

ETUC Resolution on Priorities for the Coordination of Collective Bargaining and Wage Policies

Adopted at the Executive Committee Meeting of 25-26 June 2018 Sofia

Introduction

Strengthening collective bargaining throughout the EU is essential. Increasing union power to bargain for better pay and jobs will benefit workers and their families and communities along with businesses, the economy and society. It is a necessary ingredient for the EU 'social market economy'. Achieving better wages for workers throughout Europe calls for more coordinated action among and between trade unions. This resolution sets out the ETUC priorities for coordination of collective bargaining and wages for the 2018/2019 period. Four priorities arise from an in-depth analysis of national trends and trade union demands collected through reports from national affiliates on their strategies for collective bargaining and wages and, when indicated, from other official sources such as the EU and the OECD.

The ETUC and its member organisations consider vital the need to reinforce collective bargaining in order to boost an upward convergence of wages and working conditions among EU countries, to reduce inequalities among and within companies, regions and sectors, as well as to combat in-work poverty by leveraging on increasing solidarity among workers and removing all discriminatory gaps.

PRIORITY 1: Building, re-building and enhancing free and autonomous collective bargaining

Objectives

- a) Policies pursued by the EU in a number of Member States have contributed to the decline in the number of workers benefiting from a collective agreement. The push towards company level bargaining, the creation of opening clauses and the removal of legal frameworks for extending collective agreements across sectors and industries have contributed to a growing imbalance of power in workplaces and in the EU economy. This hostile environment should now be reversed. Building on the new social contract of the European Pillar of Social Rights EU policy must change direction towards strengthening and rebuilding trade union collective bargaining, in particular on sectoral level.

We are calling on Member States to:

- (i) Reinforce or introduce, through social dialogue, frameworks at national level for coordinated systems of collective bargaining which are conducive to negotiations, particularly at sector level, for wage increases and improvement of working conditions. Within this framework and where trade unions wish so, the ETUC will support its national affiliates to secure the ratification of ILO Convention 1981 No.154, in order to create conditions for the promotion of collective bargaining;
- (ii) Establish through social dialogue, targets for increasing the number of workers covered by a collective agreement, including low paying sectors and platform economy sectors regardless of their employment status. The aim should be to increase overall coverage in all Member States and in all sectors. Set a base line target so that no EU Member State has less than 60% of the workforce covered by a collective agreement by 2025;

- (iii) The EU should introduce a fund to help Member States and the Social Partners to build systems for social dialogue, industrial relations and sectoral collective bargaining;
 - (iv) Trade unions should inform the ETUC Collective Bargaining and Wages Coordination Committee (CBWCC) no later than February 2019 their priorities and actions for increasing collective bargaining in their Member State;
- b) Cross-border solidarity has to be built within common action programmes. It is a priority especially today since, within integrated economies, the effects of local decisions spill over into other Member States and erode solidarity among workers. In order to reach such objectives, trade unions will work together, under the coordination of the ETUC CBWCC, with the aim of:
- creating frameworks at national level that promote and support the negotiation and extension of collective agreements. The EU-funded project “Capacity Building for Collective Bargaining” – involving the ETUC, CBWCC, ETUFs and national trade union organisations – will run as a pilot action and will contribute to implement such a strategy;
 - developing better cross-border coordination of collective bargaining and wage policies, while respecting the autonomy of the national social partners. This needs to include a strategy to build more effective trade union bargaining power in countries where they are weaker. The ETUC Collective Bargaining Summer School (Trade Unions Without Borders) in July 2018 will hold a first discussion on how to implement this strategy in practical terms. The main idea is to increase the strength of unions in countries that have very weak protections and support upward convergence of wages and working conditions. There are some existing polices and in cooperation with ETUFs and IRTUCs, it is high time to reinforce all those cross-border practices so that we can create more momentum for transnational solidarity among workers and their unions which are able to promote upward convergence of wages and working conditions in Europe, starting from multinational companies and the relevant sectoral agreement. The ETUC, in coordination with the ETUFs, will launch an internal discussion on the inclusion of clauses in company or sectoral level agreements that companies will bargain with the relevant trade union in every member state.

PRIORITY 2: pursuing an upward wage and social convergence through enhanced collective bargaining.

Objectives

- a) Wages are underperforming. Growth in real wages is crucial to reduce inequalities and ensure decent and improving standards of living. Trade unions will continue to promote upward wage convergence in order to close the gap among workers who are being employed within the same production cycle and achieving the same level of productivity yet suffer from unjustified remuneration gaps.
- b) Wage increases are also urgently needed in the public sector. Public sector workers have been suffering from wage freezes and cuts in many European countries for a decade now. Public sector workers should also benefit from economic growth.
- c) Collective bargaining at sector level expresses the highest degree of solidarity among workers, it is a barrier against downward competition on wages and precarious working condition; it is the main instrument to achieve

fair and sustainable wage growth in which productivity gains and workers' skills are reflected in real wage growth; it is a level playing field to defend workers against in-work poverty. 'Fair and sustainable wages' mean also that inside the same corporation, the gap between managers' highest pay and employees' average wage has to be cut.

- d) For that to happen, trade unions should enjoy rights and protections, including the right to join a trade union, the right to strike and to undertake other forms of industrial action, in order to achieve a fair distributional effect and close all discriminatory gaps.

Actions

In order to reach such objectives, the CBWCC will:

- Call for an EU wide recognition of the right to collective bargaining, including the right to meet with the workforce and recruit members;
- Support actions in support of cross border bargaining for union recognition
- Support the implementation of the European Alliance for Upward Wage Convergence;
- Continue providing inputs to the ETUC for the Pay Rise campaign with the aim of achieving a general wage rise in Europe while pursuing a closer upward convergence of workers' income levels throughout Europe;
- Continue coordinating and mainstreaming trade unions' demands on upward convergence of wages and working conditions through the European semester cycles. To do so, the CBWCC members, together with TUSLOs, will draft contributions to be included in the yearly ETUC report on trade union inputs for Country Reports. Such contributions will also feed into the annual ETUC report on collective bargaining and wages; Hold an internal exploratory discussion on the right to undertake Europe-wide industrial actions to support negotiations and respect for agreed rules;
- Advocate to improve public procurement tendering criteria to secure respect for collective bargaining and collective agreements.

1. PRIORITY 3: Combating in-work poverty through a quicker improvement of lower wages and of low-income households depending on wage earners.

Objectives

- a) A quick increase in lower wages is needed to ensure a decent life for all wage earners and their families, with the aim of ending in-work poverty and of supporting upward wage convergence in Europe. The ETUC benchmark – which sets the lowest minimum wage level at 60% of the national average/median wage, to be measured in a situation of simultaneously increasing median and average wages – guides trade union demands in countries with statutory minimum wages.
- b) The fight against in-work poverty needs specific measures to combat undeclared work, with the main responsibility falling on public and judicial authorities' inspectorates. Social partners should offer support to workers to obtain lawful pay and recover outstanding payments.
- c) In line with SDGs 8 and 10, trade unions will support actions aimed at improving the income of people in the bottom 40% of the population, pursuing a general demand for fairer wages and to introduce more progressive taxation in order to enhance wealth redistribution policies or shifting tax from labour to other tax sources, while ensuring the capacity of public authorities to provide high quality and universally accessible public services – including quality

education for all – and social protection schemes. Statutory minimum wages, where they do exist, should be high enough to prevent in-work poverty and ensure upward convergence of working and living conditions in Europe.

Actions

In order to reach such objectives, the ETUC and CBWCC will:

- Support – in countries where trade unions wish so – the ETUC member organisations in their claim for introducing transparent mechanisms of minimum wage setting, with the full involvement of social partners;
- Support the purchasing power of workers by ensuring wage increases at least in line with the golden wage rule (inflation + productivity);
- Support minimum wage policies in line with the ETUC benchmark (ETUC resolution¹);
- Monitor the development of wages and minimum wages at national level;
- Develop clauses for collective agreements to combat precariousness and create more security of income.

2. PRIORITY 4: increase solidarity, reduce inequalities and remove gaps (with more collective bargaining)

Objectives

- a) While the EPSR sets out to have an immediate impact on three areas of discrimination (gender, age and educational attainment), inequalities and discrimination based on employment status should be tackled and defeated as well. This requires a quick implementation of the priorities set in the Social Pillar and implementation of the social scoreboard to cover remuneration of precarious workers and certain categories of self-employed.
- b) Many EU Member States are experiencing emigration flows mainly due to low wage levels and leading to an impoverishment of the labour market. Investing in people means ensuring better remuneration and progressive remuneration throughout the professional career path. Relaunching social mobility is the way to build confidence in the future. The alternative creates the risk of a winner-takes-all situation, where super-skilled people benefit and the others are stuck at the lower level of wage distribution. Indicators of income inequality (such as the 80/20 indicator) demonstrate this situation. Everybody should enjoy a fair share of the wealth and prosperity available in our economies and societies. All workers despite their level of skills, contribute with their work to the success of our economy and our society should receive their share of the wealth, including through access to and provision of quality public services, including education and training, which are among the main levers for social mobility and fairness in society. Collective bargaining should be able to reward skills but also to better remunerate all jobs.

Actions

In order to reach such objectives, the ETUC and CBWCC will:

- Exchange on and spread best practices of collective bargaining on how to fight discriminations as well as use of precarious employment contracts;

¹ See the ETUC Resolution “For a common strategy on low and minimum wages”, adopted by the Executive Committee in Malta on 15 -16 March 2017: <https://www.etuc.org/documents/etuc-resolution-common-strategy-low-and-minimum-wages#.WvBFaogiOUk>.

- Help identify collective bargaining agreements promoting work-life balance by contributing to the ETUC project “Rebalance” – led by the ETUC Women’s Committee
- Develop strategies, where appropriate, for extending collective agreements to cover self-employed workers;
- Support the implementation of the EPSR policies aiming at reducing inequalities and discriminations through enhanced collective bargaining

ANNEX – ETUC REPORT ON COLLECTIVE BARGAINING AND WAGES 2018

Background Analysis

The ETUC received contributions from 19 countries. These contributions, together with other sources², have been used to edit this document on the state of play of collective bargaining and wages in Europe.

Inputs received show that ETUC coordination produces similar demands or priorities at national level. The Pay Rise campaign made a case for higher wages and shed light on collective bargaining shortcomings in Europe. The ETUC Resolution on low and minimum wages set a common strategy that the CBWCC is following.

In 12 countries, minimum/low wages are deemed to be either too low or inefficient. It means that income from low wages remains below the ETUC benchmark thresholds (60% of average or of median wages having fulfilled all other conditions³).

In 10 countries, it is reported that wage moderation is still causing underperformance of wages compared with the economic potential of the country. Only three countries explicitly refer to Inflation+Productivity as a benchmark to denounce the underperformance of wages while the majority refer to inequalities in GDP distribution (seven countries). Wage gaps have a gender dimension (six countries) or are based on under-remuneration of skills (five countries).

While in 16 countries a pay rise (either minimum wages or wages in general) is a key demand, five of them refer to the tax wedge as an instrument to improve the position of low wage earners but draw attention to social contributions and taxes (and consequently to social protection) for a more complex evaluation of wage-earners' positions. More in general, the issue of tax shift is taken up with a view to a more progressive and fairer taxation system that should not affect the tax income of the state (for instance to fund social protection schemes or ALMP) but still alleviate the position of the poorer segment of the population.

High coverage of collective agreements and multi-employer collective bargaining structures are the reference model for industrial relations in Europe. In nine countries, collective bargaining coverage is mentioned as a key challenge and nine countries identify the need to improve the legal framework as a priority (six countries believe that an improved legislative framework could increase coverage). Four countries would like to have a policy that explicitly encourages sector collective bargaining. Other policies mentioned are coordination between national and decentralised levels, and exercise of trade union rights.

Facts and evidence on collective bargaining and wages in Member States On MW levels

Since the ETUC Resolution was adopted in 2016, low wages in Europe remain a challenge. In-work poverty reached the record level of 9.6% of the working age population in 2016. Minimum wages remain poor in absolute terms, at close to €400 euro in **Lithuania**, €600 in **Portugal**, €480 in **Slovakia**, and €500 in **Estonia**. They are lower in **Romania** and **Bulgaria**, where the number of people covered by the lowest minimum wage is above the EU average and can reach 30% of active workers

² As agreed in the CBWCC this resolution is based on (i) national inputs received from ETUC affiliates for early stage consultation on Country Reports 2018 of the European Commission; (ii) Analysis and priorities of the AGS and Joint Employment Report 2018; (iii) other statistics and reports as the Eurostat report on implementation of SDGs in Europe.

³ See ETUC Resolution on low and minimum wages.

in Romania or 47% of workers in accommodation and food services, 28.8% in arts and entertainment, 25.7% in the wholesale and retail trade. Demands for increased minimum and/or lower wages apply in advanced economies as well. For instance, MWs in **Spain** (€700) and **Austria** (set by collective agreements and close to €1,500) are judged inadequate if compared to average wages and to the real cost of living.

In **Poland**, a minimum wage has been set for 2018, which will slightly improve the minimum/average wage ratio. Building on the positive economic outlook, all the Polish trade union confederations have asked for a higher increase in the minimum wage to reach the target of 50% of the average wage, while the forecast for the next year remains at 47.3%.

In **Bulgaria**, low-paid workers are a special focus of CITUB attention because they are the potential contingent of "working poor". Their proportion should be reduced from 18.2% to below 10%, with special emphasis on women, young workers under 30, people with low levels of education, part-time, atypical and unprotected employment relations.

In **Cyprus**, DEOK calls for an extension of statutory minimum wages to all sectors as one of the policies to achieve a general pay rise.

In **Estonia**, EAKL and the employers' organisation just achieved a new minimum wage agreement. The minimum wage for 2018 will be €500 per month. It means +6.4% in gross terms, but the changes in the income tax mechanism (€500 per month free of income tax) lifts the increase to 20% in net terms. The minimum wage share compared to gross median wages will be 54% and in net terms 56%; compared to average wages, gross 39% and net 44%. EAKL is convinced that the minimum wage must continue to grow at a faster pace.

In **France**, FO considers that wage performances, including SMIC, have been below expectations and subject to excessive pressure/attention from the European partners.

Excessive pressure from European partners is also denounced by CGTP-IN in **Portugal**. Here the government intends to update the MW to €580 in 2018. CGTP-IN's claim is €600.

In **Romania**, the minimum wage increased in 2017 to €313 (1450 RON) covering 30% of workers. For 2018, it is set at €411 (1900 RON), but this includes the transfer of contributions from the employer to the employee (without this transfer, the increase of the minimum wage would be 6.8%).

In **Slovakia**, during the last negotiations of minimum wage for the period 2014-2017, MW increased by 23.6%. The minimum wage in 2018 will be around €480, a 10.3% rise in comparison with 2017. According to KOZ, minimum wage is well below the 60% threshold and trade unions call for continued increases.

In **Spain**, CCOO and UGT stand united in demanding a monthly MW of €1,000 (14 instalments per year) in 2020, with progressive rises from 2018 onwards.

Demands for improved low wages set in collective bargaining exist in **Austria, Italy** and in **Sweden** but within collectively bargained wage scales, so reflecting the ETUC priorities for low wages.

On legal framework and transparent setting mechanisms for MW

In **Latvia**, some existing collective agreements provide guidance on how to set wages and organise wage systems. However, minimum wage rates are set by the Regulations of the Cabinet of Ministers.

In **Romania**, MW increases are the result of a political decision, while social dialogue is only “mimicked”. The Minister of Labour indicated that a schedule is already set for minimum wage increases over the next four years, showing the willingness to set MW levels unilaterally, in spite of repeated claims from the unions and several recommendations from the European Union to involve social partners.

Slovakia needs to continue to increase the minimum wage to drive the growth of all national wages. Reinforcement of collective bargaining at national, sectoral and company level plays an essential role in securing pay rises.

CFDT, in **France**, reports the need to improve functioning of the SMIC (French mechanisms for SMW setting). CFDT is available to pursue a reform of the SMIC to make its mechanism more transparent, aligned with labour market needs, remove gaps and encourage a European approximation of rules starting from the European Pillar of Social Rights.

In **Bulgaria**, a reform of wage-setting mechanisms has been under discussion between government and social partners for a long time. After the Minister offered a set of options to the social partners, negotiations were very complicated and were further compromised by employers' demands to abolish the extra pay for length of service and work experience as a trade-off for the MW.

On low wages and tax wedges

Some national inputs look at the tax wedge. Distribution of tax income and payments to social contributions are considered unfair because excessively weighted on work and especially lower incomes.

In **Italy**, the three confederations want to increase the wage share in collective bargaining, both with the increase in negotiated wages and with structural and progressive measures to reduce the labour cost, with a view to improving the social conditions of workers and their families harshly hit by the crisis. The tax wedge is also considered as an issue in **Belgium, Latvia, Lithuania and Romania**.

Reference to the tax wedge indicates that trade unions pay great attention to the take-home proportion of minimum or low wages. However, they consider the tax systems can be made more progressive to obtain social justice and distributional effects, while preserving public expenditure on public services, services of general interest and social protection schemes. Tax wedges can also be used as instruments for active labour market policies, but are more effective if activated in policy frameworks agreed with and co-regulated by social partners

The ETUC action will go further than the EPSR which affirms that adequate minimum wages must be ensured, in a way that satisfies the needs of the worker and his / her family in the light of national economic and social conditions, whilst safeguarding access to employment and incentives to seek work. In-work poverty must be prevented. The ETUC goes further because it aims at ensuring **dignity of work and participation in society** (vs. satisfaction of needs) for workers and their families and wants to **ban in-work poverty** (vs. prevent).

On wage gaps, mainly gender pay gap

In **Austria**, income disparities between men and women remain an issue of great concern. As its main priorities, OGB identifies improvement of childcare facilities (care rate for children under three is 25.4%, as against the 33% EU benchmark). OGB demands that €100 million of state budget be allocated every year for childcare and laws that promote fathers' participation in family-care duties.

In **Bulgaria**, CITUB identifies groups that suffer more from wage inequalities: women, young workers under 30, people with low levels of education, workers in part-time, atypical and unprotected employment. CITUB is very worried about attempts to make wage systems more flexible, which are limited to restraining the amount of basic wages and introducing more complementary flexible elements. This is a clear signal of increasing pay insecurity and unpredictability which, in practice, will undermine opportunities for effective collective bargaining.

In **Cyprus**, critical problems surround precarious jobs, undeclared work and lower health and safety at work even in some sectors that performed well in recent years (tourism/hotel sector). The gender pay gap has experienced a drop of 3% from 2008 to 2014 (from 19% to 16%) but this is mostly attributed to the sharp decrease in men wages during this same period.

In **Denmark**, the wage differential between men and women is rooted in the fact that certain industries primarily dominated by women are lower paid than historically typical male trades. In addition to this, the wage differential in Denmark is also due to the fact that men are more often promoted to better paid jobs than women. Danish unions (as well as OGB in Austria and EAKL in Estonia) raise the issue of transparency in wage setting in order to eliminate the gender wage gap. The Danish trade union movement therefore works for publicly available, mandatory wage statistics that can shed light on the extent of the problem, identify obstacles and remedy the gender pay gap.

In **Estonia**, EAKL denounces the highest gender pay gap in the EU standing at 26.9% – according to Eurostat. The best policy to lower it is the disclosure of wages. The labour inspectorate should have the right to check the existence of pay gaps in enterprises; collectively bargained wages at sectoral level; more information on the topic.

In **Germany**, DGB believes strengthening the collective bargaining system is the way to tackle the ongoing gender pay gap.

In **Italy**, CGIL, CISL and UIL prioritise the need to improve social conditions of workers and their families harshly hit by the long-lasting crisis. It is also necessary to promote initiatives to reduce the gender pay gap, which is still too high. The pay differences between various categories of workers are still widespread and, in some cases, they are getting worse. In addition to the structured gender and demographic differences (the pay gap between young people and older workers is rising), recently a problem of low wages is appearing. This is caused by the huge increase in involuntary part-time contracts (particularly widespread in the service sector). Like in Germany, Italian unions see the modernisation of the collective bargaining system as one of the instruments to tackle inequalities.

In **Latvia**, the main wage gaps arise from a weak collective bargaining system.

Women in **Malta** earn almost half of what men earn. This leaves Malta as the country with the second highest gender pay gap within the EU. Overall, it stands at 45.6% while the EU average stands at 39.6%. While more women than men are graduating from higher educational institutions, more needs to be done to upgrade the skills of

certain cohorts of women who are either low-skilled or unskilled, so that they can earn more. Malta is also witnessing a tendency for more women to take a career break when raising a family. This can sometimes result in a lack of opportunities for upgrading their skills and, in turn, it translates into lower paid jobs when they return to the labour market. The problem has been mitigated thanks to free child care.

In the **Netherlands**, FNV raises the issue of the wage gap between men and women. Although the gap is declining – in particular among younger men and women (below 40) – it is still a problem in many sectors and needs greater attention from the government and the Minister of Social Affairs in particular. The employment rate (brut) in 2017 is almost 80% for men and 70% for women (CBS data), so moving in the right direction, but the gap has to be closed.

In **Spain**, UGT is concerned that after a reduction in the gender wage gap during the crisis, caused by a deterioration in male employment rather than an improvement in female employment, it is widening once again with the recovery. According to latest available data, the gender pay gap reached 23.25% in 2014. CCOO and USO say that, in the aftermath of the crisis and austerity measures implemented in the country, the priority is to reduce inequalities and fight poverty. Spain has the highest levels of economic inequality, poverty and social exclusion in the European Union, which have been increasing since 2010. The number of workers at risk of poverty increased, accounting for 14.1% of this year's total.

Geographical gaps (South-North, Urban-Rural) have been denounced in **Italy** and **Romania**. Other large gaps are also based on age or employment status. These deep inequalities have often triggered emigration flows that are threatening the socio-economic sustainability of several countries (Lithuania, Portugal, Romania, Bulgaria).

On the role and functions of collective bargaining

A 2017 OECD report describes the potential and challenges for collective bargaining in Europe. Ten European countries have high levels of representativeness (more than 30% density: BE, DK, FI, ICE, NO, SE, AT, LU, IT, MT, CY). In countries where TU density is between 10 and 30%, trade unions gather strong consensus in workplace elections (such as in FR, UK, DE, ES, NL, CH). This group of countries is populated by trade unions whose membership was drastically eroded by recent austerity-based reforms (such as ES and PT). A dramatic drop in membership is seen in countries that moved from a planned to a market economy, with TU density rapidly falling under the EU and OECD averages (about 20%) since their accession to the EU (CZ, EE, HU, LI, PL, SK, SI, but not LV).

While trade unions in some countries are experiencing a decline in membership, 45 million active workers belong to the most representative, confederal-based unions. In Europe, TUs are representative enough to constitute a solid basis for an efficient collective bargaining system in both public and private sectors.

Without unilateral interference by governments (see most overt cases in GR, EI, PT, RO), the facts show that coverage and stability of collective bargaining systems exist where TU density is above 30% (BE, DK, FI, SE, NO, IT, NL) and/or achieves strong consensus in the workplace (for instance in France the five main confederations gathered 78% of votes, and 68% by CGT, CFDT and FO alone).

A more direct relationship emerges between coordination of collective bargaining levels and socio-economic performance of countries. Centralised levels coordinating decentralised levels are found only in Norway, Austria, Finland, Italy, Belgium, Germany, the Netherlands, Denmark, France. The presence of a multi-employer sector level is conducive to resilient economies with higher rates of social cohesion and this meta-model can be taken as a benchmark for convergence in respect of diversity.

Diversity of collective bargaining systems is an asset. Such diversity resides mainly in the autonomous capacity of social partners to set the rules of the game. This suggests that the interaction between the social partners and the public powers can only be designed on genuine patterns of social dialogue with full respect for the roles and functions of each agent.

In nine countries, ETUC affiliates find that an improved coverage by collective agreements is a top priority. Four such organisations see the promotion of sector level negotiations as a way forward, while in nine countries trade unions consider that collective bargaining systems need new legal frameworks.

On the regulatory framework for collective bargaining

In **Bulgaria**, CITUB demands regulatory changes, including in the Labour Code, to establish clear procedures and terms for wage bargaining at different levels – from national, sectoral and branch to corporate level. The state has to make clear commitments and take real action to overcome wage-related dumping. In this regard, CITUB urges the Bulgarian government to actively participate in the political initiative for the upward convergence of wages in the EU, involving social partners and governments at European and national level. **Cyprus** has a vital need to reinforce its labour relations system, putting greater emphasis on compliance and respect for collective bargaining and collective agreements. The dismantling of a long established and beneficial collective bargaining and collective agreements system brought extensive violations and/or total repudiation of collective agreements by many employers/firms/enterprises. It has caused major setbacks in labour standards, wages and decent employment.

In **Estonia**, encouraging collective bargaining (especially at sectoral level) should be a key policy priority. Government policy has been quite hostile towards collective bargaining over the last 20 years and society is alienated from the culture of autonomous negotiations between social partners. EAKL also reports the need for some amendments in collective labour law regarding sectoral level agreements and mechanisms for their extension. The latter should be improved in terms of functioning and scope (today, only wages and working time can be subject to extension). One of the most problematic issues is the obligation on employers to negotiate agreements when employees have asked for them, the right to collective negotiations and agreements, as well as the right to strike/or arbitration in public administration. EAKL asks for these rights to be guaranteed by law. Today the legislation is not very precise and gives the government the opportunity to avoid collective negotiations and agreements.

In **Finland**, the bargaining system is facing a fundamental change. The Confederation of Finnish Industries (EK) changed its rules and no longer has the right to conclude wage agreements. Moreover, the Finnish Forest Industry, a key employer organisation, left EK altogether. This means that no centralised wage bargaining is possible any more. The current negotiation round is under way, but no branch has reached a new agreement yet. The agreement in the paper and wood-processing industry expired at the end of September and agreements with the

technology (metal) and chemical industries are due by end October. Collective bargaining in Finland still has a strong position and the role of the parties is in principle respected. However, the role of trade unions is constantly challenged by certain parties within the government coalition. In particular, the legal extension of collective bargaining agreements is often put forward as an obstacle to employment. Also, there are attempts to undermine unionisation by representing the deductibility of trade union membership fees as a "tax subsidy" but failing to mention that enterprises can deduct membership payments to different branch organisations and chambers of commerce. It should also be pointed out that trade unions agreed the terms of the "competitiveness pact" under heavy government pressure. The government was unilaterally preparing a legal package which would have affected working time, sickness pay and length of paid annual leave in the public sector.

In **Italy**, CGIL, CISL and UIL see as a priority the need to enhance the role and autonomy of the social partners, fight against contractual and economic dumping (especially the proliferation of nationwide contracts signed by non-representative parties), extend second-tier bargaining – at company and territorial levels – not only in relation to productivity, but also for more workers' participation and recognition of skills and training pathways. It requires decisive action in favour of rules certifying the representativeness of social partners in charge of negotiating and signing wage and regulatory agreements. In 2016, CGIL, CISL and UIL put forward proposals for reforming and modernising the collective bargaining model. Their proposal is already enforced in craft and commerce sectors. Negotiations are going on with Confindustria (agreement achieved in February 2018) and cooperative companies. Trade unions push for policies that encourage a greater use of collective bargaining at company or local level (second-tier bargaining level) in areas left open by national sector agreements also thanks to tax incentives to award productivity gains and alleviate the tax burden on wages.

In **Latvia**, social partners started an ESF pilot project aiming to promote collective bargaining at sectoral level (the goal is to sign five sectoral collective agreements in telecommunications, wood processing and forestry, road transport, chemicals and construction). This pilot project is the main platform to develop sectoral collective bargaining in Latvia. Therefore, its successful outcome serves the interests of all social partners: employers, workers and the government.

In **Lithuania**, according to the new Labour Code, the representation of employees in the country is not transparent as there are multiple and, at least partially, overlapping bodies which negotiate with employers. Lithuanian workers are represented by trade unions, works councils or trustees. The institute of works councils and trustees in Lithuania is a formality, and they are created artificially in response to bad implementation of Directive 2002/14. In reality, even if the right to conduct collective bargaining belongs exclusively to trade unions, the current three-channel system undermines trade unions' influence and bargaining power as well as workers' interests.

In the near future there will be an amendment to the Trade Unions Act in **Poland**, which will change the rules for workers to join trade unions. The amendment to the Trade Unions Act is required by the Constitutional Tribunal judgement, which found that all workers should have the right to join a union, not only workers who are employed on employment contracts (so workers on civil law contracts will also have the right to join a union after the Trade Unions Act changes).

In **Portugal**, trade unions' key priority is to re-establish the constitutional right to collective bargaining, which in concrete terms means the revision of the Labour Code.

Since 2017, in **Romania**, there are no more collective labour agreements at sectoral level, and since 2011 there is no national collective labour agreement. There is little possibility of concluding sectoral collective agreements under the current provisions and given that only nine out of 30 economy sectors have legally representative social partners. The current government has prepared a draft amendment to the current legislative framework, but in the trade union's opinion this draft law would further worsen the current situation, because the hidden purpose is to undermine trade union solidarity, tighten the conditions for representativeness, and restrict the right to association. Romanian trade unions have submitted a precise list of demands in this regard. In **Slovakia**, the coverage of collective agreements is poor. Therefore, there is a clear need for government and public support for the importance of collective bargaining and collective agreements.

In **Spain**, trade unions agree that it is urgent to recover many of the labour rights lost during the austerity years. The 2012 labour reform enabled the unilateral modification of wages and working conditions, the non-application of agreements and the prevalence of the company agreement over the sectorial one, which dismantled collective bargaining. Workers are thus experiencing unregulated workdays, longer workdays, loss of social rights and an increase in the gap between men and women, as regards both wages and employment quality. In addition to fighting for a change in legislation, CCOO will include these matters in collective bargaining agreements.

On coverage of collective agreements

In **Cyprus**, DEOK has proposed a new path that will make fundamental provisions of sector collective agreements universal in the entire economic sector, and legally binding. Innovation, research and development can play a significant role in that overall goal.

In Denmark, there are parts of the labour market in which the unionisation rate and collective agreement coverage are either receding or relatively low compared to the context. This opens the door to social dumping and to other forms of unfair competition. The Danish trade union movement therefore focuses on controlling social dumping, identifying whether the authorities maintain and increase the current monitoring to facilitate collective agreement coverage in exposed areas. The fall in unionisation is partly due to the low membership rate of young people – promoting union membership amongst youth is thus a key priority for Danish trade unions.

In **Estonia**, collective bargaining takes place mostly at enterprise level – as it is difficult to conclude agreements in companies with no culture of collective negotiations (and also in SMEs). Indeed, only 3.9% of all companies have a collective agreement and the coverage has decreased from 32.5% in 2009 to 18.6% in 2015.

In **France**, FO underlines that after a fall in 2015, collective agreements concluded in 2016 are back to 2014 levels: 400 agreements. If wages and performance-related payments remain the more frequent topics, regulation of working time is gaining ground (+14%), driven by recent legislative reforms and the process that encourages company-based negotiations.

In **Latvia**, collective agreements cover approximately 24% of workers. Therefore, sectoral collective bargaining and collective agreement coverage require improvements. In 2017, in order to improve the situation and on the initiative of social partners, amendments to the Labour Law were adopted. The amendments lowered the representativeness thresholds for employers' organisations to sign *erga omnes*

collective agreements. The current system provides that if employers, a group of employers, an organisation of employers or an association of organisations of employers employs more than 50% of the employees in a sector or the turnover of their goods or the amount of services is more than 50% of the turnover of goods or amount of services of a sector, a general agreement shall be binding on all employers in the relevant sector and shall apply to all workers employed by such employers. The data provided by the Central Statistical Bureau has to be used in calculating representativeness criteria.

In **Lithuania** a low percentage of employees are covered by collective agreements. Since 1 July 2017, the new Labour code establishes that employers are required to approve a remuneration system unless this is already set in the collective agreement. In companies where there are strong and active trade unions, adequate information and consultation procedures are carried out, leading to an agreement on the remuneration system. Unfortunately, this is not the case in companies which are not willing to cooperate with trade unions or with weak and non-professional works councils. Because of the new Labour Code, workers' social rights have been undermined. Since the new Labour Code came into force it has become easier to initiate strikes, but trade unions have to go through long and complicated procedures. Trade unions demand changes in the Civil Code.

In **Poland**, the degree of association in the trade unions and in the organisations of entrepreneurs is low, industrialised collective labour agreements are poorly disseminated.

In **Portugal**, coverage improved in the first semester of 2017, but the majority of workers did not have their collective conventions annually renewed. The European Commission continues to interfere uselessly, and it does not help widen the coverage of collective agreements. The Commission criticised the Portuguese authorities when trying to limit abuses by the employer side of new expiry rules. The Commission also criticises the extension of collective agreements, bringing the discussion back to the Troika period.

In **Romania**, the proportion of employees covered by a collective labour agreement has significantly decreased - from 98% before 2011 to 36% in 2017. Only 22% of the employers with more than 21 employees had a collective labour agreement in 2017. And only 17% are signed with a trade union partner.

In **Spain**, USO explains that, according to the Registry of Agreements there has been an increase in signed agreements, but with little increase in the number of workers covered, as company agreements have been increased while sectorial ones have been reduced by making use of the priority granted to firm agreements.

On inequalities and wage policies

ÖGB says that correcting the imbalance in income distribution both in **Austria** and in Europe is one of the top challenges. It is an indispensable prerequisite for social development and for overcoming crisis. A productivity-oriented wage policy which allows real wages to increase in line with productivity is confirmed as a key priority. This is needed to stimulate consumption and increase demand while reducing poverty, thereby responding to the current economic crisis.

In **Belgium**, the government imposed a restrictive law in 1996, limiting the possibilities for trade unions to negotiate decent real growth. The automatic indexation mechanism is still in place, although there has been an "index jump" of 2% in 2015, but the government made the regulatory framework for real wage growth much more restrictive in 2016. Due to several technical measures used to compare

the wage development of Belgium with neighbouring countries, the two-yearly wage negotiations taking place at the end of 2018 (for the 2019-2020 period) probably will not provide any decent wage growth above the indexations. The government and employers' organisations want to keep on moderating wages, although different studies show that wage moderation has a very limited impact on export-linked competitiveness. A UCL study of June 2017 proved that cost competitiveness played a very limited role in the export performance of Belgium since 2000 (UCL, « *Compétitivité et performances à l'exportation de la Belgique* », Regards économiques June 2017, p. 133). The problem lies in a better positioning of products in the value chain and a better geographical spread of exports. The study underlined that wage moderation did not have the desired effects on growth, because the very limited positive impact on exports did not make up for the negative impact on consumption.

Strengthening collective bargaining coverage is a top priority for trade unions in **Germany**. DGB thinks that the instrument of declaring a collective bargaining agreement to be universally binding should be used more effectively. For this to happen, further legal adjustments are needed. DGB proposals include a change in the voting mechanism in the so-called *Tarifausschuss* at the Ministry of Labour in order to avoid blockages by the employers' organisations. Furthermore, the Ministry of Labour should be able to define the public interest in a universally binding collective agreement without making reference to the old 50% threshold to show that the collective agreement has got predominant importance. Also, the problem of employers leaving collective bargaining agreements or choosing to remain a member of the employers' organisation without being part of a collective agreement ("*Mitgliedschaft ohne Tarifbindung*" / "*OT-Mitgliedschaft*") must be tackled. The possibility of including extra benefits for union members in collective bargaining agreements should be considered as well. It should go along with the right of associations – namely trade unions and employers' organisations – to take legal action. The system of co-determination must be strengthened and the relevant rights of workers and works councils at firm level must be enforced and protected against attacks from employers.

In the **Netherlands**, one of the biggest challenges is the increase in the number of so-called flexible workers over the last decade. Around 35% of the working population is employed on a temporary contract. It means lower wages and less rights. The need to ensure decent work and jobs is a key priority for FNV.

Spain is producing as much as before the crisis but employing 2.3 million fewer workers and paying €30,000 million less in wages. This situation reflects a clear gain in the competitiveness of companies in the country that has been useful to correct the excesses of the crisis but shows that the cost burden has been put on employees only. Salary income has gone from 50% of the National Income to 46%. Wage devaluation reduced salaries by 7.6% between 2008 and 2015.