



COLLECTIVE BARGAINING IN THE EUROPEAN METAL INDUSTRY

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EUCOB@N REPORT 2008

EUCOB@N - The European Collective Bargaining Correspondent
Network

of the

European Metalworkers' Federation EMF
Fédération Européenne des Métallurgistes FEM
Europäischen Metallgewerkschaftsbund EMB

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1 Introduction and Overview

1.1 Preface

Since the start of the EMF EUCOB@N REPORT series in the year 2000, its EUCOB@N EUROPEAN CORRESPONDENT NETWORK has become the backbone of the EMF's European co-ordination approach. The concept was adopted by the EMF Collective Bargaining Committee in November 1999 and the first EUCOB@¹ REPORT was presented in March 2000. A section on the evaluation of the EMF co-ordination rule has been included in every subsequent report.

In a permanent attempt to improve the quality of the EUCOB@N report, several changes to the report have been discussed. One aspect is to provide the reader with selected data on macro-economic developments that are useful for understanding wage developments and that are useful for bargainers from national to company level. Further, methods to harmonise the collected data and thus improve the quality have been discussed. One notable change was made in 2007 and that was to move all of the tables into a separate appendix, making the report less heavy to read. This means that the references to the different tables in this report refer to tables found in the appendix.

For the 2008 EUCOB@N report, two significant changes have been made. Firstly, the collection of the information is now made via an online survey system called Inquisite, which means that the EUCOB@N coordinators log onto a website and answer the questions online. This has helped to increase the quality of the data and to increase the efficiency of the resources used to produce the report.

Secondly, in cooperation with the ETUI-REHS, a complete macro-economic chapter has been produced and included in the report as an appendix, thus providing the reader with selected data on and analysis of macro-economic developments. The information has been selected in an attempt to provide support for bargainers in the EMF member organisations. The format of the macro-economic chapter and its incorporation in the report will be further developed in the future.

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Deputy General Secretary

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EUCOB@N Coordinator

¹ The name EUCOB@N was adopted at a later stage

1.2 The EUCOB@N Information System

The EUCOB@N Information System is part of the threefold EMF co-ordination approach to avoid social and wage dumping and to manage the growing competition between locations/countries. The other two pillars are the co-ordination of national collective bargaining policy by co-ordination rules and minimum standards and the interregional networks. The EUCOB@N Information System is a tool to improve and enhance the EMF co-ordination approach as well as a tool to strengthen national collective bargaining across Europe by a structured and permanent information exchange and consultation process.

The heart of the EUCOB@N Information System is the EUCOB@N Correspondent Network, which is organised within the EMF Secretariat in Brussels, under the section Collective Bargaining.

This network consists of correspondents from the EMF affiliates. In order to be representative there has to be at least one correspondent per country. The means of communication is a structured and daily e-mail exchange. The working language is English. Currently there are 48 correspondents in 26 European countries.

The current "products" of the EUCOB@N Information System are:

- EUCOB@N Correspondent Network: The day-by-day information exchange
- EUCOB@N Day-by-Day Information Archive: The information exchange is stored and available by online access
- The annual EUCOB@N Report
- Periodical EUCOB@N Surveys on special issues
- The EUCOB@N Information Platform that delivers support in cases of industrial action
- Integration of the support for solidarity action.

In addition to this, EUCOB@N also operates in co-operation and co-ordination with other European Industry Federations. Work is currently under way to strengthen the co-operation between ETUF-TCL and EMCEF by designing and running a joint webpage designated solely for EUCOB@N activities. Co-operation and co-ordination with the ETUC, the ETUI-REHS and the IMF also takes place.

1.3 Participation in the EUCOB@N Report

For the 2008 edition of the EUCOB@N report, 44 reports were received from 25 European countries. A total of 45 member organisations have answered the questionnaire (see table 1.1). This is the highest ever response rate achieved for a EUCOB@N survey.

2 European Collective Bargaining Basics

In this chapter an overview will be given of the developments in collective bargaining in the countries surveyed for the period summer 2007 to summer 2008.

2.1 Collective Bargaining Calendar

Based on the information given in the questionnaires the following can be concluded as regards the collective bargaining calendar (see table 2.1):

- Collective bargaining has taken place in many European countries (Austria, Bosnia and Herzegovina, Czech Republic, Finland, France, Greece, Iceland, Italy, Netherlands, Norway, Slovak Republic and Slovenia.).
- Several countries are in the middle of negotiations or will start before the end of this year (Austria, Belgium, Bulgaria, Czech Republic, Germany, Montenegro, Norway, Poland, Slovak Republic, Slovenia and Turkey)
- In France and Spain collective bargaining takes place mainly at company level. Therefore there will be an overview of these countries in a subsequent section of this report.

2.2 Bargaining Levels

As can be seen from table 2.2 the tendency is still that bargaining takes place at national and/or at company level and almost no bargaining takes place at regional level, Spain being the exception which confirms the rule.

2.3 Coverage of Collective Agreements

The political relevance of the concluded collective agreements also depends on the scope of the labour relations they cover. As the overview in table 2.3 shows there are at least three important facts that have to be taken into account when comparing the reports. First, the different descriptions of the "branch" where the collective agreement is valid, second the different "group of employees" (white- or blue-collar workers) and finally whether it is possible to declare the agreement generally binding by law in a given country.

3 Collective Agreements at Company Level in France and Spain

In some European countries collective bargaining takes place mainly at company level. In this year's EUCOBAN report this concerns France and Spain. This section contains information at company level from these countries.

3.1 France (CFDT-FGMM, CFE-CGC, CFTC, FOM and FTM-CGT)²

In France, generally all collective agreements (at national, regional or company level) are concluded for an indefinite period (with rare exceptions). An agreement is valid from the date of signature or from the effective date and to the moment when it is terminated or modified. For wages, which are negotiated at company level, there is an obligation to negotiate every year. When an agreement is signed, it is valid for one year.

3.1.1 INTERPROFESSIONAL NATIONAL AGREEMENT OF JANUARY 11 2008 ON THE MODERNIZATION OF THE LABOUR MARKET (Agreement signed by CFDT, CFTC, CFE-CGC and FO)

Labour Contract: Confirmation that the open-ended contract is the normal and general contract. The "CNE" has been abolished because any dismissal must be based on real and serious grounds which must be made known to the employee.

Access of young people to professional life: The duration of the end of study training is taken into account for the probationary period. All training is mentioned in the training passport.

Young people less than 25 years old: possible specific accompanying measures via the Employment Services on termination of their 1st contract. In case of loss of job, they are entitled to a fixed premium if they do not receive unemployment benefit.

² In this section the following definitions are used: "Blue-collar workers" for ordinary and skilled workers, administrative staff, technicians and supervisors. "White-collar workers" for engineers and managerial staff (not only top management). "General wage increase" means that all employees (i.e. only blue-collar workers, or blue- and white-collar workers) will obtain a wage increase of + X % of their salary. "Individual wage increase" means that these increases are distributed selectively in accordance with the individual employee evaluation conducted by management. A percentage of the wage bill is allocated to individual increases.

Branches will look for means to promote the hiring of young trainees, apprentices and young people, via open-ended contracts, under the contract for professional qualification scheme.

Probationary period: 1-2 months for ordinary workers and employees, 2-3 months for supervisors and technicians, and 3-4 months for engineers and white-collar workers. Period can be renewed once. Advance notice for the employer: 48 hours for 1 month worked, 2 weeks after 1 month, 1 month after 3 months. Advance notice for employee: 48 hours.

Right to sickness payment: All periods worked in the company are taken into account; the age condition is lowered from 3 years to 1 year; the period prior to payment has been reduced from 11 to 7 days. Branches will look for the other possible improvements, notably based on seniority within the branch.

Development of employee competence

Agreement with the aim of moving up at least one competence level during professional life. Creation of a professional/training scheme: assistance to provide guidance and establish a vocational project by forward-looking assessment of competencies, notably via career/training interviews (an agreement should provide clarification as to content by the end of 2008).

Vocational training

Vocational training and life long-learning have to be linked to the anticipated management of jobs and competencies and allow upgrading of skills. Accompanying measures have to be strengthened regarding the validation of professional experience and the use of the training passport must be encouraged. For the low levels of skills and qualifications: adaptation of the career/training interviews, balancing of competence, validation of professional experience, the training passport. Fixed-term contracts: to accelerate implementation of access to the individual right for training and individual leave for training. To enter into interprofessional national negotiations within 12 months in order to promote access to e-training for part-time employees.

The anticipated management of jobs and competencies

Definition of means/aims of anticipated management of jobs and competencies and development of incentives: branches should create tools and encourage companies to develop good practices. The means of achieving these objectives will be clarified in an interprofessional national agreement within the next 6 months. The anticipated

management of jobs and competencies is part of the social dialogue and a series of guidelines has been defined. The latter will be used as a support in company negotiations.

Establishing a framework and safeguards regarding the termination of employment

Any dismissal must be properly motivated. The employee must be informed about all rights applicable to his/her contract of employment. The rights that can be modified only by agreement must be stipulated. The role of mediation by the Labour Court (Prud'hommes) is to be strengthened.

One-off interprofessional redundancy compensation

Doubling of the compensation: at least one-fifth of month's wages per year of employment, as from 1 year of seniority, if there is no existing collective right that is more favourable.

Termination (breach) of contract stipulated by collective agreement: This does not put any other provisions in respect of termination of contract or dismissal procedures into question, but aims at providing a jointly-agreed employee/employer termination of contract provision, accompanied by proper guarantees. This type of termination of contract gives rise to compensation (which is exempt from social contributions and taxes) and the right to payment from the unemployment insurance.

A fixed-term contract for a defined purpose, which is not renewable, can be established for engineers and white-collar workers.

This can be established by branch agreement, or failing this by agreement at company level. The agreement has to clarify the economic grounds for this contract. This contract is experimental; a monitoring committee will meet every 6 months to evaluate agreements and abolish this type of contract if need be.

It cannot be used for a temporary increase in activity. It can run from a minimum of 18 months to a maximum of 36 months, and a rough idea of the duration must be mentioned in the contract. This has to specify the reason for concluding such a contract and the conditions for informing the employee about the future termination of contract, with a minimum period of notice of 2 months. The employee is given priority regarding access to an open-ended contract. If the contract does not continue into an open-ended contract, the employee is entitled to compensation for termination equal to 10 % of pay (exempt from social contributions and taxes), unemployment benefit and

accompanying measures for job-seekers. This contract can be terminated (by either party) at the anniversary date with the right to the compensation.

To open up access to the portability of certain rights

In the event of termination of the employment contract (except in respect of dismissal on serious grounds):

- The additional guarantees to social security existing within the company are maintained for a minimum duration of 3 months and a maximum of 1/3 of the duration of unemployment benefit payments.
- The entitlement in respect of the individual right to training is used at the initiative of the employee, first and foremost during the first half of the period covered by unemployment benefit, or in the employee's new company - with its agreement - for a period of 2 years.

This constitutes a first, important stage of preservation of rights beyond termination of an employment contract.

Guaranteeing access to training for some job-seekers

Specific means will be set up for the qualification or re-qualification of job-seekers (whether they receive unemployment benefit or not) and employees, notably those situated far from their place of work, who because of their lack of training have more difficulties as regards job access, job safeguards and job development. These means will be adapted to the beneficiaries and their individual plans for the purpose of acquiring basic knowledge/skills or a professional qualification.

Guaranteeing a replacement income for unemployed persons

There needs to be clarification and coordination of the various unemployment insurance and solidarity means in order to take care of today's population by guaranteeing the social partners' independence as regards fixing unemployment insurance parameters. Setting up rules for allocating a replacement income with 4 aims: adaptation to the characteristics of the labour market, better compensation for a shorter duration by combining personalized accompanying measures and incentives to return to work, extending the duration of activity by older workers, simplicity and transparency, improvement of the performance of the accompanying measures for job-seekers and revision of tools to allow the job-seeker to perfect his/her methods, with support, after evaluation of the situation. To clearly define the methods for assessing the effectiveness of the job search and the notion of the 'valid job offer' in relation to the person in question.

The context

An agreement concluded within the new framework of the Fillon Law of 31 January 2007 gave the social partners a 'pre-legislative' role, i.e. the possibility to negotiate on all issues concerning employment and the labour market, etc., before the government adopts legal measures on these issues. Failure to negotiate would therefore have been interpreted as the incapacity of the social partners to put forward solutions and reform.

This agreement on modernisation of the labour market will be followed by others at interprofessional, branch and company level.

FTM-CGT opinion on the national agreement on the modernization of the labour market: In spite of the last-minute inflections imposed on the employers, the CGT considered that the agreement remains marked by new measures of flexibility imposed on the employees. There is nothing in the agreement that permits reduction of precariousness or facilitates job creation; young people do not find concrete answers for genuine future prospects and the creation of new employee rights in all domains. We are far from the creation of a real, professional Social Security. Even if the possibility of preserving one's rights during periods of unemployment is a step forward, this cannot be considered as real transferability of rights covering all risks.

3.1.2 TRADE UNION REPRESENTATIVENESS

LAW CONCERNING RENEWAL OF SOCIAL DEMOCRACY AND REFORM OF WORKING HOURS (August 2008)

No law promulgated in the last 50 years has had such heavy consequences as this one as regards "social dialogue" rules.

Based on the « Common Position » signed by the employers MEDEF and CGPME and the trade unions CFDT and CGT on April 9th, the text was adopted by Parliament on July 23rd and a large part of it was passed by the Constitutional Council on August 7th.

We give below a synthesis of the adopted measures dealing with collective bargaining at branch and company levels: over and above the unchanged conditions (respect for republican values, transparency, audience, influence, members), cancellation of the indisputable presumption of CFDT, CFTC, CFE-CGC, CGT and FO representativeness has been replaced by a mechanism for audience measurement prior to validation of agreements as follows:

- 10 % of the votes at company/plant level to be able to negotiate
- 8 % of the votes at branch level to be able to negotiate

- 30 % of the votes in order to be able to validate agreements
- 50 % of the votes in order to be able to oppose agreements

Common position of the CFE-CGC, CFTC and FO:

- The common position is used to negotiate trade union representativeness with the employers but not their own and puts a question mark over trade union freedom within a company: appointment of a shop-steward and hence his/her ability to take part in negotiations is subject to his/her election, and, furthermore trade union means have been reduced (hours for shop-stewards' duties, negotiation power).

- Reversal of the hierarchy as regards standards constitutes a threat of deregulation or even of social dumping: a company agreement less favourable than a branch agreement can be applied, as can be seen from recent changes to working time (overtime, daily flat rate, compensatory time off, time saved accounts)

- «Social Democracy» within companies: a nice but wrong idea of working democracy based on the majority opinion within a company where, in reality, workers are not free to express themselves and may even be subjected to blackmail at the workplace.

A lot of issues remain unsolved as yet and the effects of these reforms will only be seen over time and in relation to the situations encountered.

WORKING TIME

By various laws, the government has already considerably softened the rules on working time and the last one, passed in August 2008, confirmed the trend to call into question the collective rules on working time.

The latest legislative measures are negative measures for employees, employment, living and working conditions, wages, collective bargaining and social dialogue:

Working hours remain fixed by the law at 35 hours per week.

The number of overtime hours can now be fixed freely within the company without the consent of the Labour Inspector. Under the Law overtime was limited since 2004 to 220 hours a year (220 hours in the metal industry by collective agreement). It is now possible to increase the number of overtime hours to 405 hours a year.

The principle of the compensatory rest for overtime has been abolished.

The individual contract, based on a fixed number of hours (number of hours worked per year per worker), is vast and is going to extend the trend towards the individualization of working time still further.

The individual contract based on a fixed number of days (number of days worked per year per worker) is possible not only for white-collar workers but also for blue collar workers in supervisory positions. Under this the number of days can be increased from the current 218 days to 235 days per year or 282 days per year (by agreement).

WAGES

Following the example of what is happening in a number of EU countries, purchasing power is in the forefront of pay concerns, especially because of the return of inflation and the stagnation of wages. There has been an increase in company-level industrial actions (like strikes) on wage issues which have led to clear progressions of general wage increases compared to previous years. Nevertheless, these wage rises did not provide for an improvement in the workers' purchasing power to compensate for the rise in prices.

3.1.3 Some Examples of Company Wage Negotiations for 2007/2008

Examples of individual wage increases in companies:

PSA Peugeot-Citroen (85,000 employees): 1,25% individual wage increase for the white-collar workers with a minimum of 35€.

Dassault aviation (8,000 employees): minimum of 3% individual wage increase for the white-collar workers.

Alcan (3 600 employees): 0,9% of individual wage increase for all the workers.

EADS (summary of all annual wage agreements in the group): individual wage increase from 2,5% to 3,5% for the white-collar workers with minimum rises of 75 to 150€.

Timken (476 workers): +0,3% individual wage increase for all the workers

Aker Yards (2 600 employees): 1% individual wage increase for the blue-collar workers and 3,5% individual wage increase for the white-collar workers.

Renault Douai (4 500 employees): No individual wage increase.

Renault Trucks (10 000 employees): 1% to 1,15% individual wage increase for all the workers.

Snecma propulsion solide (550 employees): a budget of 1,30% for individual wage increases for the blue-collar workers with a minimum

guarantee of 0,60%. The white-collar workers received a 3,20% wage increase with one minimum of 1,70% and one maximum of 5%.

Thales (summary of all annual wage agreements in the group): Individual wage increases of from 0,60 to 1,60% for levels 1 to 4. For levels 5, the individual increases vary from 0,5% to 3%. For the white-collar workers: individual wage increase of from 2,70% to 4,50% and review of variable pay ranging from 4 to 20%.

Zodiac Automotive Division (65 employees): No individual wage increase budget.

Solstis Sas Axian (38 employees): No individual wage increase.

In a certain number of companies, no wage agreement between management and the unions has been signed and therefore, in accordance with French legislation, the management of these companies will apply increases that they have unilaterally decided (like IBM, etc.).

Minimum wages and SMIC (national and interprofessional minimum wage growth)

The SMIC (minimum national wage) has evolved since the beginning of the year in line with the level of inflation (there is automatic indexation of the SMIC during the year: if the inflation rate is reached or exceeded 2%, an increase occurs at the beginning of the month following publication of the figures). There were two increases in the SMIC since the beginning of the year: +2,25% on May 1st and +0,9% on July 1st.

In the metal branch, there still exist metal 'territorial' collective agreements which have minimal wages that are lower than the SMIC in respect to one or more coefficient. This situation limits the scope of collective bargaining at branch level.

3.1.4 CURRENT CONTEXT OF COLLECTIVE BARGAINING IN THE METAL BRANCH

The main characteristic from the 2nd half of 2007 to today has been the total absence of collective bargaining at branch level between the employers' organization (UIMM) and national metalworkers' trade unions (FGMM-CFDT, FTM-CGT, FO Métallurgie, Métallurgie CFTC and Métallurgie CFE-CGC).

This is mainly due to the internal battles, which shook the employers and more particularly their metal industry branch, for control of mandates belonging to the powerful Mines and Metal Industry which cover more than a hundred delegations in all the domains and, more particularly, social aspects such as unemployment insurance or

negotiations on training. Capital fed by medium-sized companies and groups amounting to 600 million € with interest had been accumulated over the last ten years. Considerable amounts of money had been regularly removed for "lobbying" of the deputies and the senators to ensure that laws correspond to the employers' expectations. They would also have served for feeding a cash fund to help companies not meet workers' demands during important strikes. The withdrawals were made by the UIMM General Secretary and numerous leaders of the metal industry have now been indicted.

A new employers' association team is in place since end April 2008, which wants to turn the page and establish new relations with national trade unions in the metal industry. A first meeting is scheduled for the beginning of October to establish a calendar for negotiations and define the topics to be dealt with. This meeting will show us whether the will to change announced by the new leaders of the employers' association is genuine.

3.2 Spain (MCA-UGT)

The information from Spain has, as far as possible, been entered into the online survey system and is reproduced in the appendix. Some additional information did not fit into the format of the questionnaire used. This information is available here.

50 different sectoral, provincial agreements are negotiated in Spain and within the metal sector. To the date of filling in this questionnaire the total amount of signed agreements was 44 - with 6 still remaining to be negotiated. Most of the agreements (32) are reviewed agreements, i.e. agreements concluded in previous years but whose time span includes the year 2008.

During the first seven months of 2008, a total of 13 agreements were concluded, i.e. the so-called new agreements.

For several years now, most agreements are concluded for a period of more than one year, so the validity of the agreements is as follows:-

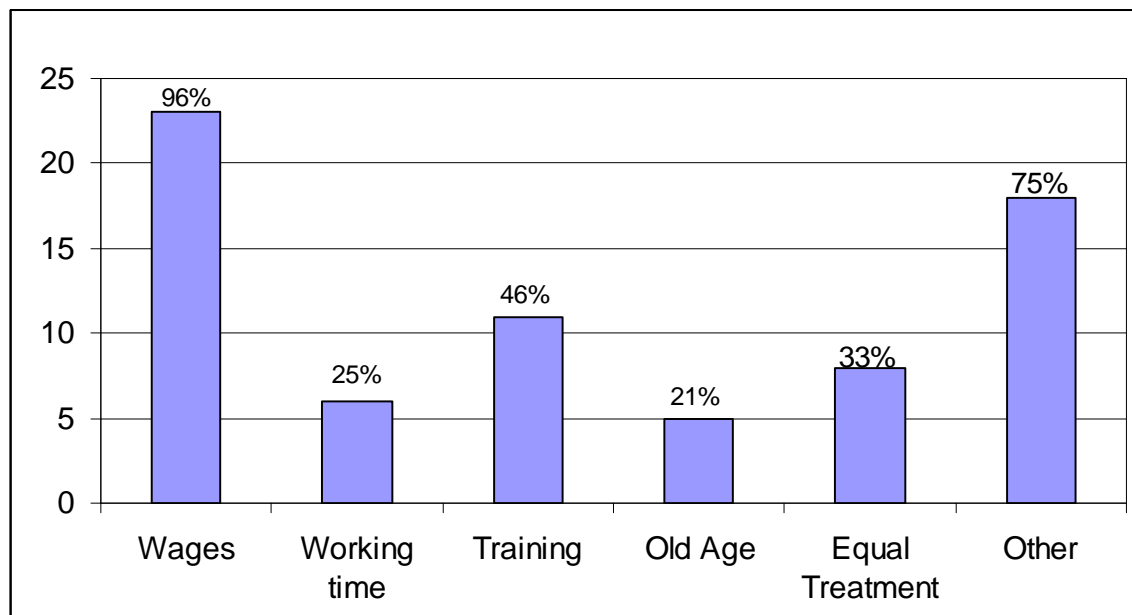
VALIDITY	NUMBER OF AGREEMENTS
1 year	1
2 years	2
3 years	23
4 years	12
5 years	4
6 years	2

4 European Collective Bargaining – Demands and Results

In order to cover the whole process of the collective bargaining rounds in Europe we present the results of the agreements as well as the trade union demands vis-à-vis the employers' organisations. This allows us to get a clearer "picture" of the situation that trade unions are confronted with within their country as this may help to identify general trends in Europe.

4.1 Overview of Trade Union Demands

Overview of trade union demands by category and as a percentage of total negotiations (total number of negotiations = 24)



As can be seen from the graph above, 'Wages' is - not surprisingly - the area where most demands are raised. 'Training' is also a very popular demand and the category 'Other' continues to increase.

The demands raised will be explained in more detail in the following sections.

4.1.1 Demand: Wages

The main points of the European trade unions' wage increase demands are the increase of minimum wages / salaries and the increase of the tariff wage / salary (see table 4.1).

4.1.2 Demand: Working Time

Traditionally, the reduction of working time is another important issue on the trade unions' collective bargaining agenda. However, the number of demands on working time has decreased in recent years. Some unions have put forward a specific demand in this area ranging from a 45 to a 35-hour working week, which shows that there are still huge differences in weekly working time around Europe (see table 4.2).

4.1.3 Demand: Training

Training is an issue that is mainly organised at company level. Trade union demands therefore aim at implementing regulations to improve employees' possibilities to follow vocational and further training in the sector collective agreements. The First Common EMF Demand on the individual right to training guaranteed by collective agreement is still having an impact on collective bargaining rounds as demands regarding education and training are still being raised (see table 4.3).

4.1.4 Demand: Older Workers

Collective bargaining agreements on regulations for older workers cover at least three possible areas: firstly, "work organization" for older colleagues, such as special working time arrangements or the possibility of part-time jobs to enable them to work as per their physical capacity; secondly, the arrangement of fair conditions if older colleagues decide to stop their active working life and thirdly, special protection for older workers in cases of restructuring and mass dismissal. In the demands we see examples of increased job protection in the case of health problems that reduce the capacity to work (see table 4.4).

4.1.5 Demand: Equal Treatment

Equal treatment is an ongoing trade union demand. Trade union demands are for non-discrimination concerning wage scales and all other working conditions. In the demands raised recently we see specific demands regarding maternity leave and risk of wage loss and equal treatment of men and women in respect of wages (see table 4.5).

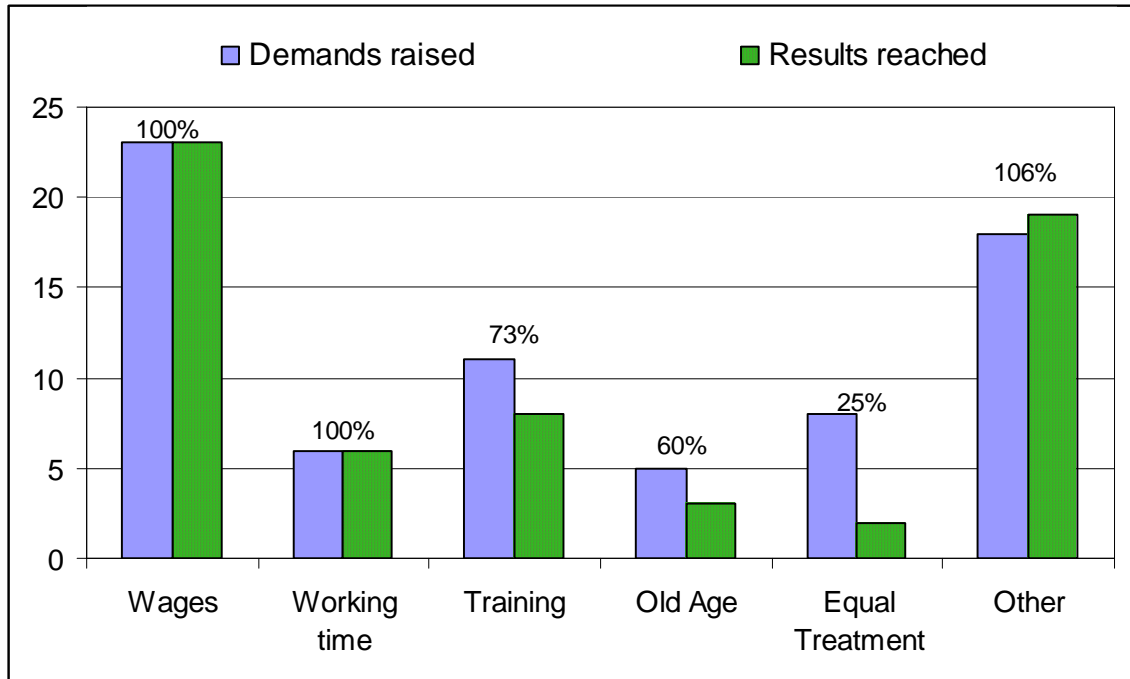
4.1.6 Demand: Other Issues

The trade union list of "other issues" is still growing. Demands for access to health services and health funds are on the rise (see table 4.6).

4.2 Collective Bargaining results in Europe

The current financial and general economic crisis will start to spill over into the future negotiation rounds, but there are even signs that it has already done so in some of the recent negotiation rounds - especially as regards the wage increases achieved.

Overview of trade union demands, results and "success rate" by category (number of negotiations = 24)



As can be seen from the graph above, results are being reached in all cases where wages and working time were on the bargaining table. The demands regarding 'Equal Treatment' are not showing a large number of results at the bargaining table. The category 'Other' has more results reached than demands raised. This could be interpreted as a result of changing items in the bargaining rounds from, for instance, 'Equal Treatment' and 'Old Age' into 'Other' demands, where results can be reached.

The results reached in the bargaining rounds are explored a bit more in the following sections.

4.2.1 Results: Wages

The results achieved by the different member organisations in the different countries can be seen in table 4.7.

4.2.2 Results: Working time

Some member organisations managed to get their demand for a reduction of working time through, but at a cost. Others were unfortunately not successful (see table 4.8).

4.2.3 Results: Training

Many member organisations got results on their demands for training. The results range from one week of paid preparation time for apprentices before examinations, certain number of hours allocated for training each year, the establishment of an education fund to the working out of elaborate education plans for the employees, (see table 4.9).

4.2.4 Results: Older Workers

Some results were reached regarding older workers - mostly improving the rights of older workers (see table 4.10).

4.2.5 Results: Equal Treatment

Equal treatment is an important and broad policy field. The harmonization of labour conditions, e.g. for men and women, as well as the integration of handicapped persons, is gradually improving within the collective agreements. Although the share of trade union demands has slightly increased in comparison with recent years, the topic is not of increasing relevance when it comes to the results of the negotiation process (see table 4.11).

4.2.6 Results: Other Issues

Since the results in this area are very broad and diversified, we have not attempted to summarise the results. Please find the results listed in table 4.12.

5 Evaluation of the EMF Co-ordination Rule

The EMF Co-ordination Rule was proposed by the 3rd Collective Bargaining Conference in 1998 and later confirmed by the EMF Executive Committee and the EMF Congress in 1999. It is an important part of the overall EMF political project: to strengthen the co-ordination of collective bargaining policies and provide an answer to the possible downward spiral of cost-competitive wage bargaining.

We would just like to recall that the EMF co-ordination rule states "that the main reference point for the EMF affiliates must be to maintain purchasing power and achieve a balanced participation in productivity increases". Its implementation is part of the sovereignty of the

individual unions, and among other elements mentions income redistribution, improved wages and salaries, job-creation, including training and reduced working time, new forms of work organisation, fostering equal opportunities and early retirement. The co-ordination rule should be interpreted to include the “whole collective bargaining package” – and not only the wage elements.

We maintain that:

1. The bargaining figure to enter into the comparison is at all times the nationally reported figure for the whole collective bargaining package. In the report we call it “the value of the whole agreement” (VOWA).
2. VOWA is then compared with the inflation and productivity figures.
3. To ensure the European comparability of the figures, the national bargaining results are then compared with the Eurostat / AMECO figures for consumer price inflation for the entire economy and figures for productivity growth. It should be noted that the harmonised statistics used for this report can differ from the data obtained from national statistical sources (i.e. this is the case regarding the inflation figures for some countries).

This EUCOB@N report intends to continue the good tradition of the “economic” evaluation of the national collective agreements in the light of the EMF co-ordination rule. We know that an economic type of evaluation such as this can be only one part of an evaluation of the EMF co-ordination rule because it focuses only on the collective bargaining “result” side and is not able to include the negotiation “processes” and the role of the EMF co-ordination rule in that respect. But it has always been clear that the EMF co-ordination rule is a “policy rule” and not just a mathematic formula.

5.1 The Value of the Whole Agreement (VOWA)

The VOWA values in table 5.1 and 5.2 are based entirely on the own reporting from member organisations participating in this year’s EUCOB@N report. Despite specific requests to report in detail on the VOWA and the introduction of a VOWA guideline, not all the reports submitted contain information on the VOWA value and/or the value of its different components. The only exception is the wage component, where many organisations are reporting, but the VOWA is more than just wages.

5.2 The Balance Sheet of VOWA in the Light of the Co-ordination Rule

The next step we have to deal with is the evaluation of the concluded agreements in the light of the EMF co-ordination rule. The EMF co-ordination rule states that the main reference points should be "maintaining purchasing power" and "achieving a balanced participation in productivity increases".

Thus, the first step is to compare the VOWA with the inflation rates. In order to be in line with the EMF co-ordination rule the VOWA has to be at least above the inflation rate.

Secondly, we have to compare the remaining value with labour productivity. The EMF co-ordination rule states that based on the sovereignty of the individual unions it is up to them to decide how the leeway of bargaining is taken up. Different elements are mentioned: income redistribution, improved wages and salaries, job-creation, including training and reduced working time, new forms of work organisation, fostering equal opportunities and early retirement.

We know that the trade unions have different interpretations as to what "balanced participation" means. What we do, however, is to compare the complete value of the productivity development with the VOWA. We leave the interpretation, i.e. as to whether they have reached a "balanced" participation or not, to the trade unions, in accordance with their sovereignty.

5.2.1 Balance sheet 2007 and 2008

In 2007 almost all the member organisations reporting for this year's EUCOB@N report had a positive OIR (offset inflation rate) value, meaning that the VOWA was higher than the inflation rate (The OIR ranges between -0,45 and +6,39). The value of the BPPG (balanced participation in productivity growth) lies between -5,11 and +5,88. Denmark, Germany, Norway, Slovenia, Sweden and Switzerland have positive BPPG values (see table 5.3).

For 2008, the unexpected hike in inflation has caused some member organisations' OIR values to be negative, but the majority of the agreements valid in 2008 still managed to give the workers a real wage increase (the OIR values ranges between -0,6 and +4,05 as can be seen from table 5.4). The BPPG value lies between -6,1 and +1,0. The rate of inflation has been impossible to predict in 2008 and is constantly being revised. This leads to the conclusion that the

coordination rule was met in 2007-2008 by the countries reporting for the 2008 EUCOBAN report, despite some countries experiencing negative OIR values.

5.3 Mid-term Evaluation of Collective Agreements

There are many reasons for comparing the trade union collective agreement outcome figures not just on a single year basis but over the long term. Here is just one example: most of the agreements are valid for more than one year, as seen in section 2.1. Traditionally, trade unions try to put the higher wage increase at the beginning of the period of validity of the agreement. So, in a 2-year agreement, they could for example lie above the EMF co-ordination rule in the first year and below the sum of inflation and productivity increase in the second year. They could however attain the “goal” of the EMF co-ordination rule on average.

5.3.1 Year-by-Year Analysis 2000-2008

As can be seen from table 5.5 most of the countries are able to provide positive OIR values over time. Only the Czech Republic, Croatia, Finland, Italy, Malta and Switzerland have a negative average OIR value in the period 2000-2008. Italy’s negative OIR values were in the period 2000-2003 and have since been positive. Only one observation is available for Malta, making it impossible to determine whether or not it is a trend. For the remaining countries the negative OIR value is in 2008 only, is still based on expected figures for inflation and is of course affected by the unexpected hike in inflation, which affects all long-term agreements signed before 2008.

Regarding the BPPG several countries (Belgium, Croatia, Denmark, Germany, Norway and Switzerland) have average BPPG values above zero, while Austria, Cyprus, Czech Republic, Finland, Greece, Hungary, Ireland, Italy, Malta, the Netherlands, Slovak Republic, Slovenia, Sweden, Turkey and the UK have average BPPG values below zero, see table 5.6.

6 Conclusions

The EMF has pointed out on several occasions that it is important not to reduce the co-ordination approach to rules and formulas, and insists instead on a political approach. Being below the full amount of inflation plus productivity growth does not necessarily mean that the trade unions “breach” the EMF Coordination Rule or that automatically social dumping is occurring.

The EMF Wage Coordination Rule says that the trade unions via their collective agreements have to cover at least price development. Furthermore, they should reach a "balanced participation of the productivity growth", referred to as "BPPG" in this report. From an EMF perspective, there are at the moment no indication based on our EUCOB@N information that wage dumping is taking place.
