EUROPEAN INDUSTRIAL RELATIONS OBSERVATORY

eiro observer

UPDATE 4'98

It is nearly two years since the European Works Council (EWC) Directive came into force. The Directive is widely regarded as one of most important legislative initiatives ever taken in the field of industrial relations at European level, and there has been much speculation about its potential effects. Our comparative supplement in this issue - based on contributions from the National Centres of the European Industrial Relations Observatory (EIRO) - seeks to examine the impact so far of EWCs on industrial relations in the multinationals concerned and in the EU Member States, plus Norway. Overall, the study concludes that, while the industrial relations impact of EWCs has at this early stage been generally very limited (though variable), this should not be taken for granted for the future and a number of new tendencies can already be identified.

Other employee participation topics covered in this issue of EIRObserver, alongside the usual varied selection of industrial relations themes, include: Germany's 1998 works council election results; the postponement of Belgium's workplace elections; a new form of combined ''social dialogue'' committee in three French insurance companies which are merging; and the creation of a ''world group council'' at Volkswagen.

Each issue of *EIRObserver* presents only a small edited selection of features and news items, based on some of the reports supplied for the *EIROnline* database, in this case for May and June 1998. *EIROnline* - the core of EIRO's operations - is publicly accessible on the World-Wide Web, providing a comprehensive set of reports on key industrial relations developments in the countries of the European Union (plus Norway), and at European level. On p.15 of this issue, we provide a brief guide for readers on how to access and use *EIROnline* and we would urge readers to try the database out for themselves, at:

http://www.eiro.eurofound.ie/

A recent important addition to *EIROnline* is the online edition of the EIRO *Annual Review* for 1997, providing an overview and summary of the year's most important developments.

EIRO is based on a network of leading research institutes in each of the countries covered and at EU level (listed on p. 16), coordinated by the European Foundation for the Improvement of Living and Working Conditions. Its aim is to collect, analyse and disseminate high-quality and up-to-date information on key developments in industrial relations in Europe, primarily to serve the needs of a core audience of national and European-level organisations of the social partners, governmental organisations and EU institutions.

Mark Carley, Editor

EUROPEAN FOUNDATION *for the Improvement of Living and Working Conditions*

AUSTRIA

Footballers seek first sectoral deal in sport

As the World Cup opened, football players and clubs in Austria started negotiating a collective agreement. This puts them at the forefront of industrial relations in sport, though there are some difficult issues to be resolved.

On 10 June 1998, the day the World Cup started, the first substantive discussions opened between FG Fußball and the Federal Football League (Bundesliga), the association of football clubs, over a collective agreement.

Some 780 professional football players (around 95% of the total) are members of FG Fußball, the Football Section of the Arts, Media and Free Professions Trade Union (KMfB). There are only about 30 players who are paid enough by their clubs and by sponsors to be counted among top earners. The majority of the 350 full-time professionals, according to the union, earn about as much as bank employees of the same age.

Objectives and contents

FG Fußball is seeking a minimum gross annual salary of ATS 210,000 (ECU 15,100), applying universally to all professional players, regardless of the league they play in. The clubs seem willing to agree.

A major demand is for continued payment of salary when the player is sick or injured, as is often case in an accident-prone industry like football. This is essentially covered by existing law, but FG Fußball wants to make sure that players earn as much as they would if they had been healthy at the time of a game. This is obviously problematic, since it is an entirely theoretical question as to whether a particular player would have played, even if healthy. A solution is still pending but it will probably be modelled on some existing club arrangement perceived to be just.

The envisaged collective agreement is based on the agreement that has existed in the Netherlands for decades, and this is particularly true of the pension fund idea. Given that a professional career usually ends at about the age of 35, the union wants to oblige players - not clubs - to pay into a pension fund. This would reduce net income during the player's active period by 10%-30% or, as in the Netherlands, by up to 40% depending on salary. At career end, 40% of the saved-up capital would be paid to the player over a period of 24 months. The balance plus the interest would be paid in equal amounts over a period of 96 months (eight years). These payments would be independent of what the former players earn in their regular occupation. In the Dutch case, a supplementary old-age pension is also included. Whether this will be a feature of the Austrian agreement has not yet been decided. There is no redistribution between players in this system.

The rights and obligations of player and employer are also to be specified in the agreement - generally seen as perhaps the most important point. There are two main rights on the agenda: the right to market the player and the players' right to exercise their profession. The first is concerned with the extent to which the club has the right to sign marketing and merchandising contracts with third parties without consulting the players. The second deals with the danger of players being sidelined by the coach or management - that is, to be excluded from training, even with full pay. The clubs' rights will certainly include disciplinary measures, but the agreement will attempt to oblige clubs to keep them transparent and coherent.

The social partners are agreed on a substantial degree of working time flexibility. Holiday entitlements, in particular, pose a legal problem. It is not clear at present what kind of solution will be found. Footballers can be likened to actors, for whom special legislation is on the books exempting them from the normal regulations on working time but still protecting them from arbitrary assignments. A similar exemption could be included in a future Sports Act. In the short run, the agreement will need to find ingenious ways of remaining within the law without disturbing the footballing way of life.

At present, no club has a works council, and the collective agreement may also include a clause to circumvent one of the clubs' major worries on this point. Works council members cannot be fired except on grounds of specific forms of misconduct. Since players practically always have fixed-term contracts, some agreement will have to be found so that their employment terminates even if their four-year term on the works council is not yet up.

History

The Football Section was founded 10 years ago at the initiative of its current chair, together with prominent players of the day. When it started, it organised about three-quarters of professional players. During its first decade, legal counselling was its main job, because young players frequently sign contracts whose implications they do not fully comprehend.

FG Fußball, through its Association of Football Players (VdF), also initiated social protection for football players who ended up in poverty after an injury. To this end it created the Youth and Social Protection Fund, which also supports young players.

Several years ago, the Section started to spread the idea of a collective agreement. While footballers welcomed the idea, one problem was that a counterpart on the clubs' side did not exist. The Bundesliga did not have the right to conclude collective agreements. This right had to be applied for and it took a long time to obtain. There is no time pressure to conclude the agreement because the clubs will not have their general assembly until February 1999.

Commentary

Given the high visibility of the sport, the collective agreement, future legislation, and even the existence of the union itself are all sensitive subjects. It will be interesting, in particular, to see how the legal issues surrounding the regulation of holidays and working time will be solved. However, in the words of the chair of the Football Section, working time will remain as it is: the game will still last 90 minutes.

In the longer run, football may not remain the only sport with a union and a collective agreement. Austria's most prominent skier has stated that skiers should have a similar representation. In fact, on 18 June 1998, the KMfB added ''Sports'' to its name. Furthermore, thinking on a Sports Act has already begun; it would probably find some of its inspiration from the Actors' Act, especially with respect to the regulation of working time and holidays. (August Gächter, IHS)

AT9806194F
19 June 1998

Intervention ends major conflict

Denmark recently experienced a major industrial conflict, after workers unexpectedly rejected a mediation proposal to end the 1998 bargaining round. When renegotiation failed, the Government intervened to end the dispute.

On 24 April 1998, the members of the Danish Confederation of Trade Unions (LO) and the Danish Employers' Confederation (DA) were balloted on a joint mediation proposal to conclude the bargaining round in the entire DA/LO area, drawn up by the Public Conciliator following a settlement in the key industry sector and accepted and recommended by DA and LO. The ballot was widely regarded as a formality, but the proposal was rejected by a majority of union members voting (56%) in a very high turnout (47%). The message to LO seemed clear: renegotiate the proposal and introduce more leave. Following the rejection, a major industrial conflict broke out in the private sector on 27 April (*EIRObserver* 3/98 p.9).

LO invited DA to renegotiate and, after initial reluctance, the employers agreed to meet. The parties could not agree, with DA willing to concede some additional holiday and extra leave for employees with children, but financed within the economic framework agreed in the mediation proposal. LO wanted more leave, to be financed by adding to the settlement's overall cost. On 5 May, LO turned down DA's final offer of one extra day's holiday and an additional day's childcare leave, financed by reducing the agreed increase in employers' occupational pension contributions by 0.4% of paybill. LO's strategy was now to continue the conflict in the expectation that employers would recognise that a solution was the least costly option. The LO president ''warned off'' the Government by stating that intervention would be very foolish.

Settlement imposed

During the renegotiations, the Government emphasised that it did not plan to intervene and that the social partners should finish the job.

On 5 May, commerce employers commenced a sympathy lock-out, expanding the conflict to 500,000 workers. Production losses reached DKK 8.5 billion (ECU 1.1 billion) and there were widespread shortages and worsening sanitary conditions in care institutions and hospitals. Since negotiations had collapsed, and since a prolonged conflict might negatively affect the referendum on the Amsterdam Treaty on 28 May, government intervention was seen as more likely and legitimate.

On 6 May, the Prime Minister stated that the Government would pass legislation to end the conflict. Parliament adopted the bill by a clear majority on 7 May, thus ending the conflict on 8 May. The legislation imposes a settlement based on the mediation proposal, plus additional elements arising from the renegotiations. It provides an additional day of annual leave for workers with nine months' service in a company. Employees with children aged under 14, and with six months' service, have two days' extra leave in 1998 and three days per year from 1999. This is financed by a 0.4 point reduction in the agreed employers' pension contributions. A sickness tax which costs employers DKK 325 (ECU 43) per employee per year is abolished.

Government intervention is not new in Danish bargaining. However, this latest intervention is novel in that it is not based exclusively on the mediation proposal but equally on elements of the renegotiations. Although the renegotiation process failed, it allowed the Social Democrat-led Government to pass a bill which stood a better chance of being well received by workers than if it had simply enacted its own proposals. With its greater economic room for manoeuvre, the Government could include demands made by both sides. To keep the cost within the mediation proposal's framework, the Government relieved employers of DKK 400 million of sickness tax costs. Workers gave up a 0.4 point increase in pension contributions and gained extra time off.

LO and DA deplore intervention

The LO executive called the Government's action ''an infringement of the right to free bargaining and to conclude collective agreements'', which ''may have marked consequences for the Danish labour market model'', while placing some of the blame on DA. Although acknowledging positive elements in the settlement's leave provisions, it claimed that some of its members were worse off than under the mediation proposal, and deplored the cut in pension contributions.

DA equally regretted the intervention, stating that ''the parties themselves should have resolved the conflict'', and also placed some blame on LO. For DA, the settlement favours workers, thus rewarding LO's rejection of the mediation proposal and making it more difficult to gain support for similar proposals in future.

Reasons for rejection

According to opinion polls, two issues made workers reject the mediation proposal: 70% cited the lack of improvements in holiday entitlement; while 50% cited employers' behaviour during bargaining. At the beginning of the dispute, a survey found that although a majority of the public opposed the conflict, a clear majority supported another week of paid holiday. Subsequently, six out of 10 Danes were satisfied with the Government's bill, according to polls. The demand for more time off came as a surprise: in a recent LO membership survey, the issue was not included in the 12 top priorities.

Although they may not have been a direct cause, new balloting rules made it easier for the mediation proposal to be rejected. Under the old rules - which required 35% of those entitled to vote to oppose a proposal for it to be rejected - the proposal would have been adopted. Now a simple majority of those voting is sufficient if the turnout exceeds 40%.

Commentary

1998's bargaining began with a lengthy stalemate in the industry sector. DA's strategy, which gave a leading role to industry, kept other sectors from initiating bargaining and largely dictated the economic framework and the issues, drew criticism from among DA's affiliates and helped provoke workers' rejection of the mediation proposal. This bargaining round underlines the need to reconsider bargaining structure and procedure. If controlled decentralised bargaining, with industry in the lead, is to be replaced by simultaneous sectoral bargaining, DA and LO must have fewer and more powerful sectoral affiliates. This has occurred in industry, but not elsewhere. Workers' negative reaction to industry's domination of bargaining has given the social partners another argument for advancing reform. If workers reject future mediation proposals on the grounds of this employers' strategy, the Danish model will face a structural crisis.

The mediation proposal's rejection raises issues about trade union democracy. The new voting rules have revitalised direct union democracy, challenging the traditional indirect way of drawing up and voicing demands. More debate on workers' demands is called for, if future discrepancies between workers and their representatives are to be diminished.

Following the rejection of the mediation proposal, LO and DA relived briefly their central bargaining role of the 1980s. However a majority of their affiliates did not seem willing to let them emerge as ''winners''. This outcome would have been possible had DA been willing to offer concessions on overall costs and LO been willing to offer concessions on pension contributions. (Kåre FV Petersen, FAOS)

DK9805168F (Related records: DK9804163F, DK9803158F, DK9804166N, DK9801152N)
15 May 1998

FRANCE

35-hour working week law adopted

France's new working time law has now been passed by Parliament. It sets the statutory working week at 35 hours from 2000 in companies employing more than 20 people, and from 2002 for smaller firms.

The ''orientation and incentive law on the reduction of working time'' was passed by Parliament on 19 May 1998, and validated by the Constitutional Council on 10 June. The law, which has dominated the industrial relations debate since it was announced in October 1997 (*EIRObserver* 5/97 p.5), sets out the principles for the reduction of the statutory working week, and encourages employers and trade unions to bargain on the issue at company and sector levels before the new rules are applied. A second law will follow in 1999, taking account of the outcomes of bargaining, and establishing how the hours reduction will be implemented.

Key provisions

• The ''**statutory length of actual work**'' is reduced to 35 hours per week, from 1 January 2000 in companies employing more than 20 people, and from 1 January 2002 for smaller firms. The 35-hour figure principally defines the threshold beyond which overtime is calculated - it does not mean that all workers will work 35 hours a week.

• There is a new definition of ''**actual time worked**'', the result of a compromise arising from parliamentary debate and implementation of the 1993 EU working time Directive.

• Also in line with the working time Directive, there is now a general minimum daily **rest period** of 11 consecutive hours, plus a minimum 20-minute break in every six hours of work.

• The **application of the law** covers employees in both private and public sectors, but not civil servants.

• Employers and unions are called on to **negotiate** the practicalities of the reduction of working hours at sector and company levels, between now and the deadlines. Companies which achieve the new limit beforehand receive grants.

• Company bargaining on hours cuts may be hampered by low union membership and a lack of union delegates entitled to sign agreements. The existing opportunity given to ''representative'' unions to ''mandate'' an employee to negotiate an agreement where there is no delegate has thus been extended. Previously, the **mandated employee** option applied only where permitted by a sectoral agreement, but now applies generally.

• Companies which reduce working time before the deadlines on the basis of a collective agreement and, as a trade-off, recruit new staff or save jobs receive an **''incentive'' grant**. Hours must be reduced by at least 10%, and either new jobs must be created equivalent to 6% of the workforce or, in redundancy situations, 6% of the workforce must be maintained. Employers' social security contributions are cut for each employee concerned. This reduction runs for five years, decreasing steadily, and the annual amounts vary between FRF 9,000 (ECU 1,360) and FRF 3,000 (ECU 450) per employee. Further funding can be granted in particular cases.

• Although the law takes the week as its basis, it allows for variations, in particular by calculating hours worked over a year or longer. **Annualised hours** can be introduced by company agreement, enabling the cut in working time to be expressed as days off. Calculating hours over a longer period is possible through a ''time savings account'' in which time off may be accumulated.

The law does not deal with the pay consequences of the working time cut, but one particular matter relates to employees paid the SMIC minimum wage. The SMIC is currently calculated on an hourly basis (FRF 39.43 - ECU 5.96) and corresponds to FRF 6,663.67 (ECU 1,007) for a 169-hour month (assuming a 39-hour week). The Minister of Employment has ruled out any wage cut for people paid the SMIC if their working week falls below 39 hours, but also questioned whether the pay of an employee still working 39 hours and paid on the basis of the hourly SMIC should automatically rise by 11.4% (plus overtime premia). The Government is thus considering ''a minimum monthly remuneration, parallel to the hourly SMIC'' standing at FRF 6,663.67, for employees earning the SMIC whose week is reduced to 35-39 hours. The introduction of two different SMICs - 39.43 FRF for employees working 39 hours, and the equivalent of 49.93 FRF (ECU 7.55) for those working 35 hours - will not be unproblematic. Following consultations, this issue will be decided in the second working time law in 1999.

Reactions

CNPF, the main employers' organisation, has continued to criticise the ''absurdity'' of the reduction of the statutory working week. Its new president, Ernest-Antoine Seillière, elected in December 1997, made opposition to the legislation a central issue and considered freezing collective bargaining. In March, as the adoption of the law approached, he asked the Prime Minister for a two-year postponement of its implementation, and drew his attention to ''unresolved matters'', such as the SMIC. Mr Seillière then held meetings with unions, to discuss the bargaining issues that could be addressed in the following months.

Unions have been mobilising to be in the best position to take up the challenge of the coming working time negotiations, and to use the mandating procedure to establish union representation in companies without it. Although differing in their enthusiasm for the law, all the unions are involved in awareness-raising among activists and explanation of its content. They are also publishing ''negotiator's guides'' and stepping up training to take maximum advantage of the new opportunities.

Some companies have already signed agreements on the 35-hour week - examples include those at Malichaud-Atlantique, Téléassurances and Boiron. Since October 1997, employers in some sectors (eg banking and the sugar industry) have terminated their collective agreements. The influential UIMM metalworking employers' organisation has not denounced its numerous agreements but has raised this possibility and convened negotiations to bring their working time provisions ''up to date''

Commentary

Beyond the arguments over the effects of working time reduction on job creation, the new law and initial reactions from employers and unions have revealed two major industrial relations issues at stake:

• will the growth of company-level bargaining provide an opportunity for unions to gain a foothold in SMEs, from which they are currently absent, and especially to influence decisions on the organisation of working time and of work? Or are we witnessing a further fragmentation of worker representation and more difficulties for unions in influencing employers' decisions regarding the organisation of production?

• after an attitude of pure and simple rejection of the law, the CNPF and some of its individual industry federations have attempted to ''neutralise its harmful effects'' by an aggressive strategy of challenging the body of collective agreements built up over more than 50 years. The way that negotiations and conflicts develop on this issue will determine how matters develop in the years to come. (Alexandre Bilous, IRES)

FR9806113F (Related records: FR9710169F, FR9804103F, FR9710169F, FR9711176F, FR9712188N, FR9802194F, FR9804105N)

19 June 1998

New legislation promotes participation of ethnic minorities

The Dutch Government is seeking to promote the participation of people from ethnic minorities on the labour market by means of a new law, adopted in April 1998, which gives a major role to works councils. Many provisions of the new law have been borrowed from a 1996 agreement between the central employers' and employees' organisations.

On 29 April 1998, the Law on the Promotion of Labour Participation of Ethnic Minorities (Wet stimulering arbeidsdeelname minderheden) was published in the Netherlands' official Bulletin of Acts, Orders and Decrees. The Dutch acronym for this new law is SAMEN, meaning, appropriately enough, ''together''. SAMEN aims to improve on the earlier Law on the Promotion of Proportional Labour Participation of Ethnic Minorities (Wet bevordering evenredige arbeidsdeelname allochtonen, WBEAA), which came into force on 1 July 1994. SAMEN will take effect retrospectively as from 1 January 1998.

The aim of the WBEAA was to remove obstacles impeding people from ethnic minorities from entering the labour market and to promote their proportional representation in private companies. Two years after the introduction of the WBEAA (in October 1996) a survey revealed that most employers did not comply. The main reason for this non-compliance was that employers felt that the law was misguided: they felt that unemployment among people from ethnic minorities should be considered as a supply-side problem.

About the same time that these findings were published, the confederations of employers and trade unions represented on the bipartite Labour Foundation (Stichting van de Arbeid, STAR), reached a new agreement on the position of people from ethnic minorities on the labour market. The Labour Foundation found that the results of government policy and legislation were insufficient and proposed a new policy that would focus on the sector level and, preferably, individual companies. The Labour Foundation also recommended that the WBEAA be amended. To a large extent, the SAMEN law has followed these recommendations.

The new law

The aim of the new law is the same as the WBEAA: that employers should strive for proportional representation of people from ethnic minorities within their companies. No time limit has been set for reaching this goal. Instead, every company must formulate a target for the forthcoming year. If the company is covered by a collective agreement which sets such targets, then these should be used. The employer must also publish the results of this policy in an annual report. The report has to be registered at the District Employment Services Authority (RBA). Before publishing the annual report, the employer must consult the works council and include its opinion.

The Cabinet expects that this information will be used by organisations representing ethnic minorities and the social partners at sectoral level.

Enforcement

While the 1994 law was enforceable in criminal law, the new law is enforceable in civil law. In this way, the Cabinet and Parliament hope that organisations promoting the interests of ethnic minorities, the social partners at sectoral level and similar bodies will play an active role in enforcing it. In addition, works councils may take legal action on the basis of the Works Councils Act (Wet op de ondernemingsraden, WOR).

The system of civil sanctions is supplemented through supervision by the Labour Inspectorate. If an employer refuses to comply with the law, the Labour Inspectorate will notify the employer, the works council and the relevant social partners at sectoral level. Moreover, this notification will be filed at the RBA, allowing this information to be used by the many organisations mentioned above.

Works councils given important new role

Under the new law, works councils will play an even more important role with regard to ethnic minorities than before. According to paragraph 28 of the Works Councils Act, the works council is already responsible for fighting discrimination and promoting the employment of ethnic minorities in the company.

However, research has shown that most works councils have not placed these matters high on the agenda. A survey of 175 works councils, conducted in 1992, revealed that only between 8% and 9% had paid attention to the employment of ethnic minorities over the past two years. Also, institutions which organise training courses for works councils reported a lack of interest among works councils in ethnic minority-related subjects.

Works councils appear to focus on subjects such as working conditions, terms of employment and health and safety, while social issues - discrimination, ''women's issues'' and the environment - have low priority. When works councils do show an interest in these subjects, they are still unable to take action or develop a long-term policy. A 1995 study has shown that this is usually caused by time constraints, a lack of expertise and an ad hoc approach.

Commentary

Solving the disadvantaged position of people from ethnic minorities on the labour market is not an easy task. The 1994 WBEAA met resistance from employers in its implementation. This stemmed from a general feeling among employers that such a law was doomed to fail. Moreover, recommendations by the Labour Foundation on this issue often failed to reach sectoral level, or that of individual companies, as a 1996 study shows (*De doorwerking van aanbevelingen van de Stichting van de Arbeid* [*The resounding effect of the recommendations of the Labour Foundation*], ACJM Wilthagen and AH van Heertum-Lemmen, Sinzheimer Cahiers 12, The Hague (1996)). In this sense, the new law, with its emphasis on individual companies, might be an improvement.

Whether the new law will be more successful than its predecessor remains unclear. It remains to be seen whether works councils can fulfil the role that the new law has set for them. On the other hand, organisations representing ethnic minorities might take advantage of their new rights. At present, minorities are at least enjoying the benefits of a tight labour market. In the long run, this could be more important than the law itself. (Robbert van het Kaar, HSI)

NL9805176F

15 May 1998

SPAIN

First sectoral agreement signed on bargaining structure

Employers and unions in metalworking recently signed an agreement aimed at rationalising bargaining in the sector. This is the first deal of this type to be signed following 1997's intersectoral agreement on bargaining.

On 24 March 1998, the metalworking employers' organisation, CONFEMETAL, and the metalworking federations of the UGT, CC.OO and CIGA trade unions signed an *Agreement on the structure of collective bargaining in the metalworking industry*. Its objective is to rationalise bargaining and standardise the basic norms and procedures of industrial relations in the sector. The agreement is highly significant because it is the first of its type to be signed following the conclusion of the central intersectoral agreement on collective bargaining in April 1997 (*EIRObserver* 3/97 p.10). It is also very important in quantitative terms, affecting 900,000 blue-collar workers - 11% of those covered by bargaining.

Structure of bargaining

For some time, the social partners have been concerned about the lack of structure in collective bargaining, a problem inherited from the Franco régime. Bargaining is based largely on provincial-level sectoral agreements, co-existing with many agreements at company and national level, all of which repeat the same content without any coherence: all agreements tend to deal with the same type of subject and there is no division of responsibilities among the levels. This generates many problems because it dilutes the negotiating efforts of the parties, allows major differences between provincial agreements in the same sector and prevents the application of agreements in small companies. The 1994 labour reform introduced further complication: the Workers' Statute now allows lower-level agreements to include better or worse conditions than those agreed at a higher level. Previously, bargaining could only improve the conditions agreed at a higher level.

This situation has proved unsatisfactory for both employers and unions. For some time, employers' organisations have wanted a better adaptation of bargaining to the realities of production by decentralising negotiations as far as possible, to facilitate the adjustment of agreements to each company or sector's specific situation. They therefore welcomed the 1994 labour reform, However, even from this decentralising perspective, it was necessary to rationalise bargaining and to define the different levels and subjects more clearly. As for the unions, they have always defended the need to ''articulate'' and ''give structure'' to bargaining by establishing at national level a solid and homogeneous framework of labour conditions that can be developed and improved at lower levels. This view has strengthened since the 1994 reform, which the unions believe made bargaining incoherent and chaotic.

From very different positions, employers and unions have agreed on the need to rationalise bargaining. A result was the April 1997 intersectoral agreement on collective bargaining, whose objective was to ''distribute subjects among the different levels of negotiation for reasons of specialisation''. However, this agreement established only general recommendations, leaving negotiations to individual sectors. The new agreement is the first sectoral accord that deals with this question.

Negotiation of the agreement

Metalworking is an example of the incoherence of bargaining in Spain. It has traditionally been a key sector in industrial relations and has a long tradition of bargaining, which is perhaps why it is less structured than other sectors. There is no framework sectoral collective agreement at national level and the basic reference is the provincial level. Also, in such a wide and diverse sector, subsectoral regulations are of great relevance. Finally, large companies have a major presence, resulting in more company agreements, covering more workers than in other sectors.

Bargaining at national level in metalworking began to gain momentum with the 1994 labour reform. In addition to altering the structure of bargaining, this reform involved a major deregulation of employment and gave greater autonomy to bargaining, forcing the social partners to regulate matters previously governed by law. The first step was the constitution in 1995 of a permanent national commission to monitor, mediate and advise commissions set up at other bargaining levels. This commission sought to introduce a certain degree of regulation into bargaining in metalworking and subsequently several national-level agreements were signed, covering: the occupational grading system (1996); the solution of labour conflicts out of court and the establishment of a sectoral joint commission for this purpose (1996); and continuing training (1997). This experience enabled sectoral negotiations on rationalising bargaining structure to begin, even before the intersectoral agreement on this topic was signed.

Main content of the agreement

The new agreement - valid for four years - seeks to ''establish the most suitable articulation among the different levels of negotiation, so that certain matters are reserved for sectoral collective bargaining at a national level, others are negotiated at this level but are open to development at lower levels, and yet others are directly reserved for the lower levels''. The subjects to be negotiated exclusively at a national level are: trial or probationary periods; types of contract; occupational grading and professional groups; discipline; minimum health and safety standards; and geographical mobility.

The general criteria governing the following subjects will be negotiated at national level, for subsequent development at lower levels:

- promotion of permanent employment contracts;
- training and career progression;
- negotiating procedures;
- mediation and arbitration;
- wages and wages structures;
- regulation and calculation of annual working hours;
- limits on overtime and compensation for overtime;
- flexible working hours;
- equal opportunities;
- trade union rights and information and consultation on labour relations; and
- time off and leave of absence.

Remaining subjects may be negotiated directly at lower levels.

The agreement establishes procedures for resolving disputes over discrepancies between agreements at the various bargaining levels. The general rule is that the most favourable terms for workers will be applied. The permanent commission is responsible for negotiating all matters of a national scope.

Commentary

This agreement is of great importance for several reasons: it is the first sectoral agreement dealing with the structure of bargaining; the metalworking sector has a great deal of experience in bargaining, but this is very unstructured; and the number of workers and companies that will be affected is very great. The deal will therefore doubtless serve as a benchmark for other sectors. Its effectiveness will depend largely on the results of the negotiating round beginning in mid-1998. The permanent commission has before it the task of negotiating agreements on topics of great relevance as well as monitoring the application of the agreements reached. The objective of articulated bargaining is above all to achieve a more effective application of agreements in small and medium-sized enterprises. (María Caprile, CIREM Foundation)

ES9805153F (Related record: ES9706211F)

15 May 1998

Main outcomes of the 1998 bargaining round

Sweden's 1998 central bargaining round resulted in agreements of three years' duration in both the private and the public sector. Pay increases average around 3% per year, taking account of expected wage drift. Almost all agreements contain new provisions on working time, while many cover skill development.

On 12 June, the 1998 central bargaining round was completed by the conclusion of the agreement on pay and general terms of employment for 70,000 graduate employees in municipalities, county councils and parishes. Only a few very small bargaining units had not yet reached an agreement. The 1998 bargaining round was notable for the facts that:

- all important sectors were involved in negotiations;
- the course of negotiations took a different form than previously; and
- there was a significant breakthrough on the issue of working time.

The 1998 central bargaining round will be the last one in this millenium. Both the private and public sector are now covered by three-year agreements, which is an unusually long duration. However, some of the agreements may be renegotiated after two years, and workplace negotiations will take place every year where the centrally agreed increases are allocated to individual workers through local bargaining. Such local agreements are, however, subject to a peace obligation.

The course of negotiations

Unlike previous bargaining rounds, there were very few threats of industrial action - and none took place. Most agreements were reached before, or shortly after, the previous agreements expired. This can be largely attributed to the effect of the new procedural agreement for the industry sector (*EIRObserver* 2/97 p.8) which was put to the test for the first time. The procedural agreement stipulates that negotiations should start earlier than previously, and provides for the services of a conciliator if the negotiations over a new agreement appear to be in difficulties when the old agreement is due to expire.

Unusually, the employers and trade unions in export industries were the first to conclude collective agreements. This was significant as the first agreement tends to set the standard for the rest of the labour market. This was achieved as a result of close coordination among the employers by the Swedish Employers' Association (SAF). Although SAF was not part of the negotiations and is opposed to centralised bargaining, it played an influential role from the sidelines. In particular, it seems to have successfully persuaded employers in trade and commerce not to arrive at an early settlement at the end of 1997.

The outcomes

On several points, the contents of the 1998 agreements are similar. This can most likely be explained, at least in part, by the fact that the same two persons acted as conciliators in many sectors.

Before the bargaining round started, the Government had made it clear that pay should not be allowed to increase by more than 3.5% in 1998. The agreed increases vary by a few tenths of a percentage point around the 3% mark for the year. Unlike earlier agreements, this figure includes provision for expected wage drift at local level, based on previous experience. This assessment of likely wage drift is, of course, uncertain, but it is meant to serve as a restraint on the parties at workplace level. An increasing number of agreements entrust the parties at local level with allocating the centrally negotiated pay increases among workers.

The unions representing low-paid workers had claimed that their members should be awarded higher increases than their higher-paid counterparts, and they did manage to achieve this, although the difference amounted to only a few tenths of a percentage point.

Working time was another important issue in the negotiations. In the 1997 bargaining round, most employers were opposed to even discussing the matter. However, in 1998 almost all agreements, apart from those for state employees, contain new provisions on both the length and the organisation of working time. There are different types of solutions for the length of working time. Some agreements provide for working time to be reduced by 27 hours in a year, but leave it to the parties at company level or to individual employers and employees to decide whether this should lead to a reduction in the length of the working week, provide for longer holidays or even be used for early retirement purposes. Most of the agreements do not prescribe any particular form of reduction but leave it to the parties at local level to choose between a reduction of working time and an increase in pay. Consequently it will be some time before it is possible to determine to what extent the 1998 agreements do in fact lead to a reduction of working time.

In return for the (possible) reduction of working time, provisions on the organisation of working time have been made somewhat more flexible.

A third issue mentioned in many of the new agreements is skill development. These provisions are usually limited to rather general declarations stating that all workers are entitled to continuing training, and that the employers should map out the training needs for each employee. However, the financing of such skill development programmes is not spelt out. Both sides of industry were obviously waiting for the proposals of a working party on continuing training in working life, whose report was due to appear at the end of June 1998.

Commentary

The peaceful course of negotiations and their balanced outcome may be partly explained by the fact that Svante Öberg, director-general of the National Institute of Economic Research (KI), has been commissioned by the Government to propose measures leading to a ''better functioning'' process for wage determination, comprising mechanisms that prevent pay increases that further inflation and put employment at risk. This could include strengthening the powers of the public mediators, which today have no powers of compulsion.

As both employers and trade unions want to settle their affairs without any public interference, they have been eager to show that they are able to conclude responsible agreements on their own. In a newspaper article published on 18 June, Mr Öberg, however, reveals that he is not yet convinced. Even if the new agreements are more moderate than previously, pay increases in Sweden will still be higher than in other countries during 1998-2000, he wrote. Leading representatives of the Swedish Trade Union Confederation (LO) have also expressed their doubts as to whether the present bargaining procedures can guarantee a satisfactory result at a time when the Swedish economy is on an upward trend. Thus both Mr Öberg and LO's chair, Bertil Jonsson, have invited the parties concerned to make use of the breathing-space of the three-year agreements to find other ways of improving pay determination mechanisms. (Kerstin Ahlberg, Arbetslivsinstitutet)

SE9806190F (Related records: SE9703110N, SE9801161F, SE9710145F, SE9704111F, SE9802169N, SE9803177N, SE9805188N)
19 June 1998

UNITED KINGDOM

Government unveils union recognition proposals

In its long-awaited Fairness at work *white paper, the UK's Labour Government has a package of new employment rights. We focus on the union recognition provisions.*

On 21 May 1998, the Government published a white paper entitled *Fairness at work* setting out its industrial relations legislative agenda, including its proposed statutory trade union recognition procedure. The dominant themes are the fair treatment of employees within a flexible and efficient labour market, and the promotion of a new culture of partnership. The Government describes its proposed framework of individual, collective and ''family-friendly'' employment rights as ''a balanced approach consistent with enabling employers to find ways of ensuring that their companies are competitive''. According to Prime Minister Tony Blair: ''Even after the changes we propose, Britain will have the most lightly regulated labour market of any leading economy in the world.'' He stressed that, with the exception of the national minimum wage and implementation of EU Directives, the Government does not envisage further legislation during this Parliament.

Below we focus on the paper's union recognition proposals. Other issues are covered in the News item on p.14.

Trade union recognition

The white paper proposes legislation to provide for union recognition where favoured by a majority of an appropriate group of employees. The proposals draw on the statement agreed by the Confederation of British Industry (CBI) and the Trades Union Congress (TUC) in December 1997 (*EIRObserver* 2/98 p.8).

There will be a statutory procedure under which, in the absence of voluntary agreement with an employer, unions may refer recognition claims to a revamped Central Arbitration Committee (CAC). Prima facie evidence of reasonable support among the employees concerned will be a condition for the CAC proceeding with the application. If employer and union continue to disagree over the appropriateness of the bargaining unit proposed by the union, the CAC will determine its scope. Where the employer then accepts that the union enjoys majority support in the bargaining unit, or the union can demonstrate that more than 50% of the bargaining unit are members, the CAC will declare that the union is to be recognised. Otherwise, the CAC will arrange for a secret ballot of the bargaining unit, and declare that the union is to be recognised if a majority of those voting and at least 40% of those eligible to vote support recognition. The procedure will not apply to firms with 20 or fewer employees.

Where a union achieves recognition via the statutory procedure, the employer and the union must try to reach a procedure agreement on how they will conduct bargaining. If no such agreement is reached within three months of the employer's agreement to recognition or the CAC's declaration, the union may apply to the CAC for a default procedure agreement to be applied. This legally binding agreement, based on a model laid down in legislation, will provide for bargaining to cover at least pay, hours and holidays (plus, possibly, training). Either party may initiate legal action if it believes the other is in breach of the procedure. A court could make an order for specific performance, and failure to comply could be a contempt of court. The default procedure should also be available to employers or unions which consider that the other party is not honouring the terms of an existing non-legally binding recognition agreement. The CAC may also determine changes to the bargaining unit following business restructuring, union mergers etc.

A similar procedure should apply where employers seek to derecognise a union because they believe the majority of the bargaining unit no longer supports recognition. This would not be possible until three years after a recognition declaration. There will also be a three-year moratorium on renewed requests for recognition or derecognition following an unsuccessful application.

Reaction from the social partners

The CBI's director-general, Adair Turner, commented that: ''Within the limits of their manifesto commitments, the Government has listened to key business concerns, and the approach to statutory trade union recognition, while not welcome, should be workable.'' Unions appear happier with the contents of the white paper than they had once feared. TUC general secretary John Monks said that it would ''inject much-needed balance into the UK labour market''. Union campaigning had ''chalked up some notable successes'', but the white paper ''[would] still leave people at work in Britain some way behind their colleagues in the rest of Europe''. An initial TUC assessment welcomes most of the white paper, but reiterates opposition to the 40% ''yes'' vote threshold in recognition ballots and the exemption from the recognition procedure of firms with fewer than 20 employees.

Both organisations can now be expected to continue to lobby hard to influence the details of the eventual legislation.

Commentary

The Blair Government entered office with a carefully balanced package of industrial relations proposals, defined as much, if not more, by the need to reassure business and to distance new Labour in the voters' minds from the ''bad old days'' of industrial relations in the 1960-70s, as by the need to respond to at least some of the unions' agenda. Labour's June 1996 *Road to the manifesto* document made it clear that the party leadership's underlying analysis of the importance of labour market flexibility did not differ fundamentally from that of the Conservative Government, and that the key elements of the 1980s industrial relations legislation would be retained. The new Labour approach continued the emphasis on labour market flexibility, but underpinned by minimum standards of fairness plus opting into the EU ''social chapter''.

The white paper's overall approach is remarkably consistent with this agenda. Arguably, its real political significance lies in the details of the recognition proposals - and the muted reaction from employers. After months of lobbying by the TUC and CBI and within the Government by ''old'' and ''new'' Labour, the recognition proposals appear ultimately to have been shaped by the overriding priority given within Downing Street to maintaining the Labour Government's ''business-friendly'' credentials. On the headline issues, the white paper's formula - including a 40% ''yes'' vote threshold and an exemption for small firms - is rather closer to the CBI's negotiating position than to the TUC's. But other aspects, such as the absence of a specific threshold of employee support for recognition applications and the approach to defining the bargaining unit, are more welcome to the TUC.

It remains to be seen whether the proposed recognition procedure can avoid the intractable operational difficulties encountered by the recognition provisions of the Employment Protection Act 1975, and whether it will enable unions to achieve major breakthroughs in currently unorganised areas, especially where there is entrenched employer opposition. A key test will be whether, once a union has secured a declaration that it is to be recognised, the new statutory provisions can successfully induce a reluctant employer to bargain in good faith. (Mark Hall, IRRU)

UK9806129F (Related records: UK9712190N, UK9801194F, UK9704125F, UK9803113N)

eiro observer

The impact of European Works Councils

EU Directive 94/45/EC of 22 September 1994 on European Works Councils (EWCs) is probably the most important legislative initiative that has been taken in the field of industrial relations at European level. It currently applies to all the Member States of the European Economic Area (EEA) except the UK - though, following the adoption of an ''extension'' Directive in December 1997 (97/74/EC), the UK will in future also be covered. The 1994 Directive came into force on 22 September 1996 (while the UK extension Directive will come into force on 15 December 1999). Prior to the Directive's adoption, EWCs had developed on a voluntary basis in many multinationals from the mid-1980s onwards.

This comparative supplement - based on the contributions of the national centres of the European Industrial Relations Observatory (EIRO) - aims to

- identify the social partners' involvement in the implementation of the Directive in the EU Member States and Norway;
- appraise EWCs' impact in the multinational companies (MNCs) concerned and on the different national industrial relations systems; and
- give an account of social partners' assessment of EWCs and comment on possible future developments.

Transposition and involvement of the social partners

The EWC Directive has been transposed in almost every EEA country concerned. Transposition is still awaited in *Luxembourg* and *Portugal* (plus, as far as is known, *Iceland* and *Liechtenstein*, though these countries are outside the scope of this study), and the European Commission has commenced legal proceedings for non-transposition against both countries. In Portugal, however, the passage of relevant legislation is reported to be in its final phase. In *Italy*, the transposition process has not been completed: a collective agreement was reached in November 1996, but back-up legislation is still lacking.

The most common way in which the Directive has been transposed is by law, while collective agreements are far less widespread. However, even where transposition was effected through legislation, the involvement of social partners has generally been extensive. At the cost of some simplification, three main groups of countries can be identified, depending on the roles played by collective bargaining/consultation and law in the implementation process.

1) Countries where a clear preference for transposition via bargaining emerged and was put into effect, though back-up legislation was required afterwards. In this group are *Belgium*, *Italy*, and *Norway*, all of which saw central intersectoral agreements between the social partners on transposition. Back-up legislation has been enacted in Belgium and Norway, but not yet in Italy.

2) Countries where tripartite talks were held initially in order to prepare transposition, but implementation via law became necessary because the social partners could not reach an agreement. This was the case in two countries with a long tradition of tripartite concertation - *Denmark* and *Sweden*.

3) Countries where law was the preferred choice from the very beginning. This is the largest group, including *Austria*, *Finland*, *France*, *Germany*, *Greece*, *Ireland*, the *Netherlands*, *Portugal* (where the process is not yet complete) and *Spain*. In all cases, there was social partner involvement, usually extensive. A distinction can be made between countries where the involvement was of a tripartite nature (Austria, Finland, France, Greece and Portugal) and those where mainly bilateral talks were held (Germany, Ireland, the Netherlands and Spain).

Luxembourg and the *UK* fall into none of these groups. Luxembourg is the only EU country covered by the Directive which still lacks either a collective agreement or even firm draft legislation on EWCs. The UK is in a totally different situation, as the Directive has been extended to it only since December 1997, with transposition due by December 1999. The Government aims to present draft implementing regulations before the 1999 parliamentary summer recess, and is expected to issue a consultation document towards the end of 1998, seeking the views of the social partners and other relevant actors.

Continuity and change in transposition

In general, in the transposition of the Directive a clear tendency can be observed towards harmonising EWC rules - in particular those on the definition/selection of members of the special negotiating body (SNB) and of the statutory EWC based on the subsidiary requirements - with established national practices. According to our survey, the most sensitive issues related to the character of the new representative bodies and the role to be played by trade unions. On such issues, the prevailing tendency was to interfere as little as possible with existing arrangements in national industrial relations systems, which were therefore, in a sense, ''protected'' from external challenges.

In other words, the *direct* influence of the implementation of the Directive on industrial relations systems was probably kept to a minimum, since EWCs were generally fitted into existing arrangements - for more details, see below under ''The impact of EWCs on national industrial relations''. Pressures for change, however, derived sometimes from attempts by unions to seize the opportunity of the transposition process to obtain significant improvements in workers' rights, and sometimes from attempts by employers' organisations to keep transposition as close as possible to the Directive's provisions, avoiding the extension to the EWC of the information and consultation rights or specific facilities granted to the home-country national works council (or similar structure).

The impact of EWCs on industrial relations in multinationals

Somewhere over 400 voluntary ''Article 13'' agreements were reached before 22 September 1996, while probably around 50 ''Article 6'' agreements have been signed by SNBs since the Directive came into force. Despite the existence of 450+ EWCs, the effects of the introduction of EWCs on industrial relations in MNCs are still difficult to identify, not least because the experience of EWCs has been quite short in most cases (of the Article 13 agreements, around three-quarters were signed in the year up to September 1996). In general, however, from the evidence available, it is possible to say that EWCs seem to meet the Directive's key objective of providing employees and their representatives with *information* over crucial transnational issues such as investment and reorganisations. Nevertheless, only in relatively few cases does it appear that EWCs have been involved in genuine *consultation* processes over sensitive topics such as reorganisation (indeed, in some cases, even information appears to have been provided only after the decisions have been taken).

The national reports outline the findings of various items of research into the operation of EWCs, notably from *Finland*, *France*, *Germany*, *Greece*, *Ireland* and the *UK* (in some countries, research in this area is so far limited or non-existent). Among the trends observed are the following.

- **Scope**. Employee representatives have generally tried to expand EWCs' field of action to include, notably: improving the provision of information (quality, quantity, availability in writing and timeliness); opening up new areas of influence over policy and practice (such as relocations, outsourcing and occupational safety); and enlarging the EWC's resources (starting with the right

Impact of EWCs on national industrial relations (IR)

Country	Impact
Austria	EWCs are considered a natural (and minor) extension of the highly developed system of co-determination and worker representation, into which they have been fitted tightly: only existing works council members can be delegated onto an SNB or statutory EWC. No clear effects on IR can be detected.
Belgium	The EWC representation system is linked to the existing system of employee representation. Representatives on SNBs and statutory EWCs are picked by, in order of priority, works councils, workplace health and safety committees and union delegations. Only in firms with no such representative structures is there a direct election. A possible result of the introduction of EWCs might be the establishment of group works councils bringing together representatives from a company's national subsidiaries, which would allow representatives of all Belgian operations of a company to meet before and after EWC meetings. This was discussed during the negotiation of the transposition agreement and some companies have already voluntarily introduced such a structure. Trade unions have not ruled out regulation of this issue as a consequence of EWCs.
Denmark	The picture is differentiated, with some substantial variations from national IR tradition. Many voluntary Article 13 agreements set up representative bodies which differ from the traditional Danish model, in that: they are employee-only (instead of joint); their members are elected directly, rather than being members of (works council-type) ''cooperation committees''; and union involvement is highly restricted. For unions and some observers, such agreements may reflect management reluctance to extend Danish traditions of information and consultation. However, the transposition legislation gives priority to existing cooperation committees in the selection of representatives on SNBs and statutory EWCs.
Finland	The Directive has been implemented by adding a new ''transnational group cooperation'' layer onto existing cooperation legislation (through works council-type bodies). Generally, EWCs are seen as fitting quite well into the national IR system.
France	The Directive fits rather well into the French system - unsurprisingly, as it was largely inspired by the early practice of EWCs in French-based MNCs, themselves inspired by 1982 legislation on national group committees. Transposition has remained close to existing national provisions - going so far as to make the statutory EWC a joint management-employee body. Employee representatives on the SNB and statutory EWC are elected works council members or union delegates appointed by unions, with the distribution in line with the results of works council elections (direct elections are a fall-back). The model is the same as for the French group committee.
Germany	The impact of EWCs on IR has so far been marginal. Linkages between EWCs and national representative structures and workforces are still in their infancy. Unions have tended to concentrate on establishing as many EWCs as possible - they are only now being increasingly faced with the task of advising and training established EWCs, giving them strategic direction and integrating them with other fields of union activity. This presupposes that the unions are taking a major step forward towards Europeanisation. However, Germany's highly developed system of co-determination and ''trustful cooperation'' might reduce the status of EWCs and limit their independence. Where the parent company is German, then, this may lead to a clear leadership by German representatives, which could make the EWC less of a supranational body. In legislative terms, the German representatives on SNBs and statutory EWCs are appointed by existing works council structures.
Greece	EWCs can be considered an extension of existing works councils, but are likely to result in important innovations. First, although works councils are statutory in Greece, in many cases they have been ignored and it has often not been deemed necessary to set them up, because of the presence of unions at enterprise level. Second, there is a low diffusion of participatory bodies and a lack of information and consultation procedures. Although these features might hamper the development of EWCs, with time their presence could help create a ''participatory climate'', at least in MNCs, which could be conducive to important changes in social partners' attitudes.
Ireland	EWCs seem to be an important innovation in the national IR system. There are no provisions for works council structures at national, regional or local level, while the Irish model of ''partnership'' is rather narrow, being largely confined to national-level tripartite negotiation and consultation. Therefore, EWCs have important potential for diffusing social partnership from national to local level, though they apply to relatively few companies.

to hold pre- and post-meetings, the establishment of a steering committee and acquiring a budget).

• **Influence**. In general, it seems that EWCs can exercise a low level of influence over decision-making processes. Sometimes, they are not consulted on strategic issues and the annual meeting which is the norm does not seem to respond to the needs of prompt information and discussion. This picture is not, however, universal: for example, a Finnish study finds cases where EWCs have been able to influence decisions in areas such as health and safety, reorganisation of production and relocations. A different picture emerges from a UK study which claims that EWCs can be rather ''abstract'' affairs, largely unconnected to other levels of corporate life and industrial relations. Without more regular exchanges, more widespread communication and more concrete outcomes, it is argued that EWCs are unlikely to have any significant impact.

• **Benefits for employee representatives**. Representatives benefit principally from receiving corporate information and from having direct contacts and exchanges of views with counterparts from other countries.

• **Problems for employee representatives**. Contacts are often hampered by language problems - the importance of supporting the acquisition of language skills by EWC members is frequently stressed. French research identifies problems that may arise from a lack of mutual confidence among union representatives from different countries, which can reportedly sometimes develop into an open fight for dominance. A UK study suggests that expectations of EWC-fostered transnational labour solidarity and cooperation have been found to be wanting, and in many cases the experience of EWC meetings is perceived to have heightened employee fears of international competition.

• **Benefits for employers**. Despite the generally negative attitude of many employers' organisations at both national and European levels to the Directive, research indicates that some individual employers, at least, derive benefits from EWCs. It is reported from Ireland, for example, that EWCs have not proved as threatening to employers as many thought. Indeed, some now see them as a useful way of keeping workers in touch with the international business environment, providing an increased awareness of how a particular plant is doing in comparison with others. Dutch research suggests that EWCs may improve mutual understanding and communication on strategy and transnational issues, and can promote social cohesion or corporate identity within the different parts of an MNC.

Impact of EWCs on national industrial relations (IR)

Country	Impact
Italy	EWCs are linked to the existing system of representation via the procedure for appointing employee representatives on SNBs and statutory EWCs: these are appointed by works council-type ''unitary union representative bodies''(Rsus) and unions which signed the sectoral collective agreement applying to the company. There is no specific research on the impact of EWCs in Italy, but their limited spread together with the existing widespread presence of information and consultation rights have resulted in no evident effects on the IR system.
Luxembourg	The lack of transposition legislation and the small number of Luxembourg companies with EWCs makes any impact impossible to assess.
Netherlands	EWCs have been introduced in a context where co-determination rights are quite highly developed - and include group works council structures. Existing works council structures appoint employee representatives on SNBs and statutory EWCs (with direct elections as a fall-back). For some employers, the EWC should not be seen as a natural extension of existing consultation structures because the EWC's role is essentially different from that of national works councils. Union sources, however, see employee-side-only EWCs (but not joint bodies) as a natural extension of the national works council structure to the European level. Given the strict traditional separations between bargaining, assigned to unions, and co-determination, attributed to works councils, the fact that negotiations over the creation of EWCs are carried out by employee representatives and that union officials might sit on the SNB could be considered minor innovations.
Norway	There is no research available on EWCs' impact on national IR and, given their relatively short lifespan, they have yet to make an impression on the Norwegian system. However, the most common view among the social partners is that the EWC is a natural extension of long-standing national consultation and information arrangements, which have been enshrined in collective agreements and legal statutes. As such, the EWC cannot be seen as an innovation. However, as an extension to the European level, it can be seen to bring in new elements, although building on the traditional arrangements.
Portugal	The limited number of Portuguese-owned companies to which the Directive is applicable (estimated at four) has probably reduced the relevance of EWCs for national IR. Furthermore, the lack of company-level participatory practices has probably hampered to some extent both the transposition process - not yet completed - and the impact on the national IR system. However, the creation of EWCs may, in the future, help increase the diffusion of participatory practices.
Spain	The EWC, both as a legal institution and as a representative body, is seen as fitting very easily and ''naturally'' into the Spanish IR system, mirroring quite closely the legal position of national works councils. Existing union delegations play the key role in appointing members of SNBs and statutory EWCs. EWCs are seemingly having two main effects. First, there is a significant change in IR culture in that unions more fully recognise the importance of the European, and indeed global, field of operations, and are increasingly taking steps to improve their skills in this new area. Second, the move to create EWCs is stimulating the creation of group-level union committees in companies where previously these did not exist, or, more commonly, facilitating the creation of communication channels between workers in different plants across Spain.
Sweden	In the appointment of members of SNB and statutory EWCs, priority is given to local trade unions which signed agreements in force in the company - a provision which harmonises well with the Swedish system. Another reason for the lack of evident major effects of EWCs is that the EU rules are not as far-reaching as the national ones, as they provide the right to information and consultation only, and not the right to negotiations and influence.
UK	Though the UK was not covered by the original 1994 Directive, it is arguably the country where the impact on the national IR system is greatest. First, at least 58 Article 13 agreements were reached in UK-based MNCs, making it the European country with the second-largest number of Article 13 EWCs (after Germany). Second, the UK relies traditionally on a ''single-channel'' system of IR, based on union representatives. EWCs have introduced a form of ''dual-channel'' representation, as non-union representatives have supplemented union-based representation within EWCs. Third, since in many large UK-based organisations there are no group-wide IR structures, the key level of IR being at site or establishment level, the establishment of EWCs is likely to encourage greater group-wide liaison between employee representatives in such companies.

• **Parent companies and subsidiaries**. At least initially, it seems that representatives from the MNC's home country will tend to dominate and shape EWCs because of their built-in advantages. Only through interaction continued over time can this imbalance be reduced, leaving room for the creation of a real European body. A problem emphasised from Greece is that, when the parent company is based in another country, at national level adequate information is often lacking and the decision-making process appears to be too distant. However, the establishment of an EWC is seen by Greek unions as an important step towards the reduction of this distance, which otherwise would be even greater, and a necessary tool which secures the right to information, even if in some cases such information may be poor. French research suggests that minority representatives on EWCs can develop ''passive attitudes'' and decide to concentrate on ''national action'' instead of ''transnational coordination''.

• **National differences**. It appears that a number of difficulties derive from the differences in national industrial relations systems among Member States. Such differences are likely to be reflected in the participants' specific background and approach to problems and in their limited understanding of how representation and bargaining work in other countries. The latter difficulty may be particularly evident when union representatives come together with employee representatives without much previous experience in negotiations and industrial relations. Not surprisingly, specific training for EWC members appears to be increasingly perceived as necessary, and not only by unions.

The national reports identify some EWCs as ''success stories'' for a number of reasons. The agreement on which they are based might be particularly innovatory or influential (examples are BSN-Danone and Aer Lingus) or their operation might have proved particularly successful - for example by helping reach a satisfactory solution to a restructuring situation (examples are Unilever, Schmalbach-Lubeca and KNP BT) or developing new roles or competences (examples are Hoogovens and Shell)

Relatively few notable ''failures'' - where EWCs have proved to be ineffective in some way (for example, by failing to influence events or decision-making or by becoming split) - are reported. One rare example is the EWC at an Austrian tyre company, which reportedly played no role in recent conflicts over the relocation of production and in fact more or less ''disintegrated'' in the process.

Success or failure are not, however, always clear-cut. The Renault Vilvoorde case in 1997 (*EIRObserver* 2/97 p.2) is an example of a ''mixed'' experience. It can be seen as both a ''failure'', in that

Renault management did not consult the EWC on the closure of the Belgian plant, and a ''success story'' because the EWC coordinated a pioneering ''Euro-strike'', won two court cases and obtained a modification of the EWC agreement (*EIRObserver* 3/98 p.10).

The impact of EWCs on national industrial relations

The effects of EWCs on national industrial relations systems are varied and depend mainly on the pre-existing institutional framework and especially on whether representation bodies similar to works councils already existed. The table on pp. ii-iii summarises experience in each of the 16 countries. Very broadly speaking, the countries can be categorised in four groups in terms of the impact of EWCs:

1) countries where the impact of the Directive has so far been virtually nil, because of delays in transposition and/or lack of experience of voluntary EWCs. The prime examples are *Luxembourg*, *Greece* and *Portugal*. However, in the latter two cases participatory structures are relatively undeveloped and the future development of EWCs might help spread such practices;

2) countries where the impact of the Directive has so far been extremely limited, largely because the tight fit between existing representation and/or information and consultation arrangements and EWCs means that the latter have been added relatively seamlessly to the former. Examples include *Austria*, *Finland*, *France*, *Germany*, *Italy*, *Norway* and *Sweden*;

3) countries where there is a relatively tight fit between existing representation and/or information and consultation arrangements and EWCs, but the introduction of the latter has at least potentially raised new issues for the former - examples are *Belgium*, *Spain* and, to a lesser extent, the *Netherlands*; and

4) countries where EWCs have a relatively substantial impact, at least potentially, because there is no significant history of works council-type structures. The main examples are *Ireland* and the *UK*.

This attempt at categorisation is necessarily very broad, and some countries may fall into more than one category or none of them. An example is *Denmark*, where the EWC legislation fits relatively closely with existing provisions, but some Article 13 agreements differ markedly from these provisions.

EU9807201S

30 July 1998

Commentary

Even though the influence of EWCs on industrial relations systems has so far probably been quite negligible in most cases, this should not be taken for granted for the future. Several new tendencies can already be identified.
1) A form of ''cultural change'' on the part of trade unions and employee representatives. A better awareness of the internationalisation of company strategies and more information on industrial relations and working conditions and arrangements in other countries are helping to create a new ''European mentality''.
2) The creation of networks of employee representatives in different countries may support coordination and joint action.
3) The establishment (actual or potential) of group-level representative bodies in some countries as a consequence of the creation of EWCs shows a tendency towards the centralisation of company-level industrial relations. This could help employee representatives to obtain fuller information and a better understanding of company strategies.

These changes are probably more likely to be significant in countries where works councils have not traditionally been present. However, especially where industrial relations are more developed and trade unions are stronger, an important transformation of union attitudes is needed to go beyond the national context and face the challenges of internationalisation.

The future development of EWCs is difficult to anticipate, but they probably represent a first step towards a new ''mentality'' which might lead to further transformations and to the construction of the first elements of a European-level industrial relations system. However, it is important to point out that trade unions are ambivalent on such issues: on one hand, they sometimes seek an increased role for EWCs, in order to acquire bargaining rights; while on the other they see the risks of erosion of national systems or the limits of building a system which applies only to MNCs, or favour a stronger and clearer role for unions than is embodied in the EWC Directive.

In some countries, trade unions are afraid that the development of EWCs could lead to some sort of company trade unionism which might undermine the role of unions, or to the creation of new alliances (eg within more prosperous operations, or between management and higher-skilled or less-unionised workers) which might reduce wider solidarity among workers. With reference to those countries where relatively few MNCs have their headquarters, other risks or disadvantages are often mentioned: the possibility of being left in a secondary and mostly passive position in the EWCs of MNCs based elsewhere; or the need to bear the ''costs'' of understanding the industrial relations system of the home country of the parent company. Furthermore, in countries where a ''single-channel'' model of industrial relations predominates, the low importance often granted to union officials in EWCs is sometimes a source of criticism. In some other cases, unions are fairly sceptical about the real possibilities for the development of EWCs.

Employers' organisations are generally not in favour of extending EWCs' rights to include bargaining. They see and often value EWCs as a forum for the information and participation of employees, but consider that bargaining at European level could not be useful, since worldwide competition and globalisation make reference to the European level inappropriate. Despite this general scepticism, however, some more positive attitudes may be identified whereby EWCs are considered a useful forum for exchanging information for mutual benefit and for improving the possibility and capacity for the various parties to understand each other.

In general, we can say that even if the impact of EWCs on industrial relations in the Member States is probably marginal so far, their presence will most likely lead to some important developments. This takes time, as it can be viewed as a learning process in which trade unions, employers' organisations and individual employers must develop new attitudes. Some important insights into this learning process derive from the positive experiences which have been reported where EWC meetings are carefully prepared by select committees which meet several times to have informal discussions and define a clear agenda. This preliminary work may be very useful for developing a better understanding of the role and potential of EWCs and for fully utilising EWC meetings, without incurring the costs and leading to the negligible results that are sometimes mentioned as shortcomings of EWCs.

In conclusion, in the light of social partners' evaluations and of the abovementioned trends, it can be said that the most important future EWC developments may turn out to be the following:
1) the increasing importance of an attitude which stresses the ability to reach agreements and compromises;
2) a clearer and more distinct role for EWCs with respect to national representation bodies - that is, a move towards an integration between the different representation levels, overcoming the initial difficulties and ''fights for dominance'' that are sometimes reported; and
3) some sort of collective bargaining entitlements. These will probably not concern pay and conditions of employment, but rather wider matters that might need a Europe-wide framework of regulation, such as health and safety norms, or new ''participatory'' issues.

However, such developments cannot be thought of as automatic: an important effort on the part of the social partners is required. The main condition for these achievements would be training for EWC members: not only in language skills, but also, and more importantly, to provide a deeper understanding of economic mechanisms and organisational dynamics, and to learn about foreign industrial relations systems. This background of training will probably prove essential for the social partners to make the best use of EWCs (Roberto Pedersini, Fondazione Regionale Pietro Seveso).

EU/NEWS

Commission issues Social Action Programme 1998-2000

On 29 April 1998, the European Commission adopted a Communication (Com (98) 259) on the Social Action Programme 1998-2000. The Action Programme complements and builds upon the previous medium-term Social Action Programme 1995-7. It aims to further the future development of European social policy by seizing upon the impetus given to social affairs by the inclusion of the ''employment title'' and the incorporation of the Agreement on Social Policy in the Amsterdam Treaty (*EIRObserver* 4/97 p.2), and also the 1998 *Guidelines for Member States' employment policies*, which have entailed the development of an integrated employment strategy. The Commissioner responsible for employment and social affairs, Pádraig Flynn, said: ''The new Social Action Programme 1998-2000 is designed to provide a strategic overview of the future agenda for social policy.''

The three central social challenges facing the EU are addressed by the Action Programme under the headings: ''jobs, skills and mobility''; ''the changing world of work''; and ''an inclusive society''. In each of these areas, the Commission proposes using a variety of policy instruments, including political and social dialogue, financial instruments (such as the European Social Fund) and - where new or updated rules are required and to enforce minimum standards - legislation. The following are some of the more notable among the many proposals:

- ensuring the full implementation of the EU **employment strategy** as agreed at 1997's Amsterdam and Luxembourg (*EIRObserver* 1/98 p.12) European Council summits
- launching a debate on how to tackle the problem of **undeclared work**;
- proposing new **education and training programmes** to replace LEONARDO DA VINCI and SOCRATES;
- implementing the 1997 action plan for the free **movement of workers**;
- presenting a Communication on **work organisation and adaptability**, building on the 1997 Green Paper on *Partnership for a new organisation of work*, and the ''adaptability'' pillar of the 1998 *Employment Guidelines*. The social partners will be consulted on a possible framework agreement on all elements of work organisation;
- presenting proposals to protect workers currently excluded from the 1993 Directive on certain aspects of the organisation of **working time**;
- consulting the social partners on the need for Community action on the protection of **teleworkers**;
- launching an initiative to encourage greater employee **financial participation**, building on the 1992 Council Recommendation;
- following up the recommendations from the high-level group on **industrial change**;
- pursuing the adoption of minimum standards for **national employee information and consultation**;
- presenting a report on the operation of the **European Works Council** Directive;
- updating and developing new **health and safety** legislation, recognising that standards need to be adapted to new working practices;
- presenting a proposal to update and complete the legislative framework for **equal treatment in social security** schemes between women and men, taking into account the case law of the European Court of Justice;
- following up the 1997 Green Paper on **supplementary pensions**;
- presenting a Communication on **social inclusion** and examining a possible proposal to promote the integration of those excluded from the labour market;
- issuing a report on the implementation of the 1992 Recommendation on **minimum income**;
- presenting a Communication on issues affecting **older people**;
- ensuring that equal opportunities for women and men are ''**mainstreamed**'' into all relevant Community policies and the EU employment strategy;
- proposing actions to combat **sexual harassment** at the workplace;
- once the Amsterdam Treaty is ratified, proposing legislation to combat racial **discrimination** and holding a broad debate on the use of Article 13, the new anti-discrimination clause, possibly including a framework programme to combat all forms of discrimination;
- implementing an action plan against **racism**; and
- pursuing equality of opportunity for **people with disabilities** and implementing the commitment in the Declaration annexed to the Treaty of Amsterdam to take account of the needs of people with disabilities.

EU9805104F (Related records: EU9707135F, EU9711168F, EU9804197F, EU9711165N, EU9707134F, EU9804102N, EU9801178N, EU9803192N
15 May 1998

BELGIUM/NEWS

Employee representative elections postponed for a year?

It emerged in May 1998 that the elections of employees' representatives on works councils and workplace health and safety committees in the private sector, planned for May 1999, have in all probability been put off for a year, by decision of the Minister of Employment and Labour. However, this decision has still to be given legal effect. The workplace elections are normally held every four years, with the most recent round having occurred in 1995.

The postponement request came from the Federation of Belgian Enterprises (FEB/VBO), owing to long-standing concerns that there would be no dispassionate debate if the workplace elections coincided with the 1999 national general elections. The Federation also invoked organisational difficulties for enterprises, which in 1999 will be facing the computer problems associated with the 2000 ''millenium bug'', as well as the introduction of the euro single currency. Above all, however, employers feared that an electoral campaign in which the main trade unions confronted each other would cause tension in the sectoral collective bargaining planned for 1999.

The trade unions have opposed this postponement, rejecting the employers' arguments and arguing for urgency. According to them, a large number of the worker representative bodies elected in 1995 have been reduced by restructuring and early retirement, and new enterprises still have no representation. The argument of a clash with sectoral bargaining is unfounded, they say, as these talks start in the autumn of 1998 and will be practically over by May 1999. As for the general election, they state that political elections follow a logic very different from that of the ''social'' elections.

In both 1991 and 1995, the social elections involved about 1.2 million people, or half the employees in the private sector. They are held only in firms with more than 50 employees in the case of workplace health and safety committees and only in those with more than 100 employees in the case of work councils. As small and medium-sized enterprises are not obliged to hold elections, some employers are alleged to avoid coverage by deliberately restricting the number of their employees or setting up different legal entities within the same company through subsidiaries or ''externalisation''. Moreover, according to a study of the 1991 election by the Katholieke Universiteit Leuven, between 20% and 23% of the workers on electoral lists did not vote, as a significant number of firms did not organise the elections correctly.

To answer some of the trade unions' criticisms, the Minister of Employment and Labour, Miet Smet, plans to allow employee representatives sitting on one type of joint representative body to sit on another if the number of elected representatives in the latter have dropped or if one of the trade unions is no longer

represented. Criteria to define subsidiaries will also be tightened up in order to limit the ''company engineering'' reportedly used to escape the obligation to set up representative bodies. Further consultation on these issues with the bipartite National Labour Council is planned, but the recurrent problem of employees' representation in undertakings with fewer than 50 employees has not yet been settled.

BE9805144N
22 May 1998

FINLAND/NEWS

Unions disagree on reductions in working hours

At a meeting on 7 May 1998, the council of the Finnish Confederation of Salaried Employees (STTK) proposed that a ''Finnish model'' for reducing working time should be created before 2000. STTK thus challenged the other social partners, political decision-makers and state officials to discuss the possibility of a reduction in working hours and its impact on employment. The organisation had earlier proposed a reduction of weekly working time to 35 hours; in accordance with the recent examples of France (see p.4) and Italy (*EIRObserver* 5/97 p.7). STTK regards reducing working time significantly in one step as the best way forward, and considers that competitiveness, which guarantees the growth of employment, requires close involvement with developments elsewhere in Europe.

The proposal has met with a sceptical reception among other trade union confederations. It is the members of the Confederation of Unions for Academic Professionals in Finland (AKAVA) who work the longest week, and AKAVA's goal is to bring this down to the normal 40-hour level. According to the confederation's secretary general, Risto Piekka, the key issue has become how overtime working can be restricted and made subject to full remuneration. In this debate, AKAVA supports methods such as long periods of absence (like sabbatical leave), and working time ''banks''.

As for the Central Organisation for Finnish Trade Unions (SAK), head of department Kirsti Palanko-Laaka sees the setting of common goals for working time reductions as problematic. She justifies this view by quoting a recent field survey in which attitudes towards hours reductions with a decrease in pay were examined. Some 70% of the respondents opposed the idea, and 80% were satisfied with their present working hours. Ms Palanko-Laaka recalled, however, that the longer-term goal for SAK is an average 30-hour week and compliance with the demand to follow the pace set elsewhere in Europe.

From these statements, it can be concluded that the trade unions cannot agree on reductions in working time and on attempting to reduce unemployment by this means. Furthermore, it is not typical of Finnish industrial relations culture that such a central issue as working hours could be resolved by legislation, and thus Finland will not follow in the footsteps of France and Italy. It remains to be seen how other countries will resolve working time questions: this may have an impact on the Finnish trade unions' position.

Meanwhile, 17 June saw the delivery of a report from a working party on working time, made up of representatives of the three union confederations and of the Employers' Confederation of Service Industries (PT), the Confederation of Finnish Industry and Employers (TT), the Commission for Local Authority Employers (KT), the State Employer's Office (VTML) and the Church Negotiation Commission (KiSV). In the 1995-7 central incomes policy agreement, this group was given the task of examining the needs of companies, other employers and their personnel in relation to working time developments, and their effects on employment.

The working group has concluded that those elements in collective agreements which cater to company operational needs and individual employee needs at the same time should be studied. Obstacles that are caused by negative attitudes, prejudices, indifference and ignorance of procedures should be removed. According to the joint statement made by all the working group members, the model of local bargaining that exists in many collective agreements sustains the development of new working time solutions in companies and other organisations. This possibility should be promoted by joint means in every sector in the future. The report makes no statement on the issue of cutting working hours.

FI9805162N, FI9896167N (Related records: FI9705114N, IT9803159N, FR9806113F, FI9803153F)
26 June 1998

FRANCE/NEWS

AGF, Allianz and Athéna set up combined dialogue structure

The European insurance sector is in the midst of restructuring, and in late 1997, the German-owned Allianz group launched a takeover bid for Assurances générales de France (AGF), which had just a few months previously absorbed the Athéna company. A new group employing more than 16,000 people will be created.

Although French law dictates that employee representatives on the works council must be informed and consulted over any economic or legal changes to a company, especially in the case of a merger, transfer, takeover or sale of subsidiaries, it does not provide any anticipatory joint arrangements when new groups are formed out of separate entities. However, although the works councils of the three companies had been informed through the statutory channels of the current merger, it seemed necessary to employers and trade unions ''to set up an appropriate body for debate and consultation. There is indeed, by definition, no representative body with responsibility for the three constituent companies.''

Thus, on 13 May 1998, an agreement was signed by unions and the managements of AGF, Allianz and Athéna to establish a ''social dialogue group'' (GDS), going beyond the legal requirements, aimed at promoting debate between management and unions. The agreement states that ''the involvement of the social partners in the merger process seems all the more appropriate because it will involve complicated procedures relating to employees' jobs. In this spirit, the management will facilitate the participation of representatives of trade union organisations in the meetings of the ad hoc body thus created.''

The new body ''will not diminish the prerogatives of the pre-existing statutory institutions for staff representation within the various companies'', even if ''the discussions concerning the merger will be able to take place before the statutory presentation of plans to the relevant representative bodies.''

The GDS has a triple role :

1) ''mutual knowledge and recognition'': the signatories ''acknowledge the role incumbent on both unions and management in the work of the new company'';

2) ''to be informed about and debate the merger procedures''. The management will present a progress report on the draft plans to the GDS, and will also present a progress report on the operations under way; and

3) ''preparing for the merger''. The GDS will be kept informed of the economic, social, commercial and organisational realities of each of the three companies, to enable eventual discussions and negotiations over developments within the new company to take place.

The GDS, chaired by a member of the management, will meet at least once a month. The participation of unions will be on a basis of parity: each signatory union will have the same number of seats in the GDS, whatever the size of its vote in workplace employee representative elections.

The agreement will be valid for six months, renewable by mutual agreement. It was signed by the CFE-CGC, CFDT, CFTC and CGT unions. CGT-FO chose not to sign, as it is opposed to the deviation from the Labour Code that the creation of an extra-statutory body constitutes.

FR9806118N
26 June 1998

GERMANY/NEWS

Preliminary results of the 1998 works council elections

Between 1 March and 31 May 1998, works council elections took place in approximately 33,000 German companies. According to the Works Constitution Act, such elections should be held every four years.

On behalf of the German Federation of Trade Unions (DGB) and the union-related Hans-Böckler Foundation, the Kassel-based Social Science Institute has conducted a first evaluation of the 1998 works council elections. Its *Trend report on 1998 works council elections* is based on a survey of around 1,000 companies and, therefore, has to be taken more as an approximation than as a 100% correct account of the election results, which are not fully available at present.

According to the study's findings, a great majority (83%) of the elected works councillors are members of a DGB-affiliated union, while only 3% are members of other unions and about 14% are not union members. In comparison with the last works council elections in 1994, this means a decline of approximately two percentage points for DGB members in favour of an increase of non-union members. What has often been seen in the past, however, is that during a term in office up to one-third of the original non-union organised works councillors become members of a DGB-affiliated union.

The influence of the DGB unions on the composition of the works councils is particularly strong in larger companies. For example, in the German automobile industry the IG Metall metalworkers' union, gained nearly 88% of all works council seats. The Mining, Chemical and Energy Union (IG BCE) declared that it gained 88.5% of all works council seats in the relatively concentrated mining, chemical and energy industries.

As far as the occupational and gender composition of works councils is concerned, the majority of works councillors are still male blue-collar workers. The number of white-collar workers has been constantly increasing and has now reached a proportion of 34% in the metalworking industry and about 64% in service companies. The number of female works councillors has been more or less stagnating at less than a quarter of all employee representatives while, furthermore, a significant number of companies still have no female works council members at all.

According to the DGB vice-president, Ursula Engelen-Kefer, the recent election results are a ''clear sign of the high acceptance of works councils as employee representatives'' and support ''the trade unions' policy for more co-determination and participation.'' However, Ms Engelen-Kefer also stated that the low number of female works councillors elected is not acceptable, and called on the government to find a practicable provision which can secure a certain quota for female representation.

DE9806270N
26 June 1998

GREECE/NEWS

First specific strike by foreign workers

On 29 May 1998, for the first time in Greece, a group of foreign workers began a strike of unlimited duration for higher pay and better working conditions. Participating in the strike, which occurred in a rural area near the city of Volos, were about 200 foreign workers from Albania and Romania, most of whom are employed in tomato and cotton cultivation. The strikers' three demands were:

- implementation of the eight-hour working day;
- an increase of the daily minimum wage to GRD 5,000 (ECU 15) or GRD 4,000 (ECU 12) in cases where employers provide meals; and
- insurance of the workers concerned by the Organisation for Agricultural Insurance (OGA).

The strikers maintained that in the event that their demands were not met they would go to find work in another area. However, the producers stated that, although they had agreed with the workers on their pay and the labour they would provide, the latter suddenly went on strike, in what the employers essentially viewed as blackmail for more pay.

In a statement typifying the views of trade unions, the Volos Labour Centre asserted that illegal labour, regardless of its origins, is racism and deals a decisive blow to the rights of the local labour force. It also stressed that ''rather than merely chase foreign workers in the area, the police would do better also to arrest the illegal employers who exploit them for a crust of bread.'' The Centre stated that it will continue to fight ''so that all workers, foreign and Greek, can enjoy their right to work, under precisely the same conditions provided for by the National General Collective Agreement and Greek legislation''. On behalf of the Greek General Confederation of Labour (GSEE), its chair stressed that although the minimum wage of GRD 5,000 and insurance coverage demanded by the strikers may be inferior to conditions contained in collective agreements on the sectoral or even the national level, they should gradually be fully harmonised.

After a five-day strike, and assistance both from the president of the local authority and the Volos Labour Centre administration, the strike ended successfully for the workers, who won the right to work eight-hour days. The final agreement foresees three pay alternatives for a working day of eight hours:

- a wage of GRD 4,500 (ECU 13) with one meal a day;
- a wage of GRD 4,000 with three meals a day; or
- a monthly salary to be agreed upon.

GR9806176N
26 June 1998

IRELAND/NEWS

Bill to implement parental leave Directive

Adopted in June 1996, the EU Directive on parental leave (96/34/EC) was the first to emerge from the procedure created by the social policy Protocol and Agreement annexed to the Maastricht Treaty, whereby the European-level social partners may directly negotiate agreements which can then be implemented by the EU Council of Ministers. The Directive left many specific issues for each Member State to decide on when implementing national transposition legislation (by 3 June 1998). The Irish Government's response, the Parental Leave Bill 1998 was published in early June and will come into effect by 3 December. The key points are as follows.

- The Directive provides for a period of at least three months' leave while the Irish Government's Bill provides for 14 working weeks - just above the minimum requirement.
- The Directive leaves the issue of payment for the period of leave open for Member States to decide, and the Irish legislation allows for unpaid leave only.
- While the Directive allows for a maximum age limit of eight years for the children in respect of whom parental leave may be taken, the Irish Bill provides for leave only to look after children of up to five years of age. However, this will apply retrospectively to children born on or after 3 June 1996.
- The legislation sets the qualifying period of service before a parent can apply for leave at one year, the same

period allowed for under the Directive. However, the Bill will provide for employees who have not served a year before their child reaches the age threshold, but who have completed three months before their child goes over the threshold, to be entitled to parental leave of one week for every month they have been in continuous employment with their employer at the time the leave begins.

• Force majeure leave - for urgent family reasons - is also provided for. This leave is to be paid but may not last more than three days in any period of 12 consecutive months, or five days in any period of 36 consecutive months.

The Irish Congress of Trade Unions (ICTU) has criticised the lack of provision for paid leave and the child's age restriction. Meanwhile, the Irish Business and Employers Confederation (IBEC) has given the Bill a ''qualified welcome'' but is concerned that the provision for urgent family leave could have serious cost implications for employers.

IE9806251N (Related record: EU9712201S)
26 June 1998

ITALY/NEWS

Agreement signed for Fiat Melfi subcontractors

On 28 May 1998, a first ''complementary'' company agreement (ie within the terms of the sectoral agreement) was signed covering 22 subcontracting companies linked to the Fiat-Sata plant at Melfi (Potenza). The agreement was signed by the ACM consortium, representing the companies, and the metalworking trade union federations Fim-Cisl, Fiom-Cgil and Uilm-Uil. It concerns 2,400 employees and covers all the subcontracting companies in the area around the plant, located in the South of Italy (Mezzogiorno), which was built by Fiat as a ''greenfield'' site.

This agreement is very innovative because it represents the first time that the subcontractors of a company have agreed to negotiate jointly in order to lay down, together with the unions, common working conditions and rules for their workers. The agreement was possible because these companies represent the first link in the subcontracting system and are located close to the Melfi plant.

The agreement sets out a common system of industrial relations aimed at avoiding industrial disputes. It provides for the establishment of a variety of different bilateral bodies:

1) a single consultative body which will be responsible for dealing with all the information that companies are obliged to give to workers' representatives on investment, vocational training, enforcement of protective laws and so on. This body will be composed of two representatives from each of the signatory union organisations and of representatives from ACM and from the local Potenza employers' organisation, Unione degli Industriali;

2) a multi-company level committee which will be responsible for preventing possible disputes and looking for mutual solutions. The committee will be composed of representatives from the ACM and from the companies concerned, a local representative from each signatory union organisation and a representative from each company-level worker representation body (Rsu);

3) an integrated plant-level committee which will be responsible for monitoring the production of new models and new production processes. The committee will include managers responsible for production and for personnel and/or quality, and one Rsu representative for each union organisation; and

4) a committee for the environment, safety and the prevention of accidents at work will be set up in each facility. This committee will be charged with laying down and verifying provisions on the environment and safety and informing the workers concerned. This committee will be composed of the company representative responsible for protective and preventive services, the manager responsible for the staff working in production units, and workers' health and safety representatives.

Workers will receive paid time off to participate in all these joint bodies.

The agreement also foresees that specific working time issues will be defined at company level, while requests to work part time will be analysed by the consultative body. Regrading for workers with a work/training contract will be possible after just three years, not taking into account the duration of the training contract. The additional premia paid for night shifts and holidays will be 5% higher than set out in the sector's national collective agreement. A ''competitiveness bonus'' has also been established, which will provide for an annual increase of ITL 2,052,000 (ECU 1,050). The other parts of the agreement are more ''traditional'' and concern the qualification of workers and the amount of money to be paid for overtime hours.

The agreement refers to social services within plants and the problem of public transportation, and the partners will deal with these points in the near future. Moreover, the partners have committed themselves to further negotiations to examine the health services available for the workers.

IT9806171N
26 June 1998

LUXEMBOURG/NEWS

First collective agreements for temporary work agencies

In Luxembourg, temporary agency work (''temping'') has operated on a statutory basis only since legislation was passed on 19 May 1994. This late development may be linked to the fact that Luxembourg has the lowest unemployment in the European Union. At the time, legalising this form of ''atypical'' employment was not welcomed enthusiastically among organisations representing employees.

In 1994, temporary work agencies operating in Luxembourg set up an umbrella body, the Union of Temporary Employment Agencies (ULEDI), which now groups 17 of the 26 existing agencies. An initial stage in the ''integration'' of these agencies in Luxembourg was the ''cooperation contract'' to help unemployed people return to the labour market, signed in December 1997 by ULEDI and the Employment Administration (ADEM).

Now, two collective agreements covering the temporary agency work sector have been signed by ULEDI and two nationally representative trade unions, OGB-L and LCGB. The agreements were concluded on 13 May 1998. One deals with the working conditions of temporary agency workers and the other covers the permanent direct staff of temporary work agencies. By mutual agreement with the two signatory unions, the Minister of Labour was asked to issue a declaration that the accords are generally binding on all employers and employees in the sector.

The provisions of the two agreements scarcely go any further than the statutory minima, but the fact that they were signed at all is a sign that the final stage of approval has at last been given to this form of employment.

LU9806167N (Related record: LU9801140N)
26 June 1998

NORWAY/NEWS

Transport sector strike ends

A strike in the transport sector came to an end on 10 June 1998, with the parties agreeing on new collective agreements. The strikes involved those workers covered by the agreements for scheduled bus transport, long-distance freight transport by road, and bus drivers employed by Norwegian Railways (NSB).

Negotiations between the Norwegian Transport Workers' Union (NTF) and the Norwegian Bus Drivers' Union (NRAF) on the one hand, and the Federation of Norwegian Transport Companies (TL) and the Norwegian Hauliers Association

(NLF) on the other, broke down just after midnight on 13 May. Some 3,000 workers in bus transport went out on strike on 14 May. Mediation also broke down on 16 May between bus drivers employed by NSB and the Norwegian Association of Publicly Owned Companies (NAVO). As a result, approximately 400 members of the National Union of Railway Workers (NJ), NTF and NRAF went on strike.

This was the first time that NTF, which is a member of the Norwegian Confederation of Trade Unions (LO) and NRAF, which is affiliated to the Confederation of Vocational Unions (YS), had joined forces in wage settlement bargaining, and they coordinated their demands, negotiations and the selection of companies to be targeted for strikes. The original demands by the employee side were a general pay increase of NOK 17 (ECU 2.04) per hour in scheduled bus transport, while the employer side proposed a maximum wage increase of NOK 9 (ECU 1.08), but only for some groups. Long-distance freight transport workers demanded NOK 50 (ECU 6) per hour as an alternative to the present piecework arrangements, and a guaranteed monthly salary of NOK 18,000 (ECU 2,160).

Approximately 10,000 workers had been called out on strike by the time mediation resumed on 9 June. A precedent had been set by Norwegian Railways on 27 May - with a settlement in which employees received pay increases varying from NOK 5.75 (ECU 0.69) to NOK 13.57 (ECU 1.63) per hour - and agreements were subsequently reached for all the strike-affected sectors.

In scheduled bus transport, employees received an increase in pay of NOK 9 per hour, which applies to workers both within and outside the municipality of Oslo. Approximately 10% of employees will receive an additional ''skilled worker'' bonus of NOK 1 (ECU 0.12) per hour, which brings their overall hourly pay increase to NOK 10 (ECU 1.20). Local freight transport workers gained an additional NOK 1.50 (ECU 0.18) per hour, so the overall hourly pay increase for this group will be NOK 10.50 (ECU 1.26). Although long-distance freight transport drivers failed to achieve a solely fixed-wage system, their basic rate of pay was increased and the proportion of their total pay accounted for by piecework was correspondingly reduced.

The settlements imply an annual pay increase of NOK 17,500 (ECU 2,100) for bus drivers, and NOK 19,500 (ECU 2,340) for skilled workers. Workers in domestic long-distance freight transport will receive an annual increase of NOK 24,000 (ECU 2,880) while international long-distance freight hauliers will receive NOK 27,000 (ECU 3,240) more per year.

The settlement was welcomed by the trade unions involved. The leader of NTF, Per Østvold, argued that the reason for success in the pay negotiations was the new-found cooperation between NTF and NRAF. He also suggested a possible merger between the two unions.

NO9805166N, NO9806171N
26 June 1998

PORTUGAL/NEWS

Lay-offs scheme to be revised

With the aim of increasing protection for jobs and for workers, the Government has drawn up preliminary draft legislation to revise the lay-offs and short-time working scheme, known as ''suspension or reduction of workers' services''. This reform was one of the points set out in the 1996 tripartite Strategic Concertation Pact. The proposed legislation, issued on 9 April 1998, would alter Decree Law No. 398/83 of 2 November 1983, which currently governs this issue and permits an enterprise temporarily to reduce its workforce. Under the scheme, the employer continues to pay part of the workers' wages, with the remaining portion paid out of social security funds.

The new draft bill would make the following amendments:

- the employer's share of the wage compensation to be paid (governed by article 13 of the decree law) will be 30% (or 15% when the workers concerned are retrained) and the remaining 70% (or 85%) will come out of the social security budget;
- during the period of lay-off or short-time working, workers will attend vocational training courses geared to improving the viability of the enterprise;
- the employer will be free to choose either lay-offs or short-time working (revoking paragraph 3 of article 5), eliminating any legal preference for one or the other of the two measures, though this will be subject to scrutiny by the appropriate authorities; and
- information and consultation will be provided to workers regarding the training provided and the reasons behind the lay-offs or short-time working, so as to increase workers' participation in the process (addition to article 15-A).

This draft legislation has already been submitted to the social partners for their consideration through the Economic and Social Council's Standing Committee for Social Concertation. The General Confederation of Portuguese Workers (CGTP) holds an unfavourable opinion of the wage compensation scheme, which ''seems directed at benefiting employers while burdening the social security budget.'' It does agree, however, with the point regarding vocational training courses for workers, aimed primarily at improving the viability of the enterprise.

The Confederation of Portuguese Commerce (CCP), one of the main employers' organisations, agrees with the proposed revocation of paragraph 3 of article 5 (leaving the choice of lay-off or short-time working to the employer). CCP highlights, however, the need to clarify the point regarding wage compensation, which it believes is not in keeping with the content of the Social Concertation Pact. According to the Pact, the employer's share should be reduced by a third to 20% (of the compensation), or as low as 10% ''when there are duly approved plans for worker training.'' Finally, CCP claims that the scope of the revision is unnecessarily broad because of the provisions on worker information and consultation.

PT9806182N
26 June 1998

UNITED KINGDOM/NEWS

''Fairness at work'' proposals issued

The Labour Government published its long-awaited white paper on *Fairness at work* on 21 May 1998, setting out its legislative agenda in the area of industrial relations for the remainder of its term of office. While one main focus of the white paper involves setting out details of a proposed statutory trade union recognition procedure, the document also outlines a range of other employment law reforms in areas such as protection against unfair dismissal, dismissals during disputes, representation during grievance and disciplinary procedures, maternity rights, and parental and family leave.

The union recognition proposals and the overall direction and context of the white paper are set out in the feature article on p.8. The other main specific proposals are to:

- reduce the qualifying period for protection against unfair dismissal from two years to one year and abolish the maximum limits on awards for unfair dismissal;
- enable employees dismissed for taking part in lawfully-organised official industrial action to take cases of unfair dismissal to a tribunal;
- make it unlawful to discriminate by omission on grounds of trade union membership, non-membership or activities;
- prohibit ''blacklisting'' of trade unionists;
- lift the requirement on unions to give employers the names of members to be balloted on industrial action;

• give employees the statutory right to be accompanied by a fellow employee or trade union representative of their choice during grievance and disciplinary procedures;

• abolish the Commissioner for the Rights of Trade Union Members and the Commissioner for Protection against Unlawful Industrial Action, and give the Certification Officer new powers to hear complaints by union members against their union on certain issues;

• make funds available to contribute to the training of managers and employee representatives in order to assist and develop partnerships at work;

• implement the EU parental leave Directive by introducing three months' parental leave for men and women when they have a baby or adopt a child and reasonable time off for urgent family emergencies, with protection against detriment or dismissal for exercising this right;

• extend statutory maternity leave to 18 weeks, to align it with maternity pay; and

• introduce a qualifying period of one year for extended maternity leave (currently two years) and for parental leave.

In addition, the white paper identifies a range of issues on which the Government invites views, including:

• whether further action should be taken to address the potential abuse of ''zero hours'' contracts;

• how to simplify the law and code of practice on industrial action ballots and notice; and

• the options for framing UK legislation to comply with the EU parental leave Directive and the possibility of special provision for small firms.

Of the above proposals - broadly welcomed by trade unions - it is the introduction of statutory parental and family leave provision, driven by the EU Directive on this issue, that is likely to have the most profound impact on workplace culture, given the relatively small proportion of UK companies that already provide such arrangements for their employees. Furthermore, the Confederation of British Industry (CBI) - which generally thinks that ''within the limits of their manifesto commitments, the Government has listened to key business concerns'' - has expressed a particular concern over the proposed right of employees to be represented by a union official over grievances or disciplinary matters. According to the CBI, this ''could create substantial burdens, particularly for small firms. We will be seeking to identify with Government ways to minimise unnecessary burdens, for instance by limiting this procedure to serious cases.''

UK9806129F (Related record: UK9704125F)

19 June 1998

TRANSNATIONAL/NEWS

Volkswagen sets up a ''world group council''

On 13 May 1998, the board of the German-owned automobile corporation Volkswagen (VW) and the Volkswagen European Works Council announced the foundation of a ''VW world group council'' (VW-Weltbetriebsrat). Volkswagen is thus one of the first important multinational companies officially to create and recognise a global joint employee representative structure for its 280,000 employees worldwide, working in around 35 production sites on four continents.

Volkswagen enjoys a long tradition of international cooperation between works councillors, employee representatives and trade unions at it various plants. The idea of building a world works council goes back to the late 1960s when the first global meeting of Volkswagen employee representatives was organised. During the 1970s and 1980s, there were various international activities within the Volkswagen corporation, in particular through the well-established German group works council which tried to give political support to the employee representatives in VW subsidiaries abroad. In 1990, the VW works councillors and trade unions from Germany, Belgium and Spain founded a European Works Council (EWC) which was officially recognised by VW management in 1992. Subsequently, the EWC has been extended to include employee representatives from the Czech Republic, Slovakia and Poland.

The members of the VW EWC, however, have always regarded the creation of a European body as a first step towards establishing a worldwide employee representation. With this in mind, Volkswagen started to organise VW ''world group employee conferences'' on an annual basis in the mid-1990s. Therefore, the foundation of the new VW world council, which was announced at the 1998 VW world employee conference, held in Mlada Boleslav in the Czech Republic, can be interpreted as an institutionalisation of an already established practice.

According to the joint statement by the VW group board and the VW EWC, the new world council is to be composed of the members of the EWC and employee representatives from VW sites in South Africa, America and Asia. Once a year, there is to be joint meeting between the group board, national VW human resource managers and the world council to discuss the latest and most important business topics and developments. Other details, such as the concrete composition of the world council and its mode of operation, will be determined in the next few months. The first official meeting of the world council will be in 1999.

The VW group top management and employee representatives see the foundation of the group world council as an opportunity to enforce a global company culture which is based on constructive cooperation. Furthermore, both parties declared, that ''the globalisation opportunity should be taken jointly for the success of business and employment, as well as for competitiveness, and to avoid possible risks.'' In addition, the employee representatives emphasise the fact that about 80% of all VW employees worldwide are members of a trade union, which they see as providing an important contribution to cooperative ways of conflict-solving. From the point of view of the employees, the establishment and recognition of a global employee representative structure is also an important sign of a global company taking on its social responsibility.

DE9806271N

26 June 1998

EIROnline - the Observatory's database on the Web

EIROnline, *the European Industrial Relations Observatory's database is accessible to the public on the World-Wide Web. Here we provide information for* EIRObserver *readers on how to use* EIROnline

EIRObserver contains a small edited selection of the records supplied to the European Industrial Relations Observatory (EIRO) by its network of national centres in the EU Member States (plus Norway) and its European-level centre. Each month, a comprehensive set of reports on key developments in industrial relations across Europe is submitted by the network, edited technically and for style and content, and loaded onto the *EIROnline* database. *EIROnline* is available via a site on the World-Wide Web.

Getting started

To make use of *EIROnline*, you require Internet access and browser software - *EIROnline* is best viewed with Netscape Navigator or Microsoft Internet Explorer versions 3 and above. Simply go to the URL address of our home page:

http://www.eiro.eurofound.ie/

This will bring you to the EIRO home page. EIRO's central operation is based on a monthly cycle, with national centres submitting news and features on the main issues and events in a calendar month towards the end of that month. These records are processed, edited and then uploaded from the middle of the next month. Thus, records relating to events in July, for example, will appear on the website from mid-August.

The home page indicates the last time that *EIROnline* was updated and provides direct links to the most recently added records. These are designated as either features, news or studies, with the titles in blue lettering, underlined. Whenever you see such blue underlined text in *EIROnline*, this indicates that clicking on the text will link you to further information. In the top left-hand corner of the home page, and of every page of *EIROnline*, there is a blue and black **EIROnline** logo. Clicking on this will always return you to the home page.

To the left of the home page is a list of links to additional facilities - **about EIRO**, **register**, **help**, **feedback**, **EIRObserver**, **contacts** and **related sites**.

Along the top of the home page there is the **EIROnline navigation bar** containing four links: **news** connects to a list of the news items for the current month, and **features** to a list of that month's feature items; **site map** connects to a variety of ways of browsing *EIROnline* records; and **search** connects to an *EIROnline* search engine.

News and features

The basic content of EIRO consists of news and feature records. News items are short factual article about a significant event or issue in industrial relations in the country concerned. Features also set out the facts, but they are longer, allowing more detail and a commentary (''signed'' by the author(s)) to be included. Features cover the most significant developments, activities and issues, and those which can benefit most from a greater degree of analysis and background. From the home page, clicking on **news** or **features** on the **EIROnline navigation bar** connects to lists of the news and features for the most recent month - an ideal form of browsing for users who want quick access to the most up-to-date records.

Site map

The **site map** - accessible from the **EIROnline navigation bar** on every *EIROnline* page - is the most useful starting point for browsing the contents of the database.

The site map provides a list of all countries covered by EIRO, plus the EU level. Clicking on any of the **country** names connects to a full list of all the records submitted for that country. It is also simple to navigate by **date**: each month since EIRO started collecting data in February 1997 is listed, and clicking on a particular month connects to an editorial page highlighting key events and issues, and from there provides access to all the month's records.

To follow up a story in *EIRObserver*, and read the full text of the original record(s) on which it is based, the easiest way is to input the record's unique **Record ID** (eg SE9704111F), which is provided at the end of each item in *EIRObserver* (along with the IDs of related records). Type the ID into the field alongside Record ID in the site map, and click the **search** button to connect directly with the record.

Those interested in information on particular organisations will find the **Organisations** facility useful. Clicking on **Index** connects you to a list of all the EIRO countries, 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 *EIROnline*, and again provides links to relevant records.

The site map also provides a chronological list (with links) of all the **Comparative studies** produced by EIRO. These focus on one particular topical issue in industrial relations and its treatment across the countries covered by EIRO.

The URL address of *EIROnline* is:

http://www.eiro.eurofound.ie/

Searching

The most sophisticated way of finding information in *EIROnline* is to use the **search** option - accessible from the **EIROnline navigation bar** on every *EIROnline* page. EIRO uses the powerful Muscat search engine and offers users three types of search - **free text**, **advanced** and **thesaurus**. 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.

Feedback

A fuller users' guide was published in *EIRObserver* 1/98 p.2 and is available on *EIROnline* under the **help** facility. However, a written guide to a website/database is only ever of limited use, and *EIRObserver* readers are urged to gain access to *EIROnline* itself, in order to experience how it works and what it offers. *EIROnline* is still being developed and improved continuously (some features are not yet fully operational), and we welcome the views, comments and queries of users in order to feed into this process. As well as the **feedback** form available on the website itself, please send any input about *EIROnline*, by e-mail to eiroinfo@eiro.eurofound.ie.

EIRObserver

ISSN 1028 0588, Issue 4/98

EIRObserver is published by the European Foundation for the Improvement of Living and Working Conditions. It is the regular information newsletter of the European Industrial Relations Observatory (EIRO). Enquiries about EIRO should be made to the EIRO Unit, tel: +353 1 204 3100, fax: +353 1 282 6545, e-mail: eiroinfo@eiro.eurofound.ie

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Typeset and printed by Printset and Design Ltd, Dublin

The European Foundation for the Improvement of Living and Working Conditions is an autonomous body of the European Union. It was established by a regulation of the EC Council of Ministers of 26 May 1975. This regulation was the result of joint deliberations between the social partners, national governments and Community institutions on the ways and means of solving the ever-growing problems associated with improving living and working conditions.

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Printed in Ireland

Cat. No SX-AB-98-004-EN-C

Foundation No. EF/98/45/EN

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