial relations policies outlined	UK0105132F
	Research highlights limited impact of Working Time Regulations	UK0105133F

June	Government to go ahead with equal pay reforms	UK0106134N
	London protest at M&S redundancies highlights consultation issues	UK0106135N
	Developing high-quality work-based training for young people	UK0106136F
July	Series of government initiatives follows election	UK0107137N
	UK holiday rule unlawful says ECJ	UK0107138N
	CBI survey highlights impact of regulation on employers	UK0107139N
	Government supports steel workers hit by Corus restructuring	UK0107140F
August	Trade unions and equality in employment	UK0108144F
	UK implementation of fixed-term work Directive delayed	UK0108141N
	Controversy over proposed employment tribunal charges	UK0108142N
September	Determining unfair dismissal cases by arbitration	UK0109101F
	New EOC initiatives to combat sexual harassment	UK0109145N
October	TUC conference curtailed following terrorist attacks in USA	UK0110104N
	Government announces changes to Working Time Regulations	UK0110105N
	Employers and unions argue over 'compensation culture'	UK0110106N
	Scottish plant closes as Motorola makes sweeping cuts	UK0110107F
	Unions and the internet: prospects for renewal?	UK0110108F
	Strikes: scattered but not eliminated	UK0110109F
	New Learning and Skills Council faces tough challenges	UK0110111F
	Job cuts hit aviation and aerospace industries	UK0110114F
November	Shareholders to have right to vote on directors' pay	UK0111101N
	UK reaction to European Parliament's vote to strengthen employee consultation Directive	UK0111102N
	CBI and TUC issue joint report on productivity	UK0111104N
	New taskforce to advise on employment tribunal reforms	UK0111105N
	Unions review links with 'new Labour'	UK0111106F
Government, trade unions and the reform of public services	UK0111107F	
December	CBI conference urges government to resist further employment regulation	UK0112103N
	Employment Bill published	UK0112104N
	Parents to have legal right to request flexible working	UK0112105N
	Planned restructuring of DTI angers unions	UK0112132F
	Strike by professional footballers averted	UK0112133F

About EIRO

European Industrial Relations Observatory

The European Industrial Relations Observatory (EIRO) is a major project of the European Foundation for the Improvement of Living and Working Conditions. EIRO initiates, collects, stores, disseminates and provides access to information and analysis on developments in industrial relations in (at present) the 15 EU Member States, plus Norway, and at European/international level. EIRO is a network, made up of 16 National Centres and an EU-level centre, from which information and analysis flows in to a central unit. This information is then processed and entered into a database, *EIROonline*, which is made available through the World-Wide Web as the main means of dissemination.

EIRO aims primarily to meet a need in the European Commission and other EU institutions, and among national and European-level organisations of the social partners and governmental organisations, for information and analysis on developments in industrial relations in the Member States and at European level. It also serves the needs of the Foundation's wider research work. EIRO seeks to provide this information and analysis in a manner which is comprehensive, authoritative, accurate, up-to-date, contextual, relevant and electronically-based.

EIRO's structure

There is one EIRO National Centre (NC) for each of the 15 EU Member States and Norway, plus one Centre covering the overall EU level — see pp.143-4 for a list of the Centres. Each NC has been selected in a tendering procedure, on the grounds of its professional standing, experience and expertise, its information and technical set-up, and the extent to which it enjoys the confidence of the social partners.

The central unit, both based at the Foundation in Dublin and involving external expert contractors, is made up of: a management team (responsible for the overall operation of EIRO, and for contractual relations with National Centres); an editing unit (responsible for editing and the front-line management of EIRO and the network of NCs); a technical unit (responsible for processing information and the creation and maintenance of the database); and an information unit (responsible for information dissemination and enquiries). See p.141 for details of the central team.

The Directorate of the European Foundation for the Improvement of Living and Working Conditions has ultimate responsibility to the Foundation's Administrative Board for the Observatory, as for all Foundation projects.

An advisory committee for industrial relations has been set up to monitor EIRO as well as all the Foundation's

other industrial relations activities. The advisory committee has a tripartite structure: employers, trade unions, governments and the European Commission are represented.

EIRO's audience

EIRO exists to serve the needs of a specific target audience of high-level industrial relations practitioners and policy-makers in EU institutions, trade union and employers' organisations and government departments. The nature of the information and analysis produced by the Observatory is guided by this target group — ie the approach is essentially practical, providing factual information and pertinent analysis, which is of use to users in their work. The information and analysis collected and stored through EIRO is also of value to a wider group — notably among practitioners and in the academic and research communities — and access is provided to this group through *EIROonline* on the World-Wide Web.

EIRO's information

The basic operation of EIRO is based on a monthly cycle, and on the reporting of events and issues through 'in brief' and 'feature' items. On top of this, EIRO also conducts comparative research on specific themes.

Each month, the EIRO National Centres submit reports — either 'in briefs' or 'features' — on the most important and topical industrial relations events and issues occurring in their country in that month. In brief items are short factual articles, providing the relevant data about an event or issue which has a significant impact on industrial relations in the country concerned, or other important economic and social consequences. Features are longer articles. As with in brief items, features set out the main factual elements of the events and issues in question, though the greater length means that more detail can be included. Features also include a commentary, designed to be useful and relevant to the target audience, providing an assessment of the event/issue/activity in question. Features cover the most significant industrial relations developments, activities and issues, and those which can benefit most from the greater degree of analysis and background which the longer format allows.

EIRO is an international and comparative project, and its viewpoint is not restricted to individual countries. As well as the comparative theme running through all EIRO's work, EIRO also conducts comparative studies and produces annual updates. For comparative studies, National Centres submit information on a specific theme, and its treatment in their country. The information provided by the NCs — sometimes supplemented with relevant material from other Foundation research projects and elsewhere — is used to draw up a comparative overview of the treatment of the theme in question

across the EU, and a series of national reports on the subject in a uniform format. In 2001, comparative studies covered:

- workers with disabilities – law, bargaining and the social partners (TN0102201S);
- industrial relations aspects of mergers and takeovers (TN0102401S);
- variable pay in Europe (TN0104201S);
- the involvement of employees and collective bargaining in company restructuring (TN0107201S);
- industrial relations in the information and communications technology sector (TN0108201S);
- progressive retirement in Europe (TN0109184S);
- work-related stress and industrial relations (TN0111109S); and
- working time developments and the quality of work (TN0111143S)

For annual updates, all EIRO national centres provide, in response to short questionnaires, basic, largely quantitative data on specific key industrial relations issues. The data collected is then presented in comparative, tabular or graphical form supplemented by explanatory notes and a brief analysis. The updates for 2001 cover:

- pay (TN0202102U);
- working time (TN0202103U); and
- labour costs (TN0203104U).

Furthermore, 2001 saw EIRO's first venture into comparative industrial relations information and analysis beyond Europe, with a comparative overview of developments in the EU, Japan and the USA (TN0111148F).

EIRO products and services

The *EIROOnline* database contains all in brief, feature and comparative records (studies and updates) submitted by the National Centres, edited technically and for content into a uniform format and style. The database thus constitutes a unique information resource on industrial relations in Europe, providing comprehensive coverage of all the most significant events and issues, along with comparative overviews. *EIROOnline* is publicly available on the World-Wide Web at <http://www.eiro.eurofound.eu.int/>.

EIRO issues a regular publication, *EIROObserver*, both on paper and in electronic PDF format. *EIROObserver* currently contains an edited selection of records submitted for the database, plus 'comparative supplements' based on the comparative studies conducted by EIRO.

The EIRO *Annual Review* is the final main product of the Observatory, published both on *EIROOnline* and in printed format.

Most electronic and printed publications are currently available in the English language only. However, since 1999, EIRO comparative studies and annual updates have

been translated into French and German and published on *EIROOnline*. Furthermore, in many cases an original-language text is also available for *EIROOnline* database records, in the language of the country in question (these texts have not been edited or approved by the Foundation, which takes no responsibility for their content).

Using *EIROOnline*, the Observatory's database on the Web

This *Annual Review* contains a brief summary of the main trends, events and issues in European industrial relations in 2001. While the aim is that the *Review* should be useful and interesting in itself, it should ideally be read in conjunction with the *EIROOnline* database. The text of the *Review* contains numerous references to records which provide fuller information on the issues in question, and which can be found on the database. These records form part of the comprehensive set of reports submitted each month by the network of EIRO National Centres, edited technically and for style and content, and loaded onto *EIROOnline*, which is the heart of EIRO's operations. *EIROOnline* is generally available via a site on the World-Wide Web, providing access to a wealth of information and analysis. In this section, we provide some information on using *EIROOnline*, aimed at helping readers get the best out of the database and to find records referred to in the *Annual Review*.

Getting started

All that is required to make use of *EIROOnline*, which was redesigned during 2001, is Internet access and browser software. *EIROOnline* now has a new URL address (though the old address – <http://www.eiro.eurofound.ie/> – will remain in operation for the time being):

<http://www.eiro.eurofound.eu.int/>

This will bring you to the home page. The frequently updated list at the centre of the page provides direct links to a number of the most recent feature and in brief records, indicating the date on which they were added to the database and providing a brief summary of their content. EIRO's central operation is based on a monthly cycle, with National Centres submitting in briefs and features on the main issues and events in each month. These records are processed, edited and then uploaded, generally within two weeks.

At the top right of the home page and of every page of *EIROOnline* is a navigation bar giving access to the *EIROOnline* search facility, the site map, contact details for EIRO and its National Centres and a help facility.

At the right of the home page is a link to the page where all of the issues since 1997 of *EIROObserver*, EIRO's bi-monthly bulletin, can be downloaded in PDF or Zip

format, plus a direct link to the PDF file of the most recent issue. There are also links to the most recent comparative studies, annual updates and other major EIRO products.

On the left of the home page and of every page of *EIROOnline* is a navigation bar providing a number of ways of accessing the data, plus information on EIRO. Placing your cursor over each box provides a drop-down list with further links, as follows.

- *About EIRO* provides access to: information on EIRO and its structure; the page where you can register with *EIROOnline* (providing various benefits, such as automatic e-mail notification of the availability of new issues of *EIROObserver*); and a feedback page, where you can let us know your views about the website.
- *Comparative information* provides access to: the *Annual Review* for each year since 1997; all of the EIRO comparative studies and annual updates; and a number of other EIRO-related reports, such as various documents prepared for the European Commission's high-level group on industrial relations and change.
- *EU-level developments* provides access to: a chronological list of the current year's records about developments at European Union level, with earlier records accessible by clicking on the relevant year in the bar at the top and bottom of the page; and a chronological list of the current year's records about developments with a transnational dimension.
- *Browse by country* allows you to view all the records for each of the countries covered by EIRO. The link for each country takes you to a chronological list of the current year's records, and earlier records can be accessed by clicking on the relevant year in the bar at the top and bottom of the page.
- *Browse by sector* allows you to view all the records covering a particular sector, from agriculture and fishing to transport and storage. The link for each sector takes you to a chronological list of the current year's records, and earlier records can be accessed by clicking on the relevant year in the bar at the top and bottom of the page.
- *Browse by date* allows you to view all the records for any month since February 1997.
- *EMIRE links* provides access to the online version of the European Employment and Industrial Relations Glossaries, which explain the national industrial relations systems of the EU Member States through their terminology. It currently covers Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain and the UK; glossaries on Austria, Finland and Sweden are forthcoming. Many EIRO records contain specific links to EMIRE definitions, and users can browse the alphabetical list of terms for each country, or search for specific topics in the text of EMIRE.
- *Industrial relations links* provides access to World-Wide Web links which may be of interest to *EIROOnline*

users. The links (of which there are several thousand) are grouped by country, and within countries under the categories of employers, trade unions, government and 'other'. There are also links to: the EU institutions and related bodies, plus recent documents of relevance; other European and international organisations; and European and international trade union and employers' organisations. Users are encouraged to suggest additions to the list.

Clicking on the *EIROOnline* logo on the top left of every page returns you to the home page. Clicking on the European Foundation for the Improvement of Living and Working Conditions logo on the top right of each page connects users to the Foundation's own website.

Finding the information you want

In briefs and features

The basic content of EIRO is made up of in briefs and feature records. In brief items are short factual articles, typically of up to 600 words in length, providing the relevant facts about a significant event or issue in industrial relations in the country concerned. Features are longer articles, typically of around 1,000-2,000 words. Like in briefs, features set out the main factual elements of the events and issues in question, though the greater length means that more detail can be included, and a commentary ('signed' by the author(s)) is provided. Features cover the most significant industrial relations developments, activities and issues, and those which can benefit most from the greater degree of analysis and background which the longer format allows. The two different types of record are distinguished by the suffix N for in briefs and F for features at the end of their ID number. The most convenient way to access features and in briefs is through the browse by country, sector and date features available in the navigation bar on the left of every page.

Comparative studies and updates

EIRO comparative studies focus on one particular topical issue in industrial relations and its treatment across the countries covered by EIRO. They consist of a comparative overview, based mainly on brief national reports drawn up by each national centre. Clicking on a study's title connects to a page providing: an abstract of the study; a link to the overview; links to Word versions of the individual national reports (these are not edited or approved by the Foundation, which takes no responsibility for their content); and a link to the questionnaire on which the national reports are based. The annual updates are single records providing basic comparative data on a key industrial relations issue, often in graphical form. The most convenient way to access

comparative studies and updates is through the comparative information feature available in the navigation bar on the left of every page.

Annual Review

The *Annual Review* provides a snapshot of developments in European industrial relations in each year since 1997. The review for each year provides a comparative overview and summary of developments across the EU Member States and Norway, along with separate summaries of the main events and issues at the EU level and in each of the individual countries concerned. The most convenient way to access Annual Reviews is through the comparative information feature available in the navigation bar on the left of every page.

Site map

The *site map*, accessible through the navigation bar at the top right of every page, is a convenient way to find the information you are seeking. It provides easy access to all categories of EIRO data. It also contains the Record ID and Browse by organisations feature — see below.

Record ID

For readers of the *Annual Review* who wish to follow up a reference in the text, and read the full version of the original record referred to, the most direct way of finding the record on *EIROOnline* is to input its Record ID in the field provided on the site map. Each record is allocated a unique ID, such as SE0204111F, made up of: a two-letter country code (such as SE for Sweden); the month to which it refers (eg 0204 for April 2002); a National Centre organisation identification number (1 in most cases, but 2 or 3 in countries where the National Centre is made up of two or three separate organisations); a sequential number (eg 11); and an N, F, S or U to denote in brief, feature, comparative study or annual update respectively. If the ID is typed into the empty field alongside Record ID in the site map, and the Search button is clicked, this will connect directly with the record in question. The IDs of records referred to are provided at the relevant points of the text of the *Annual Review*.

Organisations

Users who are interested in information on particular organisations (companies, trade unions, employers' organisations, industrial relations institutions etc) will find the site map's Browse by organisations facility useful. Clicking on Organisations list connects you to a list of all the countries covered by EIRO, plus the EU level, and an alphabetical list of letters. Clicking on any country will connect to a list of all the significant organisations mentioned in records referring to that country, and clicking on the name of any organisation provides a list (with links) of all the records in which it is mentioned. The alphabetical list sets out all the organisations mentioned in *EIROOnline*, and again provides links to records mentioning each.

Searching

The most sophisticated way of finding information in *EIROOnline* is to use the search option — accessible from the navigation bar on the top right of every page. EIRO uses a powerful search engine and offers users two basic types of search — *full text* and *advanced*. Before starting to search, it is strongly recommended that you click on help, which connects to useful tips on how to conduct all three types of search. Very briefly:

- *full text* is the simplest form of searching. Type in the word or words you are looking for (in lower case) and click the *find* button; placing a + in front gives words more emphasis, while a - (minus sign) means less emphasis. You can also decide on how narrow you want your search to be — choosing anywhere between 100% (an exact match with all the words you are looking for) and 0%. After clicking on *find*, you will be returned a list of hits — the titles and abstracts (with links) of all the EIRO records that contain the words you are looking for (along with the date of publication). For features, the terms used to index the records are also provided. The screen displays 10 hits at a time, and buttons at the bottom of the page allow you to move on to the next (or previous) 10; and
- *advanced* search allows for searches to be narrowed down in terms of countries, sectors and dates, and also for the use of the logical operators *AND*, *OR* and *NOT*. Furthermore, the advanced search also enables subject areas to be selected by using the thesaurus search facility. This has been developed to help users find more precise results when searching *EIROOnline*. EIRO features are indexed using subject descriptors from the Foundation's EFICET thesaurus (a controlled vocabulary of terms in the area of living and working conditions), and the thesaurus searches for records indexed with these keywords (not for words in the text of the record). Clicking on thesaurus within advanced search leads to the full thesaurus pages, including a help facility which users are strongly recommended to consult before searching in this way.

Feedback

A written guide to a website/database is only ever of limited use. Readers are urged to gain access to *EIROOnline* itself, in order to experience how it works and what it offers. *EIROOnline* is still being developed and improved continuously, and we would welcome the views, comments and queries of users in order to feed into this process. As well as using the *feedback* form available on the website itself, please send any such input about the content, design or overall ease of use of *EIROOnline*, by e-mail to eiroinfo@eurofound.eu.int (or to the contact address, telephone and fax numbers listed on p. 141).

Useful features within EIRO records

EIRO records contain a number of features aimed at helping users and giving them access to further relevant information. At the end of each record, there is a link to information *About this record*, which includes: the record ID; the title/subtitle and abstract; the name of the original author and of the National Centre organisation; the date of publication; and the language in which the record was originally composed. Usefully, for most countries, the title/subtitle and abstract of the record are also provided here in the native language(s) of the country.

Most EIRO records are originally written in languages other than English and, in many cases, users can obtain the full original-language text. In the records where this facility is available, a link under the title states *Download article in original language*. Clicking on this allows you to download a Word text of the original-language version onto your own computer, or you can set your browser to read the file directly. It should be noted that these versions have been neither edited nor approved by the Foundation, which is not responsible for their content and accuracy. This responsibility lies with the EIRO National Centre that originated/provided the information.

Clicking on the *printer* symbol at the top right of each record produces an easily printable version of the record in question.

In the right-hand margin of each record there is a list of the titles of other relevant records on *EIRO*, which may be accessed by clicking on the title. The ID number of these records are also provided at the relevant points in the text. Again, clicking on the ID links you to the record in question. The texts of many records also provide hypertext links (in blue underlined script) to:

- the EMIRE glossaries. These are links to the electronic version of the European Employment and Industrial Relations Glossaries (see p.138). These links consist of relevant words in the text ('works council' or 'minimum wage', for example), which connect to a definition of the organisation, structure, process etc concerned. To return to the original record, close the box which has appeared with the EMIRE definition in it; and
- external websites. Some records contain links to material on websites outside *EIRO* which is relevant to the record. These typically connect to a document or report (such as a Communication or White/Green Paper from the European Commission, an EU Directive or an ILO Convention) or some other useful information. To return to the original record, close the page which has appeared with the external material in it.

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- *Workers group*: Annette Bendixen and Penny Clarke
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