European Foundation for the Improvement of Living and Working Conditions

Industrial relations and working conditions developments in Europe 2010

This report is available in electronic format only.

Wyattville Road, Loughlinstown, Dublin 18, Ireland. - Tel: (+353 1) 204 31 00 - Fax: 282 42 09 / 282 64 56
e-mail: information@eurofound.europa.eu - website: www.eurofound.europa.eu

With a particular focus on the crisis and responses to it, this annual review highlights developments in working conditions and industrial relations in the EU Member States and Norway in 2010, both at national and EU level. At national level, the report examines key issues covered by collective bargaining (pay and working time) and looks at developments in social partner activity and industrial action. It also looks at company restructuring, the impact of the crisis and approaches to pension reform in light of demographic change. At European level, it reviews the year's main events and trends in employment legislation and policy (in areas like paternity/maternity leave and working time), as well as in the European social dialogue at cross-sectoral, sectoral and company levels. The final chapter focuses on training initiatives provided or supported by enterprises for their employees during the recession.

Introduction

This report examines the developments in industrial relations and working conditions in 2010 in the 27 EU Member States and Norway. It also considers EU-level industrial relations and working conditions with, given the economic climate, a particular focus on the crisis and responses to it. Previously trends in working conditions and industrial relations were analysed in two separate reports. But due to the important interdependences between the two areas, developments in working conditions and industrial relations are combined this year for the first time into a single annual report.

Eurofound's **European Industrial Relations Observatory** (EIRO) and **European Working Conditions Observatory** (EWCO) remain reliable and up-to-date sources of news and comparative information on industrial relations and working conditions developments and trends for the key actors in the field of European social dialogue. The information published by these two observatories is supplied by a network of correspondents in each Member State and Norway, and at EU level.

The first chapter draws on contributions from the network to look at relevant political and legislative developments, **collective bargaining** levels, changes in the organisation and role of **social partners**, industrial action, working conditions and other significant developments in the countries covered by EIRO. It highlights developments in company **restructuring** and the impact of the global economic crisis. It also has a section dealing with different approaches to pension reform across Europe. This issue is particularly pertinent with demographic changes challenging the traditional model of pension provision.

The second chapter reports on the main developments in industrial relations and working conditions at European level over the course of 2010, charting trends in European social policy, employment legislation and **social dialogue**. It explores, for example, legislative developments in such areas as paternity and **maternity leave** and working time, as well as the responses of the social partners to the economic crisis.

The third chapter examines training provided or supported by enterprises for their employees during the recession. It analyses available evidence on the extent of training in the workplace during the recession, before discussing the effectiveness of training activities as a tool for dealing with the effects of the recession on enterprises. It identifies the most relevant policy measures for supporting training activities. The chapter is based on the study *Preparing for the upswing: training and qualification during the crisis* compiled on the basis of individual national reports submitted by EWCO correspondents.

1 – Comparative overview of industrial relations and working conditions in 2010

Political and economic developments

Most countries in Europe officially came out of recession after experiencing several periods of modest growth in 2010. The 27 EU Member States (EU27) recorded an average growth of 1.8% compared with a contraction of 4.2% in 2009 (Figure 1).The Baltic states, which were the hardest hit economies in 2008–2009, showed signs of resurgence in 2010: gross domestic product (GDP) increases in Estonia and Lithuania were above the EU27 average, while Latvia recorded two consecutive quarters of growth for the end of 2010. Latvia's GDP performance is significant because its economy shrank by 18% in 2009 (Figure 1).

Figure 1: Real GDP growth rate in the EU27 and Norway, 2009–2010 (%)

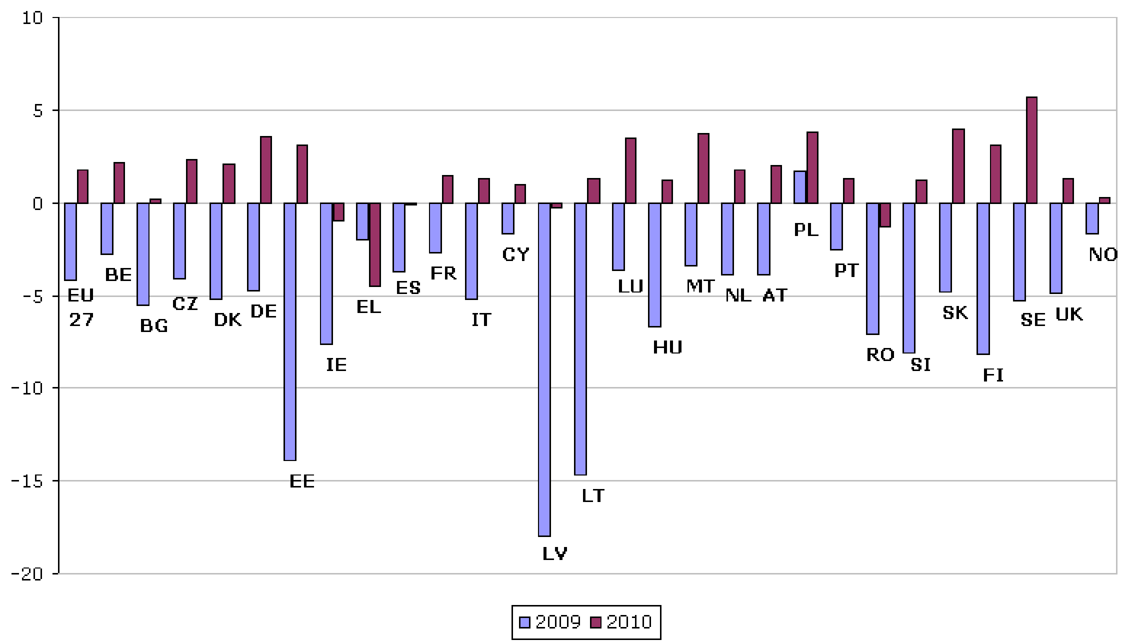

Figure 1: Real GDP growth rate in the EU27 and Norway, 2009–2010 (%)

Note: See Annex for a list of country codes.
Source: Eurostat, Real GDP growth rates, 2011

Yet the moderate GDP growth in Europe occurred in conjunction with an upsurge in unemployment. The unemployment rate rose from 9% in 2009 to 9.6% in 2010 across the EU27. The increases were sharpest in Bulgaria, Estonia and Lithuania. Germany, Poland and Luxembourg were the only countries were unemployment decreased in 2010. During 2010, the unemployment rate was at 15% or more for Estonia, Latvia, Lithuania and Spain, but was at below 5% for Austria, Luxembourg, the Netherlands and Norway (Figure 2).

Figure 2: Unemployment rates in the EU27 and Norway, 2010 (%)

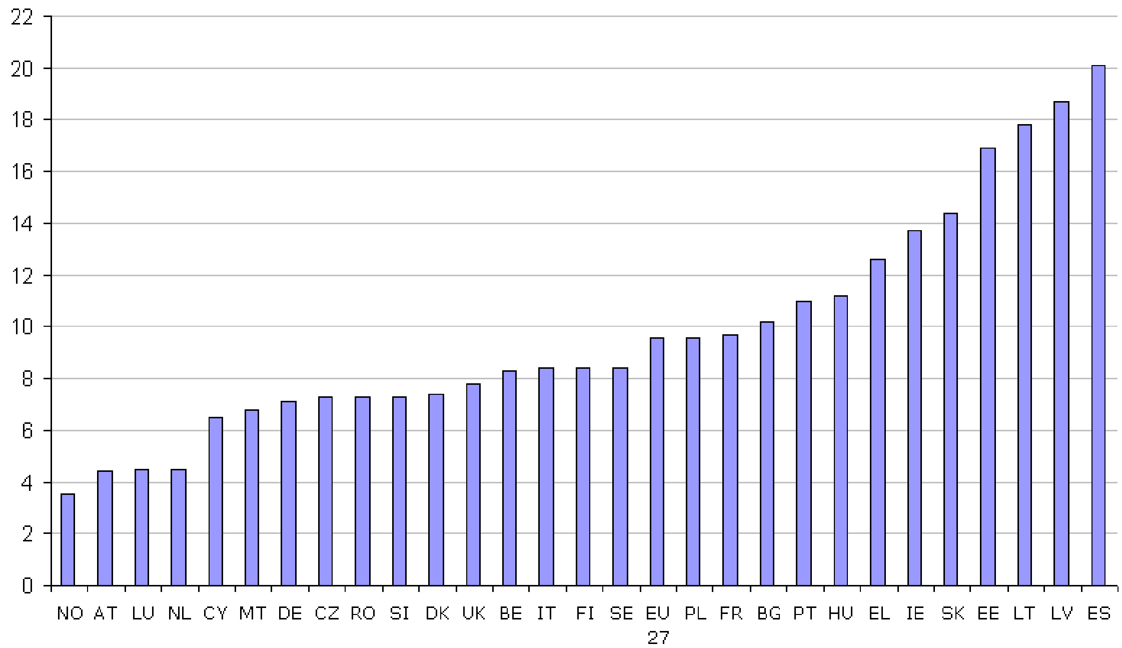

Figure 2: Unemployment rates in the EU27 and Norway, 2010 (%)

Source: Eurostat, Unemployment rates, 2011

Moreover, recovery in Europe was far from uniform. With the exception of Estonia and Sweden, public debt levels as a percentage of GDP grew in all EU27 countries and Norway (Figure 3). According to data from Eurostat on government deficit (488Kb PDF), the governments of Ireland, Greece and the UK all had spending levels that exceeded revenue by over 10% in 2010.

Large public debts in several euro zone countries threatened to destabilise the euro. At EU level, a crisis fund was created in May 2010 to provide loans to euro zone economies that were in difficulty. At an extraordinary meeting of the Economic and Financial Affairs Council (95Kb PDF) (Ecofin) on 9–10 May, the hope was expressed that the €500 billion loan facility would prevent the risk of contagion in the euro zone. In May, Greece had to leave the international bond markets and request financial assistance from the EU, European Central Bank (ECB) and International Monetary Fund (IMF) as a consequence of the deterioration in its public finances. Social unrest has escalated in Greece since it took on EU/ECB/IMF loans in May. Social partnership has broken down in Greece as the government has been forced to impose cutbacks as a condition of the EU/IMF loan. Industrial action and large protest marches have become increasingly common.

As the threat of systemic shock took hold, the collapse of public finances in Greece put pressure on other countries in the euro zone. Ireland, Italy, Portugal and Spain were all under significant pressure as their economies were particularly weakened by the financial crisis. Alongside Greece, at the end of 2010, Belgium, Ireland, Italy and Portugal all had gross public debt levels in excess of 90% of GDP (Figure 3).

Figure 3: General government debt levels as a percentage of GDP in the EU27 and Norway, 2009–2010

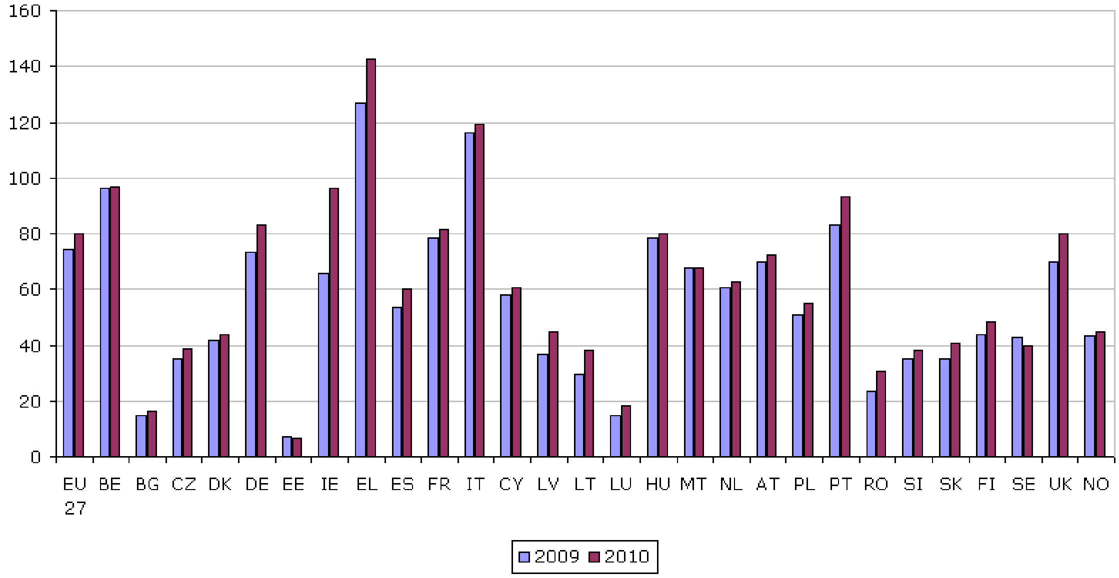

Figure 3: General government debt levels as a percentage of GDP in the EU27 and Norway, 2009–2010

Source: Eurostat, General government debt, 2011

Austerity measures have not produced significant political upheavals or changes to industrial relations policy in Italy and Spain. Growing unrest in Portugal led to speculation about the Portuguese government's future. However, at the end of 2010, the government survived a crucial test by securing the passage of its budget. In Italy, the government survived a confidence vote after a split in the coalition over controversial initiatives in the field of judicial reform. By November, Ireland's banking debts had become an unsustainable burden for the state forcing it to turn to the EU/IMF for a loan package. Opinion polls demonstrate that the government's popularity has plummeted over its handling of the economic crisis. The general election in February 2011 led to a change in government, with implications for some changes in industrial relations policy and heightened attention on major reforms of the public sector.

While none of these troubled euro zone economies experienced changes in government in 2010, the euro zone crisis had an impact on regional elections in Germany, Europe's largest economy. The 'bailout' of Greece was a major issue in the regional election held in Germany's most populous region, North Rhine-Westphalia, in May 2010 when Chancellor Angela Merkel's ruling Christian Democratic Union (CDU) suffered heavy losses in the region. The party was criticised for its support of bailout measures for other countries when many cities in the region were facing bankruptcy. With a number of regional elections to be held in 2011, the ruling CDU is facing a tough test over its support for further bailouts and solutions for the euro zone crisis. The unpopularity of bailout measures will impact on future measures taken by Germany to resolve the difficulties with the euro.

At a national level, seven countries out of the 28 countries examined held elections in 2010, with centre-right governments taking power in all seven (Table 1). There was a shift from left to right in the Czech Republic, Hungary and the UK, while the right-wing parties retained power in Latvia, Slovakia and Sweden. In the Netherlands, the election resulted in a change from a left–right coalition to a right-wing coalition that draws support from the far-right Party for Freedom

(PVV). The new governments in the Czech Republic, the Netherlands, Slovakia and the UK have all pledged to implement large-scale public sector reform as part of their austerity measures. In Hungary, the new government alliance (FIDESZ-KDNP) has implemented an austerity programme by including a new 19% income tax rate on all workers, as well as a crisis tax on multinational companies. In addition, the government has ended the practice of automatically consulting with social partners on industrial relations matters. Elections in Latvia and Sweden returned similar governments to those previously in office and neither government has signalled a major departure in the manner in which they conduct their industrial relations policy.

Other significant political developments include the continued stalemate in Belgium, where there has been no government since April 2010. Finland had a change of prime minister without an election. Romania had five ministers resign from office and two dismissed. Yet, the ruling party, the Democratic Liberal Party (PDL), managed to stay in power, gaining strength when a new political party, namely the Union for the Progress of Romania (UNPR), came into government from the opposition benches. In France, the cabinet of ministers was reshuffled by President Nicolas Sarkozy.

Table 1: Political situation in EU Member States and Norway, 2010

Austria	Austria continued to be ruled by the grand coalition government of the Social Democratic Party (SPÖ) and the conservative Austrian People's Party (ÖVP), which has ruled since 2008. The SPÖ won all three regional elections held during the year. However, the far right-wing Freedom Party (FPÖ) made gains in all three, taking second place in Vienna for the first time. Furthermore, the post of Federal President of the Republic of Austria was voted for in April 2010. President Heinz Fischer of the SPÖ won this election for the second consecutive time, receiving 79.3% of the vote, against the far right-wing FPÖ candidate, Barbara Rosenkranz.
Belgium	The federal election was held on 13 June. This election was organised after the Flemish Liberal Democrats (VLD) decided to withdraw from the federal government as a consequence of a dispute over the division of the electoral urban district of Brussels–Hal–Vilvorde. In the Flemish Region, the New Flemish Alliance (N-VA) became the most important party with around 18% of the votes of the whole country. In the Walloon Region, the (French-speaking) Socialist Party (PS) remained the first party with slightly more than 13% of the votes. There is a deep ideological difference between those parties on socioeconomic issues and on the vision for state reform. The deep differences between the two sides make negotiation very difficult. This is the reason why, nearly a year after the elections, there is not yet a new federal government (**BE1102021I**). Belgium was governed for the remainder of 2010 by a caretaker government, which only had a mandate to manage the country's day-to-day affairs. Despite the absence of a government, Belgium held the EU's rotating presidency for the second half of 2010.
Bulgaria	The government in office is the centre-right Citizens for European Development of Bulgaria (GERB) which has been in power since of the middle of 2009. In September, the opposition parties – Bulgarian Socialist Party (BSP) and the Movement for Rights and Freedoms (DPS) – tabled a vote of no confidence in the government over its health policy. The government survived the vote but two health ministers were replaced. Elections for the President of the Republic of Bulgaria and municipality authorities will be held in autumn 2011.

Cyprus	The present Cypriot government, headed by President Demetris Christofias, continued its third five-year term. The four parties that currently form the government coalition are the Progressive Party for the Working People of Cyprus (AKEL), the Cyprus Democratic Party (DIKO), the United Democrats (EDI) and the Ecologists/Environmentalists. Parliamentary elections were scheduled to take place in May 2011.
Czech Republic	On 25 June 2010, Jan Fischer's caretaker government ('officials' government') handed in its resignation. In the socioeconomic field, the caretaker government had succeeded in stabilising relations with the social partners, which improved tripartite cooperation within the Council for Economic and Social Agreement of the Czech Republic (RHSD ČR). Following parliamentary elections in May, a centre-right coalition government was formed in July, consisting of the Civic Democratic Party (ODS), TOP 09 and Public Affairs (VV), with Petr Nečas as the Prime Minister. The new government labelled itself the 'government of budget responsibility'. In its programme, this centre-right government emphasises the necessity of austerity measures in the state budget and public budgets in general. It indicated that deep reforms are to be carried out in the field of healthcare and pensions, and that it will also fight against corruption in the public sector. Senate elections were held for a third of the senate in October. The election was a success for the Czech Social Democrats who gained 12 seats to take the majority of the house with 41 seats. Elections to the Senate of the Czech Parliament were due to be held on 18 and 19 March 2011. Elections to local councils were due to take place in some municipalities on 9 April 2011.
Denmark	The government in office during 2010 was the coalition government constituted by the Liberals (Venstre) and the Conservatives (Konservative Folkeparti) under the direction of Lars Løkke Rasmussen (Liberals). Lars Løkke Rasmussen took over in April 2009 from Anders Fogh Rasmussen (Liberals), who was appointed the new General Secretary of the North Atlantic Treaty Organization (NATO). New elections are to be held during 2011, the first election for Lars Løkke Rasmussen in his position as Prime Minister.
Estonia	The minority coalition of the right-wing Reform Party (Eesti Reformierakond) and the conservative Pro Patria and Res Publica Union (IRL) formed in 2009 continued to rule. New parliamentary elections were due to take place on 6 March 2011 and the presidential election will be held in autumn 2011.
Finland	Prime Minister Matti Vanhanen's second cabinet, which was formed in 2007, continued in 2010. The government is a majority coalition formed by the Centre Party, the National Coalition Party, the Green League and the Swedish People's Party of Finland. In June, Matti Vanhanen resigned and Mari Kiviniemi (Centre Party) was elected and appointed as the new Prime Minister on 22 June 2010. Prior to her appointment as Prime Minister, Mari Kiviniemi was Minister of Public Administration and Local Government from 2007 to 2010. No major changes in industrial relations policy have been signalled. A general election was due to take place in spring 2011.
France	In the regional elections held on 14 and 21 March, the Conservative Union for a Popular Movement (UMP) party suffered its worst result since the beginning of the Fifth Republic, with only 27% of the votes. A reshuffle within the government took place in November and President Nicolas Sarkozy chose to reappoint François Fillon as Prime Minister rather than Jean-Louis Borloo, the

	former centrist environment minister. The political climate was marked by a major political scandal involving the Minister of Labour, Éric Woerth, which has shaken the government amid allegations of conflicts of interest. Éric Woerth, who was responsible for the pension reform, left the government in the reshuffle. By the end of 2010, Nicolas Sarkozy's popularity had fallen to around 30% of popular opinion.
Germany	The conservative-liberal coalition government led by Angela Merkel remains in power. The only regional election in 2010 took place in the largest federal state North Rhine-Westphalia on 21 May 2010. As a result of this election, the ruling coalition of the conservative CDU and the liberal Free Democratic Party (FDP) in this federal state lost its majority. The Social Democratic Party (SPD) and Alliance 90/The Greens formed a minority government that relied on partial support by the Left Party, which passed the 5% threshold to be represented in this regional parliament. All seven of the regional elections in 2011 are regarded as significant tests for the political parties as the outcomes will have consequences for the political majorities in the *Bundesrat* – the second chamber of Germany's parliament.
Greece	When the Panhellenic Socialist government secured a €110 billion loan from the EU/ECB/IMF troika in May, it came with numerous conditions relating to a programme of cutbacks and tax increases. These measures included a pay freeze for public sector workers, cutbacks in pensions income tax increases, the reversals of numerous industrial relations agreements and an increase in the retirement age. These measures have led to widespread social unrest in the country, with mass strikes nationwide and numerous protest marches. In spite of the social upheaval, the ruling party, the Panhellenic Socialist Movement (PASOK) has survived in government and won elections to local authorities held in November. Prime Minister George Papandreou indicated prior to these local elections that he would call a snap general election if his party fared badly. However, PASOK went on to win two major regions in the local elections in November 2010, with 34.3% support at national level, which Prime Minister Papandreou took as a sign of confidence in his government.
Hungary	Local and national elections were held across Hungary in 2010 with the alliance of the centre-right Hungarian Civic Union (FIDESZ) and the Christian Democratic People's Party (KDNP) replacing the liberal left coalition (MSZP-SZDSZ) at national level. The centre-right party took two-thirds of the parliamentary seats and also went on to win a majority in nearly all local governments. The new government is imposing stringent austerity measures and has made changes to the taxation system. Furthermore, the practice of **information and consultation** at a national level has changed; there is no longer automatic consultation – strongly criticised by the social partners.
Ireland	In November 2010, mounting debt problems forced the Irish government to become the second euro zone country to apply for an EU/IMF loan. The Irish government has drawn down a €67.5 billion loan from a consortium of the EU, IMF and ECB. As a condition of the loan, the Irish government had to draw up a four year 'National Recovery Plan', which details how the government intends on cutting back the deficit to below 3% of GDP by 2014. The plan incorporates a cut in the national minimum wage (NMW) of €1 per hour to €7.65 per hour (**IE1012029I**). The idea is that the new lower rate should apply to new employees only. The plan also proposes a review of the current system of legally binding

	sectoral wage agreements – Registered Employment Agreements (REAs) and Joint Labour Committees (JLCs). Other proposed changes in the plan include a 10% reduction in pay for new entrants to the public service, who will also start on the minimum point of the scale. The big change at the top in the public sector is the salary cap of €250,000, which the government is to try to implement in the commercial semi-state sector and in the public service. The government imposed an austerity budget ('Budget 2011') on 7 December to achieve some of its objectives in the plan. Elections were due to be held in early 2011 when the Fianna Fáil–Green Party coalition was widely expected to be removed from office in favour of a coalition between the centre-right Fine Gael and centre-left Labour Party. If elected, the new coalition indicated that it would seek to change certain aspects of the 'National Recovery Plan' including reversing the cut to the NMW, and the Labour Party made general commitments in the area of union representation rights.
Italy	The centre-right coalition government of The People of Freedom (PdL) and the Northern League (Lega Nord) was in office. Differences of opinion within the PdL on the positions of the party and Prime Minister Silvio Berlusconi, especially on a number of controversial initiatives in the field of judicial reform, caused a split in the second part of the year. A new party, Future and Freedom (FLI), was formed which withdrew its support of the government. The government gained a majority in a critical 'confidence vote' in mid-December with the support of members of parliament (MPs) who were formerly in the opposition's ranks. According to Silvio Berlusconi, the government has now a firm majority which will allow it to remain in office until the end of its term in 2013 and implement a number of important reforms, notably in the judicial and economic domains. Many observers and commentators consider that the government and Berlusconi's leadership have been significantly weakened and remain sceptical about the government's capacity to cope with a highly conflictual political environment and to proceed with important reforms. In the spring of 2010, important administrative elections were held covering 13 regions, four provinces and 462 towns and involving more than 40 million voters. The overall results were mostly interpreted as confirming support for the centre-right parties in the national government. In May 2011, administrative elections for nine provinces and nearly 1,200 towns (including Milan, Naples, Turin and Bologna) would prove an important political test for both the government and the opposition parties, as they were expected to involve nearly 13 million voters. In June 2011, four national referenda were due to be held to decide the abrogation of norms on the contracting out and management of economic services of general interest, the determination of tariffs for drinking water provision, the building of new nuclear power plants and on the possibility of declaring a 'legitimate impediment' in order to suspend judicial hearings in trials involving the president of the Council of Ministers or the ministers.
Latvia	In 2010, Latvia celebrated the 20th anniversary of the restoration of independence. The centre-right populist New Era government was ousted from government in October and was replaced by the Unity bloc. The Unity bloc is a right-wing coalition of the New Era Party, Society for Other Politics and the Civic Union. The majority of ministers in the new government have served in one or several of the previous administrations. The new government continued to implement austerity measures as part of its IMF programme. Substantial change in policy on employment and industrial relations is not expected. Presidential

	elections were expected to be held in May 2011.
Lithuania	No significant political changes took place in Lithuania in 2010. The centre-right coalition government elected in 2008, comprising the conservative Homeland Union-Lithuanian Christian Democrats, National Resurrection Party, Liberal Movement, and Liberal and Centre Union, continued its term in office. At the end of 2010, activities were started in preparation for municipal elections due to be held in March 2011.
Luxembourg	The last parliamentary elections in Luxembourg were held in 2009. The current government was formed in July 2009 by the coalition of the Christian Social People's Party (CSV) and the Luxembourg Socialist Workers' Party (LSAP) – the previous incumbents (2004–2009) led by Prime Minister Jean-Claude Juncker. During 2010, the government's main concern was to deal with the crisis. State reform that promoted mergers between municipalities (*communes*) continued throughout the year. The next municipal elections were foreseen for 2011, for a six-year term.
Malta	The year 2010 marked the third year of the government in office. General elections are due in 2013. Although it has only a one-seat majority in parliament, the government seems set to complete the whole five-year legislature. In 2010, there were no local elections and no significant political events. The main concern throughout the year was the reduction of the economic deficit so as to bring it in line with the Maastricht criteria. Throughout the year, the government continued its policy of offering financial aid to companies in distress.
Netherlands	A new government took up office in the Netherlands in October, replacing the coalition government between the Labour Party (PvdA), the Christian Democratic Appeal (CDA) and the Christian Union. The new cabinet comprises the conservative-liberal People's Party for Freedom and Democracy (VVD) and the centre-right CDA. VVD and CDA have entered into a coalition agreement and depend on parliamentary support from the far-right Party for Freedom (PVV). At 76 seats, the three parties hold a narrow majority in the Dutch Lower House. Only in this manner was it possible for a majority (of one vote) to be formed in the Lower House (**NL1011019I**). The government will impose further restrictions on immigration and a ban on wearing the veil, while PVV is campaigning for less EU influence on the Netherlands. The cabinet hopes to achieve cutbacks of €18 billion over the next four-year period. Cutbacks will be sought through freezing public servants' salaries and lowering benefit levels, while the business community will be supported by reducing administrative pressures and introducing a single entrepreneur's counter. These proposals have been met with mixed reactions from social partners.
Norway	The Norwegian coalition government consisting of members from the Norwegian Labour Party (Arbeiderpartiet), the Centre Party (Senterpartiet) and Socialist Left Party (SV) remained in office in 2010. The government is led by Prime Minister Jens Stoltenberg from the Labour Party. The three coalition parties enjoy a majority in parliament (*Stortinget*) and have been in government since the parliamentary elections of 2005 (**NO0510103F**). The three parties secured a second term in the 2009 general election (**NO0910019I**).
Poland	Political events in Poland were overshadowed by the tragic events of April 2010 when the then President, Lech Kaczyński, of the right-wing conservative Law and Justice (PiS), died together with his wife and 94 other top state officials in a

	plane crash close to Smolensk in Russia. Early presidential elections were held in July. The new President of Poland, Bronisław Komorowski, a candidate of the Civic Platform, a right-wing liberal party was elected in the second round. Austerity was at the core of industrial relations policy as the government sought to keep the public debt at 55% of GDP. The relative lack of interest from the government in social dialogue may revive autonomous dialogue between the individual social partner organisations. Parliamentary elections in Poland are scheduled for autumn 2011. Although Civic Platform has a solid political position, their main rival the PiS will be expected to exploit the budgetary problems faced by the government (**PL1009019I**) in the election.
Portugal	The collapse of the public finances in Greece prompted wider concerns about sovereign debt and compromised the capacity of other governments to finance their budgetary deficits by borrowing on the international money markets. This affected Portugal too, with the country coming under increasing strain. The Portuguese minority government led by Prime Minister José Sócrates implemented severe austerity measures in order to stem the crisis. Such measures made his government deeply unpopular with increased industrial unrest and a general strike was held on 24 November, with the future of the Sócrates government coming under increased speculation as a consequence. Yet the government remained in office and succeeded in getting a budget for 2011 through parliament. This budget will make more cutbacks to public services and wages in an attempt to stave off pressure from the financial markets.
Romania	An increasingly severe economic crisis created tensions within the government. During the year, the Romanian cabinet's composition changed as a consequence of five resignations and two dismissals. At the beginning of September 2010, a government reshuffle was triggered by four Liberal Democrat (PDL) ministers (economy, transport, communications and labour) who handed in their resignation and by the demotion of two other ministers (finance and agriculture). All the six new ministers, who were appointed by presidential decree, took office on 3 September and are members of PDL. A seventh cabinet position opened up on 27 September when the Minister of Internal Affairs resigned following a rally of some 6,000 members of unions representing the police and other law enforcement divisions. Disagreements inside the opposition parties gave birth to a new political party, UNPR, which was formed and joined by reputed and long-standing Social Democratic Party (PSD) MPs. The new UNPR party pledged its support for government, strengthening its majority.
Slovakia	The SMER-Social Democracy (SMER) led coalition with the Slovak National Party (SNS) and the People's Party-Movement for a Democratic Slovakia (LS-HZDS) left office in June 2010. SMER won the election but did not have the numbers to rule alone and could not find other parties to form a coalition government. Instead, a coalition was formed of four other parties – the Slovak Democratic and Christian Union-Democratic Party (SDKÚ-DS), Freedom and Solidarity (SaS), Christian Democratic Movement (KDH) and Most-Híd. The new government claimed that it would adopt measures to improve the business environment, combat corruption, reduce unemployment and reduce public debt. In November, regional elections took place. A significant feature of the elections was an unusually high rate of elected candidates independent of political parties. SMER gained a significant share of mayors in cities and villages and seats in regional and local governments. The election of a new attorney general was

	repeatedly unsuccessful and this increased disagreements between the government coalition and the opposition, SMER in particular. The coalition intends to change the rules for a new election. The new election will be a significant political event in 2011.
Slovenia	The Slovenian government formed in 2008 consisted of a coalition of the centre-left Social Democrats, New Politics and Liberal Democracy of Slovenia (LDS) and the Democratic Party of Pensioners of Slovenia (DESUS). Local elections were held in Slovenia on 10 October when Peter Bossman was elected as the first black mayor in Slovenia's history in Piran. Among candidates for mayors, the most successful were members of the Slovenian People's Party (SLS); among candidates for the municipal council, members of the Slovenian Democratic Party (SDS) had the highest success rate. This was a strong warning for the ruling coalition. Slovenia's senior coalition party, the Social Democrats scored poorly in local elections but analysts said gains by some opposition and independent candidates were not a serious threat to the centre-left government. In May 2010 Slovenia became a member of the Organisation for Economic Co-operation and Development (OECD) member.
Spain	Spain's economic situation remains precarious. Its unemployment rate hit 20% for the first time in 13 years, twice the euro zone rate of 10%. However, the Socialist government has remained in power since winning the election in 2008. Spain held the presidency of the EU in 2010 when it oversaw the Treaty of Lisbon taking affect. In 2010, the major political development in Spain was the regional election in Catalonia where the conservative nationalist party, Convergence and Union (CIU), emerged as the winner. However, it did not achieve an absolute majority and needed the abstention of the Socialists' Party of Catalonia (PSC) in the Catalan parliament in order to rise to power. All the parties that took part in the previous government, a centre-left coalition formed by the Republican Left of Catalonia (Esquerra), the Initiative for Catalonia Greens (ICV) and PSC, lost a considerable number of votes compared to the last elections, especially PSC, which obtained the lowest electoral result in its history. The CIU victory reflected voter dissatisfaction with having to subsidise poorer regions of Spain as austerity measures are being rolled out. The party promised to seek greater fiscal autonomy from Madrid for Spain's wealthiest region which, with a population of 7.4 million, contributes almost 20% of Spain's GDP.
Sweden	In 2010, Sweden held elections at national, regional and local level. The incumbent centre-right government, led by Prime Minister Fredrik Reinfeldt from the Moderate Party (moderaterna), remained in office. The government consists of the Moderate Party, the Centre Party (Centerpartiet), the Liberal People's Party (Folkpartiet liberalerna) and the Christian Democrats (Kristdemokraterna). However, the government was denied an overall majority in parliament since the nationalistic Sweden Democrats (Sverigedemokraterna) won seats for the first time in Swedish history. The general election was a disappointment for the Swedish Social Democratic Workers' Party (Socialdemokraterna) as it achieved its worst election results since 1914.
UK	The Labour Party, which had been in government since 1997, lost its parliamentary majority at the general election in May 2010 (winning 258 out of 650 seats). It was replaced by a coalition of the Conservative Party, which won most seats (306) in the election but not an overall majority, and the Liberal Democrats who won 57 seats. This was the UK's first coalition government since

	the Second World War. A key priority of the new government, led by Conservative Prime Minister David Cameron, was cutting public spending to reduce the deficit (**UK1005019I**), including a general public sector pay freeze. The coalition's programme, as set out in The plan for growth (1.63Mb PDF), included a review of employment and workplace laws to 'ensure they maximise flexibility for both parties while protecting fairness and providing the competitive environment required for enterprise to thrive'; this review had not been completed by the end of 2010.

Source: EIRO

Responses to the economic downturn

As a consequence of the 2008 crisis, most European countries had high levels of debt and high unemployment rates. Consequently, in 2010, governments and social partners continued economic policies from the previous year and created new initiatives to deal with the downturn, often in conjunction with social partners.

Austerity measures were implemented to deal with high levels of public debt. These measures include reductions to social welfare, cuts to social programmes and public sector redundancies. With public finances under strain, pay cuts were used in the public sector in Greece, Ireland, Romania and Spain while pay freezes were imposed in Cyprus, Poland, Portugal and the UK. Cuts were also made by several EU states, including Ireland and Latvia, to the generosity of pension schemes.

There was very little room for spending programmes to deal with labour market issues as a consequence of austerity plans. Some small-scale stimulus plans were carried out, such as the creation of internship schemes, subsidies for small businesses and support for training courses. Tax breaks were also extended to businesses with the aim of job creation. Governments also aimed to stimulate job creation and retention through more 'flexible' labour market policies. One of the main tools to create flexible labour markets was through the introduction or amendment of **short-time work** schemes.

Government measures

In addition to the general economic stimulus measures introduced in many countries to address the crisis, numerous governments introduced specific measures aimed at preventing redundancies, getting unemployed people back into work and supporting unemployed people. Most of these packages were introduced in late 2008 and 2009. Several countries extended and built on these measures during 2010 including Austria (**AT0907019I**), Belgium (**BE1004019Q**), Cyprus (**CY0912019I**, **CY1004019Q**), Estonia (**EE0910029I**), Luxembourg (**LU1010021Q**), Malta, Norway (**NO0902049I**) and Slovakia (**SK1010029Q**, **SK0912019I**).

A central plank of national policies to deal with the effects of the downtown on employment was the introduction or amendment of short-time work schemes in 2008 and 2009. Such schemes allow the employment relationship to be maintained during the worst of the recession, protecting workers from unemployment and excessive income loss while enabling employers to retain skilled and experienced staff. With a backdrop of increasing unemployment, many countries extended these schemes in 2010 including Austria, Belgium, Bulgaria, France, Ireland, Luxembourg and Slovakia.

Beyond working time, responses to the economic downturn included the following.

- A number of different measures targeted unemployed people. A small-scale internship and work placement programme will provide 15,000 places in Ireland. Measures have been introduced to encourage youth employment in Austria, France and Luxembourg. In Spain, there was an increase in the number of advisors to jobseekers offering personalised service to unemployed people. However, in the Netherlands, supports for unemployed people were cut.
- Support for businesses and entrepreneurship formed a major part of the policy framework of many countries. The Austrian government introduced subsidies for one-person enterprises. Tailor-made packages of financial aid were available in Malta to companies, which due to a slump in demand were planning to shed their workforce. Corporation tax was lowered and the process for setting up new companies was streamlined in the Netherlands and Spain. Measures to help self-employed individuals were laid out by the Dutch, Hungarian (see New Széchenyi Plan (1Mb PDF)) and Slovak governments. In Norway, a package of measures was adopted aimed at the shipbuilding industry, which is an important part of the country's economy. The package includes increased funds for competence development and innovation, and innovation-oriented loan schemes.
- Training measures including the modification of part-time leave were introduced in Austria. Training measures introduced in 2009 in Norway were continued.

Social partner involvement

In most countries, the social partners at intersectoral level were involved to varying degrees in formulating measures to respond to the employment effects of the crisis, often through discussions in national tripartite and bipartite bodies.

- In March 2010, after intense debate between the Bulgarian government and social partners, the National Council for Tripartite Cooperation managed to reach agreement on a new anti-crisis package (**BG1004011I**). The measures were proposed by the three parties and aim to support employment, households, business and state finances. The measures concerning employment and households were agreed mainly due to pressure from the trade unions, although they were largely supported by the employers. The most important of these provisions include: a mechanism for raising the minimum wage as of 1 July 2010; temporarily limiting the increase in state-regulated prices of goods and services of public interest; removing the limit on unemployment benefits (recently standing at €120); setting unemployment benefits at 60% of the insurable income before job loss; and extending the system of providing food vouchers as a mechanism for supporting the real income of employees.
- At the national level in France, the social partners – with the exception of the General Confederation of Labour, CGT) – signed an agreement on 19 May 2010 on the management of employment due to the consequences of the economic crisis. This was done to help unemployed people who had reached their maximum state benefit entitlement in 2010, did not qualify for other social benefits and who could not find a job or a company to pay for training to increase their skills. The social partners also negotiated on short-time working and job security at the sectoral and company level, and also occasionally at the regional level. For example, the metal employers' association (Union of Metallurgy and Mining Industries, UIMM) signed an agreement in May 2010 with four trade unions to improve the job security of skilled workers in the metal industry (**FR1007041I**). The trade unions were the French Democratic Confederation of Labour (CFDT), Force Ouvrière (FO), the French Confederation of Management – General Confederation of Professional and Managerial Staff (CFE-CGC) and the French Confederation of Christian Workers (CFTC). The agreement strengthens the management of employment and skills at the company level by establishing a 'period of mobility' allowing workers with two years' service to take up a new post with

another employer while retaining the right to return to their previous employment. In addition, UIMM and the trade unions agreed on an extension until 30 June 2011 of the measures already adopted in response to the economic crisis in 2009 in order to avoid redundancies.

- The Latvian government has been including social partners in its decisions over austerity measures by allowing them to make the case against cutbacks in certain areas.
- Following the insufficient results of the measures introduced by the anti-crisis legislation of 4 June 2009, social partners exercised pressure on the Polish government to modify the arrangements, so that the efficiency of the anti-crisis policy would increase (**PL1002039I**). The government acknowledged the social partners' claims and in October 2010 amended the anti-crisis legislation. In particular, the government lowered the eligibility threshold for subsidising the remuneration costs of employees working part time or remaining idle due to a temporary halt of operations at companies affected by the economic crisis. The threshold defining the decrease in sales experienced by a company over three consecutive months after 1 July 2008 was reduced from 25% to 15%.
- The Romanian national trade union confederations set up a national crisis committee (**RO1005019I**) designed to harmonise the trade unions' response to the anti-crisis measures proposed by the government, especially those included in the agreement with the IMF, the European Commission and the World Bank.

However, the gravity of the crisis made it difficult for the social partners to reach agreement in a number of countries. The breakdown of the tripartite social partnership model in Ireland and Spain led to the governments of these countries imposing unilateral measures to deal with the downturn in 2010.

In Portugal, negotiations for a tripartite 'pact for employment' at the Standing Commission for Social Concertation (CPCS) took place but, as the Portuguese government made progressive concessions to the growing pressures for austerity (**PT1005029I**), the chance to keep the trade unions on board decreased. In autumn, the situation escalated and the General Confederation of Portuguese Workers (CGTP) and the General Workers' Union (UGT) both called a general strike for 24 November. At the same time, UGT withdrew from the pact negotiations (**PT1010039I**).

Meanwhile, the Czech government, which took office in July, made it clear that it would not endorse the anti-crisis measures agreed by the previous caretaker government with the social partners. Instead, it would implement its own economic programme. The social partners have been demanding to be included in the reform process.

Developments in working conditions

As mentioned above, the economic downturn has had a notable impact on the labour market in most European countries, resulting in growing unemployment rates and a generalised reduction in employment and (in the current stage of the crisis) in an increase in atypical forms of employment. In the majority of European countries, permanent and full-time work continued to decrease, while temporary and part-time work continued increasing during 2010. These have not been the only consequences of the crisis in relation to work. As described below, working conditions in some areas have also been influenced by the crisis, even if no straightforward trends between countries can be envisaged in every single area.

Permanent employment

Permanent and full-time employment is reported to have fallen between 2009 and 2010 in 18 countries. Bulgaria is the country reporting the biggest loss of employed people (-6.2%), while Hungary had the smallest decrease (almost zero) (Figure 4). Nevertheless, employment grew in 10 countries and Malta reported the best result (+1.7%).

Figure 4: Employment growth in the EU27 and Norway, 2009–2010 (%)

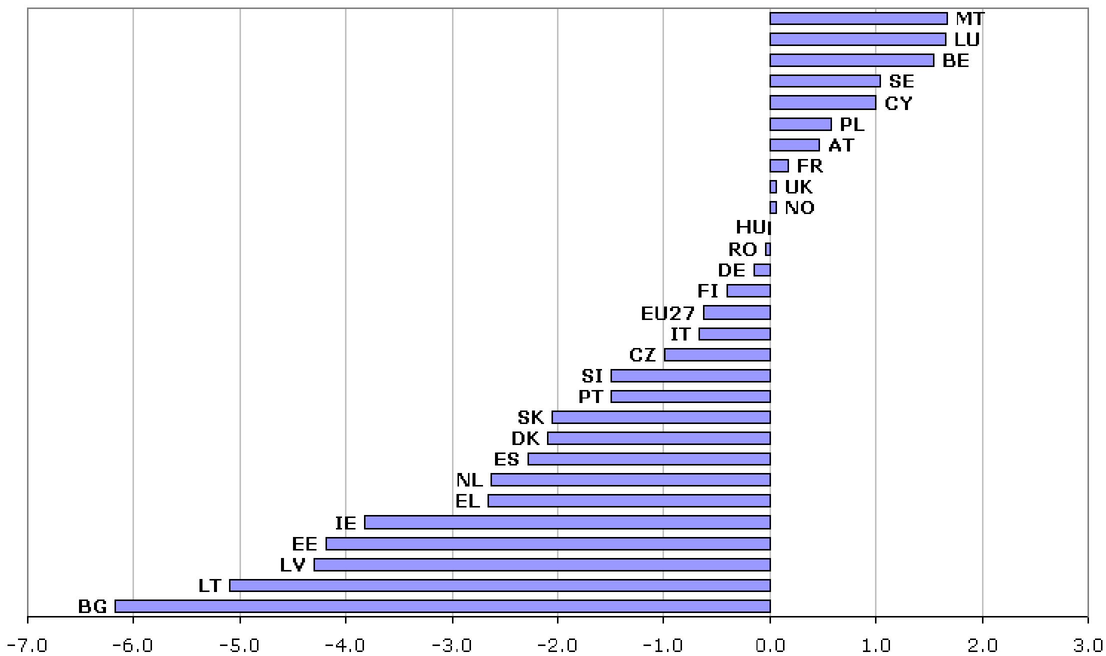

Figure 4: Employment growth in the EU27 and Norway, 2009–2010 (%)

Source: Eurostat, 2011

Temporary employment

There was a general growth in temporary contracts in the vast majority of European countries between 2009 and 2010 (Figure 5). This trend seems to indicate that employers prefer using flexible employment in times of recession. In 23 European countries, the share of workers employed on a temporary basis has increased. Even if the EU27 average increase is less than 0.5 percentage points (13.6% in 2009, 14% in 2010), in some countries the level of growth has been more significant. Latvia is the country reporting the highest increase (+2.5 percentage points: from 4.3% to 6.8%) followed by Slovakia (+1.4 percentage points: from 4.4% to 5.8%). In Hungary, where there was an increase of 1.2 percentage points (from 8.5% to 9.7%), there are plans to adopt new legislation to double temporary and atypical forms of work in order to boost employment. In Italy, the number of non-permanent employees increased by 0.3 percentage points (from 12.5% to 12.8%), but non-permanent contracts showed a decline in length.

Exceptions to this trend have been Belgium, Bulgaria, Denmark and Luxembourg where the share of temporary workers decreased slightly. In the case of Spain, where temporary employment has been decreasing since 2007, the percentage of workers with a temporary contract fell by 0.5 percentage points (from 25.4% to 24.9%). This is because the vast majority of dismissals due to the crisis have been implemented through the non-renewal of temporary contracts.

Figure 5: Temporary employment growth in the EU27 and Norway, 2009–2010 (percentage points)

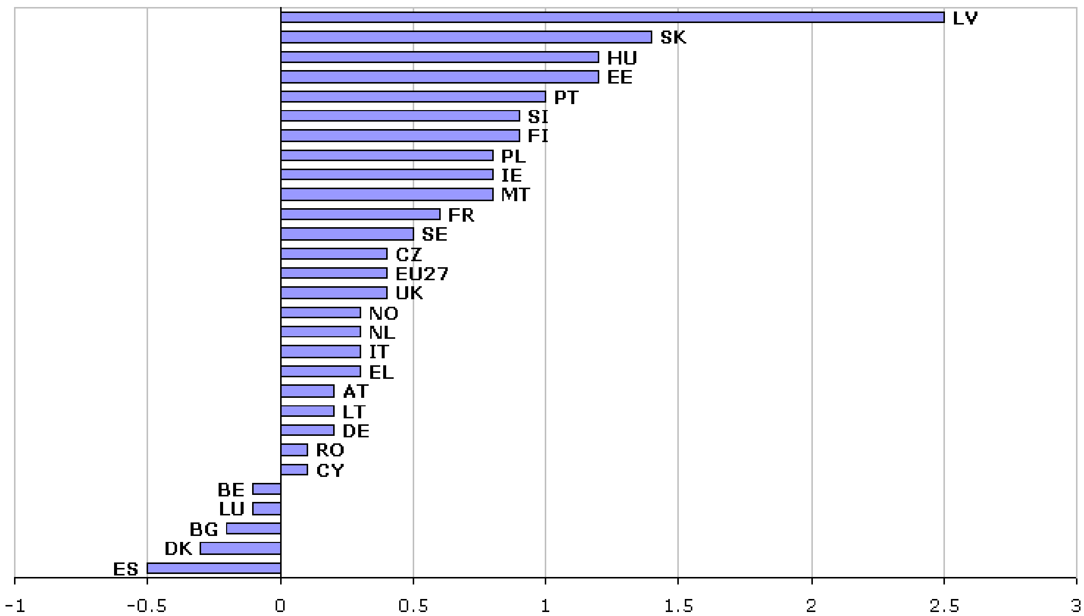

Figure 5: Temporary employment growth in the EU27 and Norway, 2009–2010 (percentage points)

Source: Eurostat, 2011

Part-time work

The other main trend reported by the majority of countries is a slight increase in part-time work (Figure 6). The share of part-timers increased by more than 1 percentage point in Ireland (from 21.2% in 2009 to 22.4% in 2010), Malta (from 11.3% to 12.4%) and Romania (from 9.8% to 11%), while in another 19 countries, the increase was smaller. In Lithuania, Luxembourg, Norway, Poland and Sweden, however, there was a slight decrease in the share of part-time workers.

Figure 6: Part-time employment growth in the EU27 and Norway, 2009–2010 (percentage points)

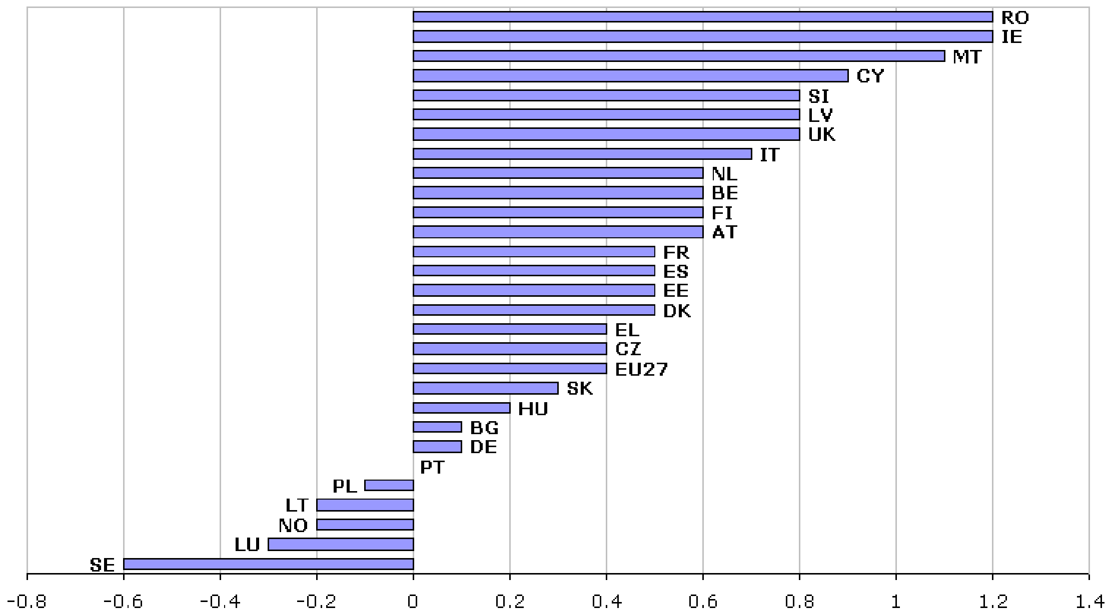

Figure 6: Part-time employment growth in the EU27 and Norway, 2009–2010 (percentage points)

Source: Eurostat, 2011

Undeclared work

In some countries, there has also been an increase in undeclared work. This was the case in Bulgaria, where according to data from the General Labour Inspectorate Executive Agency (GLI-EA), the number of people working without a regular contract increased in the first half of the year, but also in Greece, where 25% of employees were working without any social security coverage and in Slovenia, where a number of violations for undeclared work were reported by the Labour Inspectorate (IRSD).

Career and employment security

Working conditions in this area have worsened in most countries. This is because the majority of European national governments are struggling with decreasing employment and increasing unemployment, and are therefore concentrating their efforts on promoting growth and creating jobs. This has often been done through the adoption of sometimes unpopular measures, which have contributed to an increase in insecurity (both perceived and real) among workers.

Job security, income and wages

The general economic situation and the measures adopted by the national governments have resulted in a high feeling of insecurity among workers. Job insecurity is a major concern for UK workers, who consider job security to be more important than pay, working hours or **flexibility** in the current difficult economic climate, but also for Irish and Slovenian workers. Empirical evidence shows that, in the case of Ireland, a third of employees feel that their own job security has decreased though there is a general higher commitment by workers to their company and its success. In the case of Slovenia, 58% of people prefer to have higher job security than a higher salary (and lower job security). In Finland, although workers considered the situation in 2010 considerably better than before, the feeling of insecurity still prevails in both the public and private sectors.

Information, consultation and participation of workers

Bulgaria reports that the process of information and consultation is slow to develop. The introduction in Bulgarian legislation in 2006 of the EU Directive on Information and Consultation (Directive 2002/14/EC), which resulted in an obligation on companies with 50 or more employees to elect workers' representatives for information and consultation, has not produced appreciable results. In fact, up to 2010 only 8% of all companies with 50 or more employees have elected representatives for information and consultation. In the case of Greece, the general worsening of working conditions and social dialogue due to the impact of the economic crises in the country could result in lower participation by workers.

Equal opportunities

The gender pay gap seems to be the main concern of several national governments, which have introduced specific measures to tackle it. In Austria, for instance, where the gender pay gap was 25.5% in 2008, an agreement on income transparency was reached between the social partners in June 2010. This will be followed by a new amendment to the Equal Treatment for Men and Women Act on income transparency to be implemented in 2011. In Estonia, the gender pay gap is even larger (28.7% in 2008), leading to many policy recommendations to be adopted in the future. In Portugal, measures were adopted within the Fourth National Plan for Equality, Citizenship, Gender and Non-Discrimination 2011–2013 to reduce the gender pay gap and more generally to promote **gender equality**.

Health and well-being of workers

European countries display different and somehow contrasting trends in the area of the health and well-being of workers in 2010. This seems to reflect the different national approaches to the issue of risk prevention and health protection of workers, but also the different intensity of the impact of the economic downturn on national economies. Only in a few countries were specific measures to improve working conditions in this area introduced or enhanced in 2010.

Work accidents and work-related diseases

Five countries (Czech Republic, Denmark, Italy, Latvia and the UK) reported a decrease in the number of work accidents but four other countries (Estonia, Lithuania, Malta and Poland) reported an increase in the number of work accidents (Table 2). Men and older workers seem to be more exposed to accidents. Manufacturing, construction and agriculture are the economic sectors where work accidents happen more frequently in most of the countries mentioned.

Table 2: Trends in number of work accidents

Trend	Country
Decrease	Czech Republic: -9%; concentrated mainly in the construction sector Denmark: -14% between 2008 and 2009 Italy: from 790,112 in 2009 to 775,250 in 2010, that is, -1.9%; from 1,053 fatal

Trend	Country
	accidents in 2009 to 980 in 2010, that is, -7.9% Latvia: fatal and non-fatal accidents decreased by -25.7% and -26.7% respectively UK: -13% over the last decade
Increase	Estonia: + 9.2% between 2009 and 2010 Lithuania: fatal accidents accounted for 4.8 per 100,000 workers in 2010 and 4.3 per 100,000 workers in 2009; severe accidents were 12.3 per 100,000 workers in 2010 and 9.2 per 100,000 workers in 2009 Malta: +3.4% Poland: number of accidents grew by 14% between 2009 and 2010 following a significant drop between 2008 and 2009

Source: EWCO

Only some countries reported trends in work-related diseases (Table 3). The information available indicates that work-related diseases and health problems decreased in three countries (Denmark, Latvia and Lithuania) and increased in the other two (Estonia and Finland).

Table 3: Trends in reports of work-related diseases

Trend	Country
Decrease	Denmark: data from the Danish Working Environment Authority (Arbejdstilsynet) show a decrease in the number of work-related diseases (15,596 in 2009, which is about 1,100 fewer than in 2008) Latvia: a drop from 700 cases in 2009 to 615 cases in 2010 Lithuania: almost 50% less in 2010 compared to 2009
Increase	Estonia: a slight increase from 2009 to 2010, but the total number of work-related diseases remained much lower than in 2008 (there are many reasons to believe that the number of occupational diseases is underestimated, including a shortage of occupational health doctors and only two hospitals being capable of diagnosing occupational diseases) Finland: an increase in mental health problems among young workers, which often results in early retirement, highlighted the relationship between working conditions and workers' health and well-being

Source: EWCO

Health risk factors

Musculoskeletal disorders, respiratory diseases, mental health and nervous system issues are the main outcomes of exposure to risk factors in most European countries. Stress is considered one of the main health risk factors in Belgium and the UK, while it is reported by 43% of employees in Luxembourg and is considered to be the main reason for dissatisfaction among workers in Slovakia. In Romania, almost half the respondents (49.9% as a whole, 60.3% of men and 36.9% of women) stated that they were exposed to risk factors against their physical health and 19.8% reported being exposed to at least one risk factor affecting their mental health. In the Netherlands, even if workers have a relatively good and stable quality of work, about 21% perceive their work as ‘hazardous’ – slightly lower than in previous years. In addition, the same stable percentage of Dutch employees report burnout complaints (12% in 2008 and 2009). Swedish workers worried that their work constitutes a health risk make up 11% of the total workforce.

Some countries report changes in work organisation that have resulted in growing work intensity or work pressure as a perceived risk factor or even the cause of health problems (specifically mental health problems). This is the case in Germany where, especially in sectors affected by the economic crisis (metal transformation and financial services sectors), workers reported working at high pressure (59% in the metal transformation sector) and increased work intensity (33% in the financial services sector). In Austria, employees feel they are put under significant time pressure by colleagues or superiors, or that they are burdened by irregular working hours, and therefore they frequently report suffering from physical or mental complaints; 46% of all Austrian employees believe they will be unable to continue working in their jobs up to the retirement age due to poor working conditions. Working under pressure is also quite common in the Netherlands where it affects 73% of employees, with 28% of them reporting working with high demands. Romanian workers reported that they are exposed to pressure from having to meet short delivery terms, having an excessive workload, undertaking multiple tasks or carrying out simultaneous actions. Approximately 15.3% of employees (16.5% of women and 14.3% of men) identified pressure and overload of work as the main mental health risk factor.

Sickness leave

Incidences of sickness leave have fallen in some countries. In the Czech Republic, they dropped by 12.6%, while the average duration fell by 3.9%. In the Netherlands, (self-reported) sickness absences were historically low in 2009 (4%) and have been declining since 1990 (9%), while a stable 3% of the employees reported to have had a work accident with physical and/or emotional injuries resulting in at least four days of sick leave. In other countries, however, there has been an increase in sickness leave. In Germany, but also in Norway, there was a marked rise in sickness leave in 2009, and the social partners and the government discussed measures to reverse the trend.

Harassment, violence and discrimination

Harassment, violence and discrimination at work have been reported by some countries. Denmark reported an increase in cases of discrimination. Harassment at work has attracted renewed attention in Belgium following the case of a worker being bullied that was caught on film and broadcast. In Bulgaria, a number of harassment and violence cases in the urban transport sector were reported; according to a survey conducted in 2010 in the sector, 80% of workers have been victims of psychological violence and harassment, and 26.6% of physical violence. In the Netherlands, 6% of workers reported physical violence from customers, clients, pupils or passengers (‘third party violence’) and 1% experienced physical violence from their supervisor and/or colleagues. Women experienced less physical violence from supervisors and/or colleagues than men, but they were exposed to third-party violence about twice as much as men. In Norway, 3% of workers reported having been subjected to harassment in the workplace in the form of unwanted sexual attention or the like, while the number of such cases is significantly higher among young women (12%). Furthermore, 4% of the employees experienced violence and verbal threats in the workplace over the past 12 months; this is a particular problem in certain occupations. In the UK, workers reported an increase of 12% in violence at work between 2008 and 2009.

Policies and initiatives

Only a few countries reported developments in 2010 in terms of measures aiming to improve **health and safety** at work and to protect workers from violations of the legislation governing harassment, violence and discrimination at work. The French government adopted a four-year plan (2010–2014) to improve health and safety at work, partly in response to the wave of suicides in large companies in 2009, possibly due to stress, pressure and related mental health problems. New legislation to oblige micro enterprises to guarantee annual health checks for their employees has been introduced in Hungary. In the case of Bulgaria, inspections by the General Labour Inspectorate aimed at ensuring the enforcement of health and safety legislation in small enterprises revealed frequent violations. In Portugal, the Fourth National Plan for Equality, Citizenship, Gender and Non-Discrimination 2011–2013 includes initiatives to combat gender violence and to prevent and combat sexual and moral harassment at the workplace through the promotion of awareness-raising actions and information. Lastly, in Latvia, the Latvian Employers' Confederation (LDDK) has produced an electronic system for assessing environment risks at work and issued a handbook, *Labour protection in an enterprise. Manual for young entrepreneurs*, in an initiative designed to improve labour protection in enterprises and to help small and medium-sized enterprises (SMEs) in implementing an effective labour protection system.

Developing skills and competences

There is no straightforward trend in the area of skills and competence development in 2010. It appears that there is no clear relationship between economic performance and the development of skills and competences in Europe at a country level. The total number of workers involved in training activities has been reported to have increased in some countries, while there has been a decrease in the case of others. In some cases, companies have opted for a bigger investment in the training of their own employees, while in other cases employers have considered investment in training not to be a priority and decided to cut the training budget. Even when considering the adoption of public policies aimed at supporting training and skills development, there are different national approaches.

Trends

The majority of European countries reported a decrease in the number of workers involved in training activities or in the amount of expenditure for training and only three countries reported a high rate or a recent increase in the number of people in training (Table 4).

Table 4: Participation in training programmes

Trend	Country
Decrease	Romania: a survey published in 2010 showed a low participation of employees in vocational/professional training activities, which varies according to the level of education of employees. The rate of participation in training is about 15% in the case of workers with a low level of educational attainment, while it reaches 22% for workers with secondary and tertiary levels of educational attainment. Slovakia: the economic crisis had a negative impact on qualification and training. According to available information from industry, the range of training programmes aimed at developing skills and competences in Slovakian companies declined in 2010. Spain: a small drop in the percentage of workers aged 25–64 years receiving continuing training (12.2% in 2009 compared to 11.9% in 2010) was reported. UK: the proportion of the workforce receiving training fell from 63% in 2007 to 56% in 2009. The number of days training per head fell slightly. In addition, more than half of employers surveyed in 2010 had cut their training budgets in the past year.
Increase	Estonia: participation in **lifelong learning** increased from 7% in 2007 to 10.9% in 2010 possibly due to the availability of funding from the **European Social Fund** for adult training measures. A gap in participation between those already well-qualified for the labour market and those in need of additional training was reported. Italy: employees attending any form of training activities increased from 25.9% in 2008 to 29.2% in 2009, while the share of companies providing training to their employees increased from 25.7% in 2008 to 32.1% in 2009. Netherlands: the percentage of employees who have received training was 57% in 2009, and in 44% of these cases, training was paid by the employer. Norway: improved opportunities for workers to enhance their skills and to participate in continuing education at work are reported by a 2009 survey.

Source: EWCO

Policies and initiatives

Responsibility for introducing measures addressed at employees or employers aimed at promoting skills development (mainly through training activities) has been taken up by the governments and/or government bodies in several European countries. This is the case for Belgium, Bulgaria, Cyprus, Germany, Hungary and the UK.

In Belgium, policies to enhance/maintain the investment in upskilling and training were intensified in 2010. Free vocational training for temporary unemployed people and financial subsidies for sectoral training funds were the most important policies. In Germany, the federal government (together with umbrella business organisations) extended the ‘Pact on apprenticeships’, first set up in 2004, for another four-year period (**DE1011029I**). The Bulgarian National Employment Agency introduced some active labour market measures aiming at increasing the skills and key competences of employed and unemployed persons (for example, voucher training under the schemes 'Adaptability', 'I Can' and 'Development' within the framework of the Human Resource Development Operational Programme).

The Cypriot Human Resources Development Authority (HRDA) is taking forward training schemes for the purpose of preventing as well as addressing the crisis; the data available show interest on the part of employers and workers in participating in the programmes promoted by the national government.

To support training in enterprises, the Hungarian government adopted measures that provide partial or total support for training costs and the wage cost for the time spent in training. In Poland, the anti-crisis legislation in 2009 introduced a measure that used the Labour Fund to fund training initiatives in enterprises for a period of six to 12 months. In Portugal, the Second Plan for Immigrant Integration 2010–2013 introduced, among other things, initiatives aimed at promoting vocational training and the recognition of skills and competences for immigrants.

In the UK, the new coalition government consulted in 2010 on the future of the right for employees of organisations with more than 250 staff to ask their employer for time to undertake study or training. This right was introduced in 2009 under the Apprenticeships, Skills, Children and Learning Act. Furthermore, the government's skills strategy for the reform of further education and training was published in 2010. One of its main aims is to increase the number of adult apprenticeships, while expecting employers and learners to pay more towards the cost of training.

Only in two countries has responsibility for initiatives aimed at promoting skills development been taken by social partners. In Germany, trade unions launched campaigns to support trainees and apprentices, as young people did not profit from the economic upswing to the same extent as older workers. In Latvia, social partners are reported to have contributed to skills and competence development mainly through specific information and training campaigns on rights, legal relations at work and labour protection issues.

Work–life balance

The overview of working conditions developments in the area of **work-life balance** illustrates the different approaches in European countries in 2010. In general, work–life reconciliation in most European countries relies on the use of flexible or atypical forms of contracts (mainly part-time contracts), while the use of flexible working time arrangements appears to be still quite limited. Furthermore, when analysing national policies aimed at promoting work–life balance, national approaches seem to converge in terms of areas to be covered and tools to be employed. The adoption of legislation aimed at improving or introducing **parental leave** schemes has been frequently reported, and in several cases, work–life balance is promoted through the provision of services to facilitate the return to work of mothers. Finally, a few countries reported campaigns run by governments and/or social partners that aim to promote work–life reconciliation.

Trends

In Belgium, there has been an improvement in the work–life balance of workers. In 2004, 11.8% of the workforce had problems maintaining a work–life balance, but in 2010, this proportion fell slightly to 10.6%. Data also indicate that problems in achieving work–life balance are found mostly in professional and managerial jobs (17.4% of respondents reported difficulties).

In the Netherlands, reports of a poor fit between work and private life remained stable between 2000 and 2005 (latest data available) for working men (17%), but increased for working women (from 9% to 14%). In Norway, 14% of workers in 2009 reported that demands and issues at work often or always interfere with their family life and domestic situation, while 4% state that they receive daily inquiries about their job outside ordinary working hours. This applies more to men than women.

In Poland, the most recent available data show a number of barriers to balancing work and private life: 83.2% of respondents claimed not to be able to work from home and 56% admitted not being allowed to take a day off unless it counted as their holiday. However, 65.7% and 58.7% of respondents, respectively, declared they could either leave work during the working day or adjust their daily working hours (by deciding on the beginning and the end of the working day) due to family reasons. These data come from the study Reconciliation of work and private life in 2005 (416Kb PDF), carried out by Poland National Statistics.

Working time and working time arrangements

Part-time work has been reported by several countries to be the main option to achieving a better work–life balance. In those countries, part-time work has notably increased over the past few years, though there are countries where the increase in part-time work should be considered in the context of the economic crisis rather than a willingness to reach a better work–life balance. In addition, the share of part-time workers considering this choice as involuntary has reduced significantly.

In Belgium, part-time work has grown considerably, especially over the past 10 years, and not only among women but also among men (from 4% to 7%). In Ireland, part-time work and flexitime/flexible working time are the most common forms of flexibility and the proportion of workplaces using part-time hours increased from 53% in 2003 to 62% in 2009, while personal involvement in part-time work increased from 20% to 26%. In Slovenia, 9,000 parents worked part time in 2010 due to parenting demands and 44,000 worked at least one month less than usual due to taking care of children. In Spain, part-time work has increased, though only on a non-voluntary basis (13.5% in 2009 compared to 14.2% in 2010), while there has been a decrease in the percentage of employees who work extra hours weekly (5.3% in 2009 compared to 4.9% in 2010).

France and the UK related the number of working hours to work–life balance. In France, the UMP proposed abolishing the 35-hour working week in 2012 in order to leave the social partners free to decide this issue themselves (at a company or sectoral level), but both the unions and the employers were against the proposal. In the UK, around five million employees regularly worked unpaid **overtime** in 2009 and nearly 900,000 regularly worked more than 10 hours a week without payment.

A few countries related work–life balance to working time arrangements. This is the case for Romania where reported data show a limited use of flexible working time, while the share of people working ‘anti-social’ hours (evenings, nights, Saturdays, Sundays) or on shifts appears to be conspicuous (36.5% and 28% respectively), with a detrimental impact on their personal life in about half the cases.

In Slovakia, a flexible working time arrangement (and to a lesser extent working from home and teleworking) is the usual tool used to promote better work–life reconciliation. However, data show a decrease in the number of companies employing flexible working time (from 33% in 2009 to 30.8% in 2010). An increase in the amount of overtime worked by an employee for the employer can also be considered an indicator of work–life balance. The average overtime work ordered by employers per employee increased in Slovakia from 45.3 hours in 2009 to 56.7 hours in 2010.

Data available for Slovenia display a certain lack of flexibility in working time arrangements, with a negative impact on reconciliation between work and family life. In 2010, more than two-thirds of employees had a fixed start and end to their working day, about 25% had a varying working time (meaning they could come to or leave their workplace during a certain time of the day), 59% reported they had the option to start or end the working day an hour later/earlier for family reasons, while 25% stated that this would be rarely possible and 17% thought they could not start or end the working day an hour later/earlier for family reasons.

Policies and initiatives

Initiatives reported by the European countries that aim to achieve a better reconciliation between work and private life can be classified in four groups.

The first group is made up of countries that reported the implementation of legislation and specific programmes or schemes in the field of parental leave. This is the case for Austria, Hungary, Luxembourg, Norway, Poland and the UK.

In Austria, a new childcare benefit scheme was implemented in 2010 in addition to the one already existing. The new income-related scheme was devised to encourage highly skilled women earning a good wage to resume work earlier after parental leave and to attract a higher proportion of men to stay at home with their children. The Hungarian government has decided to reinstate maternity leave with retroactive effect. A law introduced in Luxembourg on 3 August 2010 extended extraordinary leave (for instance, for deaths, weddings, births) already applicable to married employees to couples who have declared they live in ‘partnership’. The Norwegian government extended the part of the parental leave period earmarked for fathers from 10 to 12 weeks, giving a total parental leave period of 47 weeks with 100% pay compensation or 57 weeks with 80% pay compensation from July 2011. In Poland, new regulations on parental leave were adopted in 2010 targeting working fathers who can enjoy a two-week period of parental leave from the beginning of 2012. In the UK, the Additional Paternity Leave Regulations 2010 came into force on 6 April 2010, allowing fathers (from April 2011) to take up to six months’ additional paternity leave if the mother returns to work before using her full entitlement to statutory maternity leave. Malta has been the only EU country where the government (supported by the trade unions) was against the extension of maternity leave to 20 weeks and to the introduction of two weeks of paternity leave, as approved by the **European Parliament**. A provision was made giving an employer the right to temporarily postpone the granting of parental leave. This amendment applies to enterprises not employing more than 10 people.

The second group includes those countries (Austria and Bulgaria) that reported the provision of services aiming at improving work–life reconciliation, especially for mothers who wish to go back to work.

Austria reported a significant increase in childcare facilities between 2008 and 2010, especially for children under three years old. In 2008 alone, some 9,000 new childcare places were created (of which more than half were for children aged up to three years), although only 14% of all those under three years old were provided with a childcare place at the beginning of 2010. In Bulgaria, even if employers are not interested in introducing measures to promote work–life balance, the National Employment Agency has been carrying out a programme since 2008 ‘on support of motherhood’ by providing a paid service of ‘babysitting’ for young mothers willing to return to work. In Italy, children benefiting from formal childcare reached 16% in 2010. However, in Hungary, it became more difficult for mothers to return to work because family allowances were reduced and the subsidies for nurseries were frozen.

The third group considers countries where other specific activities (such as information campaigns or employers’ measures) have been adopted in order to create a better work–life balance. This is the case in the Czech Republic, Germany, Malta, Norway, Portugal and the UK.

In the Czech Republic, one of the main findings of a recent study on work–life balance, which mapped several employers' initiatives aimed at a better reconciliation between work and non-work activities, was that a key condition for successful reconciliation is active involvement of workers and support from the employer. In Germany, the Federal Ministry of Family Affairs, Senior Citizens, Women and Youth and the Chamber of Industry and Commerce (DIHK) launched a new campaign on 'family-friendly working time'. The campaign aimed to promote the reconciliation of work and family life through the introduction of more 30–35 hours per week jobs and of flexible working time arrangements. In Malta, the government recommended the extension of 'family-friendly' measures that are in force in the civil service to all the entities in the public sector. In March 2010, the Norwegian parliament passed new legislation granting all workers the right to unpaid leave for up to 10 days a year to care for close family members over the age of 18 (**NO0912049I**). In Portugal, the Fourth National Plan for Equality, Citizenship, Gender and Non-Discrimination 2011–2013 introduced a few initiatives to promote a better work–life balance for both women and men: carrying out a national survey on men and women's use of time to give visibility to the value of unpaid work; promoting fathers' take-up ratio of parental leave; and promoting information campaigns on parenthood. In the UK, the Flexible Working (Eligibility, Complaints and Remedies) Amendment Regulations 2010 have extended the right to request flexible working to the parents of children under the age of 18; previously it applied in respect of children under 17.

The final group comprises countries (Sweden and Malta) that have introduced changes to other leave entitlements. To reduce administrative burdens on Swedish businesses, the government amended the 1977 Annual Leave Act in a number of ways. For instance, a new calculation procedure regarding holiday pay will be introduced. In Malta, workers' legislation on sick leave was extended to workers not covered by Wage Regulation Orders (WROs) which encompass specific industrial sectors. The new legislation entitles these employees to sick leave of two working weeks in every calendar year on full pay.

Legislative developments

The main driver of employment legislation in 2010 continued to be the economic downturn and its employment consequences. The difficult economic situation contributed to the collapse of the Dutch government, meaning that there were no significant legislative developments in the Netherlands.

A number of measures were taken directly to counteract the economic crisis. Amendments were made to expand anti-crisis legislation in Poland, which subsidises the remuneration costs of employees in companies affected by the crisis. Greece and Ireland implemented public sector pay cuts and measures to increase labour market flexibility (conditions of their EU/IMF loans). Furthermore, Greece, Portugal and Spain allowed company derogations from collective agreements. Romania has employed shock tactics to reduce its public sector costs by cutting public pay by 25% and pensions and welfare by 15%. The Spanish government approved new labour legislation aimed at labour market reform, which it claims will reduce duality and temporary employment; increase internal flexibility negotiated within enterprises; tackle youth and long-term unemployment; and improve labour intermediation and the performance of temporary employment agencies. Tax incentives were used to encourage micro-business start-ups in Latvia. In Estonia and Spain, companies were given reductions in their social contributions for hiring new workers. Changes to the Labour Code in Lithuania allowed companies to hire new workers on fixed-term contracts for up to two years.

Aside from legislation on the crisis, another matter that featured prominently in 2010 was the issue of posted workers (**TN0908038S**). Sweden amended its labour regulation in line with EU regulation following the **Laval case**; Swedish trade unions have been banned from taking strike action in support of foreign posted workers whose working conditions do not comply with local collective agreement requirements. A revision of the Posted Workers Act in Denmark has extended the registration requirements controlling foreign service providers and their posted workers. In Germany, the bargaining parties in the **temporary agency work** sector reached an agreement on minimum wages to be introduced under the Posted Workers Act which would set a minimum standard for posted workers, at home and abroad. However, negotiations ended in deadlock over divisions within the governing coalition. Norway also made some changes to provisions to ensure foreign workers are given similar pay to their Norwegian colleagues for doing the same work. However, this provision is not directly related to the posted workers law as Norway is a European Economic Area (EEA) country and not an EU Member State.

Another area that saw considerable legislative change in 2010 was the issue of temporary workers. New legislation in the UK has given temporary workers the same basic employment conditions after 12 weeks in an assignment as would apply if they had been recruited directly by the user company. This brings the UK into line with EU law on temporary work. In Norway, obligations were introduced on employers to discuss temporary work with trade unions at least once a year. A host of measures on temporary work have been brought into force in Spain with the aim of ensuring stable employment. The Lithuanian government has produced a draft to serve as the basis for legislation on temporary employment.

Other areas that saw noticeable legislative activity include a campaign for gender equality in Spain and new anti-discrimination legislation in Poland and the UK. Attempts to reach agreements over new forms of tripartite negotiation with the aim of reducing industrial unrest reached an impasse in Finland. New ways to measure trade union **representativeness** were introduced in the French public sector. Changes to the tax system in Hungary eliminated tax bands and replaced them with a flat rate of tax. A change in Lithuanian law allows employees to suspend their employment contract for a period of up to three months if the employer fails to perform their obligations in respect of the employee or to pay the whole wage/salary due to the employee for two consecutive months. Minimum wages were cut in Ireland and were raised in Cyprus and Portugal. A new means-tested minimum income scheme was rolled out across most provinces in Austria.

Table 5 summarises legislative developments in other topics during 2010.

Table 5: Legislative developments in EU27 and Norway, 2010

Collective bargaining	The Greek government enacted a new law in line with the EU/IMF Memorandum that allows companies to deviate from the sectoral and the National General Collective Employment Agreements. Measures were also taken to reduce the costs of individual and collective redundancies, surplus work and overtime work. Annual paid leave for holidays was permitted to be reduced under certain conditions. Other legislation allowed the cutback of wages to levels below those determined by the National General Collective Employment Agreement for new entrants to the labour market and for the conclusion of apprenticeship contracts. A new mechanism for the extension of multi-employer collective agreements was applied in Slovakia in January. The consent of the employer concerned by the extension, which was previously needed as a necessary precondition for the extension, was abolished by the new mechanism. However, in December 2010, parliament overturned the amendment and reintroduced the consent of employer as a necessary precondition for the extension (**SK1010029I**). The Cypriot government issued draft legislation that seeks to strengthen rights to bargain collectively and to

	give trade union representatives access to workplaces, while still respecting employers' rights (**CY1011019I**). Recent Spanish reforms allow for the modification of working conditions established in multi-employer agreements (salary scale, working hours, working time distribution and working system) by means of collective bargaining at the company level. In December 2010, the Portuguese government announced an initiative aimed at the decentralisation of collective bargaining.
Conditions of employment	The Latvian government introduced a number of amendments to the labour law with the aim of easing the administrative burden on issues such as the calculation of pay and study leave, as well as a requirement that a copy of the work contract should be available for inspection directly in the unit where a worker is employed. The law also seeks to eliminate unregistered employment by ensuring that work contracts should be in written form and concluded before employment is started. The issue of '**decent work**' was on the Norwegian agenda in 2010. New rules came into force in January that made contractors liable for the obligation of subcontractors to pay wages, overtime pay and holiday allowances for work covered by a collective agreement (**NO0906019I**).
Employment, labour market and job creation	The Latvian government introduced legislation on the taxation of micro-enterprises in order to incentivise the start-up of micro businesses and to reduce unemployment. Both Estonia and Spain have enacted legislation to use unemployment contributions to support employers providing new jobs and training schemes (**EE1010019I**, **ES1007011I**). In Lithuania, Labour Code amendments legalised the opportunity to sign fixed-term employment contracts on a temporary basis (for a maximum period of two years) for newly established jobs. This is intended to encourage creation of new job opportunities, as employers would have fewer obligations than in the case of permanent employment contracts.
Equality	The Spanish Ministry of Labour and Social Affairs has developed a draft regulation to allocate a total of €1.56 million to support gender equality during 2010–2013 (**ES1007011I**). In Poland, anti-discrimination legislation was introduced for freelancers with contracts concluded under the civil law, including contracts for specific tasks and freelance work. The Equality Act 2010, which was created in the UK to group existing anti-discrimination legislation in a single law, amends the law in a number of areas (**UK1010019I**). These amendments included new definitions of direct discrimination and harassment.
Health and safety	In autumn 2010, the Norwegian government decided to introduce regional safety officers in two new sectors, cleaning and hotels and restaurants (**NO1011019I**). Regional safety officers will have a role to play in enterprises where there are no regular safety representatives. In Luxembourg, the Law of 12 May 2010 (in French, 188Kb PDF) modified the Social Insurance Code in relation to accident insurance and the Grand-Ducal regulation of 17 December 2010 (in French, 118Kb PDF), the procedure for declaring accidents at work (**LU1011011I**). It also introduced a single contribution to the workplace injury insurance scheme, along with a bonus/penalty scheme.
Holiday entitlement	The law governing the holiday entitlement and severance pay of Austrian construction workers (*Bauarbeiter-Urlaubs- und Abfertigungsgesetz*) was

	amended, increasing the qualifying period for holiday entitlement from 47 weeks to 52 weeks, and thus adjusting the law in line with the general holiday law. Among other smaller changes, the so-called 'Saturday rule' was suspended – this stipulated that when a statutory holiday falls on a Saturday during a construction worker's holidays the worker would instead receive an extra holiday. In Poland, Epiphany Day on 6 January was introduced as a national holiday. At the same time, from 1 January 2011, employers are not legally obliged to offer a day off in exchange for a national holiday if the national holiday falls on a Saturday or another day free of work according to the weekly work schedule. In Hungary, the junior governing Christian Democrats (KDNP) submitted a bill in autumn 2010 that would declare Sunday a genuine day of rest with only those working whose continuous services are indispensable for society. Once approved, the amendments would take effect on 1 January 2012.
Industrial relations	Attempts by social partners in Finland to revise tripartite legislation on industrial peace deadlocked over disagreements between unions and employees over the use of 'solidarity' and sympathy strikes (**FI0807019I**); the parties wanted to decrease the number of disputes and amount of industrial action. The Finnish annual average of working days lost through industrial action per 1,000 employees was relatively high between 2005 and 2009 with an average of 72.9 days lost compared with an average of 43.6 days lost across the EU15 and Norway for the same period (**TN1004049S**). Meanwhile, in France, the act on the renewal of social dialogue in the French public sector (**FR1009031I**) was adopted. The law changes the way trade unions' representativeness is assessed in the public sector, bringing it into line with regulations in the private sector introduced in 2008 (**FR0808039I**, **FR1007031I**). In order to complete the reforms of 2008 within the private sector, the government changed representativeness within small companies with the law of 15 October, which will enable workers in these companies to participate in elections for union representation (**FR1010011I**). In the UK, the Transnational Information and Consultation of Employees (Amendment) Regulations 2010 were introduced to take account of the recast EU Directive (2009/38/EC) on **European Works Councils** (**EU0901029I**).
Labour Codes	A new change in Lithuanian legislation allows employees to suspend their employment contract for a period of up to three months if the employer fails to perform their obligations in respect of the employee or to pay the whole wage/salary due to the employee for two consecutive months. Recent amendments on **telework** contracts aim to bring Lithuanian law in line with the European Framework Agreement on Telework.

Pay	In December 2010, the Dáil (Irish parliament) passed all stages of the Financial Emergency Measures Bill, which cuts the minimum wage by €1 to €7.65 (a reduction of 11.7%). Among other pay-related measures, the bill will also reduce ministers' salaries and cut the pensions of retired public servants, Meanwhile, the Portuguese Ministry of Labour raised the monthly statutory minimum wage (RMMG) from €475 (2009) to €485 (by 1 January 2011), with the prospect of further increases up to €500 after two interim assessments of the economic situation in May and September 2011. In Romania, pensions were recalculated for the military and other retirees and an obligation was introduced that required retirees to pay for health insurance. Value-added tax was increased from 19% to 24% (**RO1008019I**). Minimum wages were increased across most sectors in Cyprus (**CY0808019Q**). In Malta, the entitlement to pro rata hour rate was extended to all part-time employees, including those whose part-time employment is not their principal employment (the pro rata hour rate is a legal term which means that part-time employees will now be entitled to proportional pay to that of full-time employees doing the same work). In Germany, new national minimum wages for care workers came into force setting a minimum hourly wage of €8.50 in western Germany, including Berlin, and €7.50 in eastern Germany (**DE1008019I**).
Pensions	See section on 'Pensions' for developments in this area,
Posted workers	The **European Court of Justice** (ECJ) 2007 ruling in the Laval case (C-341/05) considered that the Swedish labour regulation was partially in conflict with European regulation adopted via directive. The ECJ stated that foreign undertakings should not be forced to adhere to a collective agreement, for instance by way of strikes, as long as it implements the minimum requirements set out in the relevant national legislation on posted workers. To bring Swedish regulations into line with Community provisions, new non-strike rules were introduced on 15 April 2010 which restrict the right of Swedish trade unions to strike against posted employers. In Denmark, a revision of the Posted Workers Act (LOV nr 509 af 19/05/2010 (in Danish)) has extended the registration requirements controlling foreign service providers and their posted workers. Legislation now obliges private households to check that the hired foreign company is correctly registered in a special register, the Register of Foreign Service Providers (RUT) established under the Danish Commerce and Companies Agency (Erhvervs- og Selskabstyrelsen). In Germany, under the Posted Workers Act of 1996 (*Arbeitnehmerentsendegesetz*, AEntG), which regulates compulsory working conditions for workers posted transnationally and regularly employed in the home market, the Federal Labour Minister can extend minimum working standards (wages, working time, holidays) settled by sectoral collective bargaining. The bargaining parties in the **temporary agency work** sector also agreed on minimum wages to be introduced under the Posted Workers Act, but the government coalition could not settle on its introduction due to opposition by the liberal FDP. In Luxembourg, the main new rules affect the posting of workers, with the Law of 11 April 2010 (in French, 52Kb PDF) modifying the Labour Code on the new conditions and procedures applying to these workers (**LU1007011I**).
Social security	In August, the Austrian Social Insurance Act (*Sozialversicherungsänderungsgesetz*) was amended to include the replacement of the social assistance scheme by a new means-tested minimum

	income scheme (**AT1009011I**). Everyone with a legal claim to unemployment benefit, unemployment assistance, social assistance and pensions, and whose income is below a specified income support threshold, will receive the means-tested minimum income of €744 a month. In Bulgaria under the Social Insurance Code, the level of unemployment compensation was 60% of a person's average earnings during the previous nine months with a ceiling set for an upper limit of contributions (**BG1006021I**). In case of dismissals, these workers would receive unemployment compensation that is substantially lower than their wages. A new bill in Denmark has introduced a two-year trial with a job prize to single parents who come into work after having been long-term unemployed (LOV nr 1593 af 22/12/2010 (in Danish)). A legislative change in Spain means that the tax discount for the quota for common contingencies pertaining to social security will rise from 50% to 80% for those enterprises that apply training measures for workers subject to suspension or reduction of working hours due to economic, technical, organisational or production causes (*Expediente de Regulación de Empleo de Suspensión*, ERE). Enterprises will be allowed to apply these measures irrespective of the number of employees in the enterprise and the employees affected by the temporary dismissal or working time reduction (**ES1007011I**). In Germany, changes were proposed with regard to the benefits for long-term unemployed people after a court demonstrated that certain provisions were unconstitutional. However, this legislation did not obtain a majority in the *Bundesrat*, the second chamber of the German parliament.
Temporary work	The UK implemented the EU Directive (2008/104/EC) on temporary agency workers (**EU0811029I**), notably by giving these workers the same basic employment conditions after 12 weeks in an assignment as would apply if they had been recruited directly by the user company (**UK1011019I**). The Norwegian parliament introduced a duty on the employer to discuss the use of temporary employment with trade union representatives at least once a year. In addition, it was stipulated in the legal framework that no deduction must be made in relation to employee absence (for example, on sick leave) when calculating the duration of employment in the enterprise. This rule is particularly relevant in relation to the so-called 'four-year rule', where temporary employees with four years of non-interrupted employment in an enterprise are entitled to a permanent position. The Spanish government brought in a host of measures on temporary work with the aim of promoting stable employment (**ES1007011I**). A draft law in Lithuania contains definitions of temporary employment. It will serve as a basis for the establishment of temporary employment enterprises and for their engagement in the specific activities of temporary employment (that is, for the creation of jobs).
Termination of contract	The Portuguese government drafted a plan to create a fund that guarantees the payment of a part of the compensation workers receive in the case of redundancy and to introduce a legal maximum limit for the respective compensation. In Malta, Legal Notice 195 (in Maltese and English, 173Kb PDF) extends the protection of employment in case of transfer of business to seamen. A new law amended the French Labour Code on the issue of employee relocation in case of redundancies (**FR1007011I**). This states that when a worker is facing redundancy, any alternative employment offered to them by their current employer, outside France, will be remunerated at the

	same level as a job with their existing employer in France. In the public sector, the government adopted a decree permitting the dismissal of civil servants who lose their position as a result of restructuring if they refuse three new job proposals.
Training	In Austria, an amendment to the vocational training law (*Berufsausbildungsgesetz*) was made to target lower-performing adolescents. The amendment also brought about a reduction of daily/weekly working hours for employees based on health grounds. Furthermore, a young workers' council (*Vertrauensrat*), which represents the interests of students with management, is to be elected in all supra-company training facilities. In Luxembourg, new rules on the co-financing of training entered into force with the Grand-Ducal regulation of 29 June 2010 (in French, 95Kb PDF). In addition, a bill on the 'time savings account' (Bill 6234 of 22 December 2010 (in French, 2.28Mb PDF)) was adopted in December. The time savings account allows employees to bank days of paid leave, either for private reasons or for vocational training. Time savings accounts already exist in Luxembourg, particularly in the banking sector, but the new law will put this initiative on a legal footing.
Work–life balance	See previous section on work–life balance.
Miscellaneous	In the UK, the Employment Relations Act 1999 (Blacklists) Regulations 2010 came into force making it unlawful for employers to refuse to employ, dismiss or discriminate against people for appearing on a 'blacklist' of trade union members. The Spanish government is aiming to create a lifelong individual capitalisation fund that will come into force in 2012, with compensation proportional to the number of days per year worked. Workers will be able to make use of the fund in cases of dismissal, geographical mobility or on reaching retirement. In addition, it may also be used for training purposes (**ES1007011I**). The Hungarian government changed the tax system eliminating tax bands and replaced it with a flat rate of tax with family benefits. The greatest winners from the new system are those who have a higher number of children and better than average salaries (**HU1011011I**). In November, the employer contributions for women working part time were reduced from 27% to 20% and a new law was created allowing women to become pensioners after 40 years in the job market. In Latvia, amendments were made to the Public Procurement Law to eliminate access to state procurement for companies with poor wage tax discipline. A new draft law in Lithuania has been created to prohibit illegal work, including employment of illegally resident third-country nationals. In Poland, an amendment was made to the anti-crisis legislation from June 2009 which lowered the eligibility threshold for subsidising the remuneration costs of employees working part time or remaining idle due to a temporary halt of operations at companies affected by the economic crisis. The threshold was lowered from a 25% to a 15% reduction in sales experienced by a company over three consecutive months after 1 July 2008. The new legislation will come into force when it is accepted by the European Commission (**PL1002039I**). The general application of collective agreements is seen as a key tool in the effort to prevent substandard wages and working conditions among migrant workers in Norway. In 2010, an extension decision was made in the so-called green sector (which among

	others includes agriculture, as well as the building and construction industry) and in the shipyards (**NO1003019I**). The Tariff Board, however, decided against the continuation of the application procedures in force in two other areas (in a selected group of onshore petroleum installations as well as the agreement for electrical workers in the Oslo area) because it no longer saw any evidence of foreign workers being subject to lesser wages and working conditions than Norwegian workers (**NO1102029I**).

Source: EIRO, EWCO

Collective bargaining developments

Collective bargaining developments in 2010 in individual countries are summarised in Table 6.

Bargaining levels and coverage

In the years up to 2010, regular bargaining at national intersectoral level played a significant role in setting pay increases and other general terms of employment (or in laying down guidelines or minimums in these areas to be observed by lower-level bargainers). Such framework agreements had been negotiated in different forms in Belgium, Greece, Hungary, Luxembourg, Romania and Spain. Negotiations on a new agreement for the two-year period 2011–2012 began in November in Belgium. The Hungarian tripartite body, the National Interest Reconciliation Council (OÉT) set minimum wages for 2010 and made recommendations for wages in the private sector. The four-year accord came to an end in Romania, but although negotiations took place at the end of 2010 for a new agreement, not all the employers' side signed up and therefore no agreement had been put in place by the end of the year.

Intersectoral bargaining broke down under the stress of the economic downturn in 2009 in Greece, Ireland and Spain. However, Greece and Spain returned to these practices in 2010. In Greece, derogations can now be made from sectoral agreements at local level for the first time and subminimum wages can be introduced for groups 'at risk' such as young and long-term unemployed people. A three-year National General Collective Employment Agreement was finally concluded by Greek social partners after many delays due to the economic crisis. It includes such measures as a freeze on the minimum wage rate for 2010 and increases in wages for 2011 in line with inflation in Europe. Following the formal collapse of national wage bargaining in March 2010 in Ireland, bargaining at individual company level took place throughout 2010. Nevertheless, the Irish Business and Employers Confederation (IBEC) and the Irish Congress of Trade Unions (Congress) agreed a new voluntary protocol that establishes a tripartite overarching procedure between the government, IBEC and Congress with a view to managing future pay claims in the private sector.

The intersectoral level played a part in negotiations in some other countries, though in relation to specific non-pay issues. For example, in 2010, intersectoral agreements were reached on harassment and violence at work in France. In addition, the four main French trade unions (CFDT, CFE-CGC, CFTC, CGT) and the Federation of Temporary Work Agencies (PRISME) have signed an agreement on 'portage salarial' (**FR1007061I**). This system enables specialist workers such as human resource managers (referred to as 'executives') to undertake work outside their current employment without jeopardising their existing employment contract. The Polish government extended anti-crisis measures used in the previous year. In Bulgaria, the social partners agreed specific base rates for the calculation of social security contributions in 30 sectors which should increase pay and social security contributions for about 2.3 million workers for 2011 (**BG1009021I**). Furthermore, the Bulgarian social partners and government signed two national agreements – for home-based workers and for telework in November (**BG1012011I**).

The sectoral level is the main bargaining level in most western European countries and several central and eastern European Member States. In countries such as Austria, France, Germany, Italy, the Netherlands, Portugal, Slovakia and Slovenia, the essentially annual sectoral bargaining cycle proceeded relatively normally in 2010.

In the Nordic countries, there has traditionally been a clearer multi-year bargaining cycle. However, in Finland and Sweden where industry agreements are usually the reference point for other collective agreements, there was some abstention from this practice in 2010. In Sweden, even though both the Union of Metalworkers (IF Metall) and the Association of Swedish Engineering Industries (Teknikföretagen) withdrew from the industry agreement (**SE1005019I**), an industry agreement was concluded. Overall, in Sweden 550 sectoral agreements were signed covering approximately 3.3 million workers. Meanwhile, in Finland, employers' groups indicated that the period of solidaristic wage policy offering equal pay increases to every sector of the economy and employee group has come to an end (**FI0806029I**). Instead of a national-level wage agreement, the employers wish to move towards sectoral-, company- and even individual-level bargaining models. Nevertheless, collective agreements for about 500,000 employees were made by the end of the year. A two-year sectoral agreement was negotiated in Denmark, which will be supplemented by further agreements at individual company level where actual pay is negotiated. In Norway, two-year sectoral agreements were negotiated, which mostly centred on the issue of equal pay for men and women particularly in the public sector.

The individual company (or establishment in some cases) remained the most important bargaining level in Cyprus, Estonia, Latvia, Lithuania, Malta, Poland and the UK. In the UK, some national-level bargaining took place for the public sector, though this was coming under pressure as the new coalition government sought to implement a more decentralised approach to wage bargaining. Company-level and higher-level bargaining are significant in Bulgaria and the Czech Republic. Meanwhile, there has been an increasing trend towards decentralised agreements in Denmark, Finland, Germany, Italy and Sweden.

A fall-off in bargaining was reported in a number of countries (for example, the Czech Republic) and in some cases the reduction in bargaining was influenced by the economic crisis (for example, in Bulgaria, Cyprus, Estonia, Ireland and the Netherlands). The particular difficulties in Portugal during 2009 reported in Eurofound's annual review of Industrial relations developments in Europe 2009 continued into 2010 with a reduction in the number of collective agreements negotiated, apparently linked to legislation that makes it easier for employers to withdraw from agreements.

The public sector was at the core of collective bargaining developments in many countries across Europe as governments sought to reduce their deficit levels through reduced spending. Pay freezes and pay cuts continued across the public sector in many countries. Pay cuts were implemented in Ireland and Spain. Public pay was slashed by 25% in Romania. Total public sector pay freezes were imposed in Cyprus, Greece, Poland, Portugal and the UK. Restructuring, redundancies and privatisation affected the public sector in many European countries.

Table 6: Collective bargaining levels and coverage, 2010

Austria	The conclusion of collective agreements in Austria is essentially confined to the private sector. These agreements are negotiated, almost without exception, at the multi-employer sectoral level, since Austrian labour law conveys significant privileges to multi-employer bargaining over single-employer bargaining. The public sector is excluded from formal collective bargaining, but negotiations between public-sector trade unions and government representatives take place with parliament eventually determining the terms of employment (**AT0703019Q**). There are no

	official statistics available as to the number of collective agreements concluded in 2010. Estimates suggest that more than 450 collective agreements are concluded each year, most of them at the national level and several dozen at the regional (provincial) level. The majority of collective agreements involve comparatively small numbers of employees in narrowly defined sectors. Furthermore, there is an indefinite number of additional agreements that are valid for longer than one year. Thus, the total number of agreements valid in 2010 is probably significantly more than 450.
Belgium	In the normal bargaining cycle, a two-year national intersectoral agreement is concluded at the end of even years, with subsequent sectoral and company bargaining implementing the intersectoral agreement. Thus, the main development consisted of the negotiation of a new interprofessional agreement. In November 2010, the cross-industry social partners started to bargain on essential issues – wage increases, employment status and welfare benefits (**BE1010011I**). Discussions were still taking place at the end of 2010.
Bulgaria	A total of 71 collective agreements were in force in 2010. Six sectoral-level agreements were negotiated in 2010 compared to three in 2009, while 11 branch-level agreements were negotiated in 2010 as opposed to 22 in 2009. Since 2002, the chemicals industry has been the only sector without a collective agreement, largely due to difficult negotiations and the refusal of all employer organisations to sign it. In the electrical engineering and electronics industry, the employer association refused to renew the branch collective agreement that expired in 2008. The Minister of Culture also refused to negotiate new collective agreements and, as a result, four branch collective agreements in the sector have not been renewed. For the first time in 2010, the extension of four branch collective agreements to the brewery, water supply, paper, and wood processing and furniture sectors means that an estimated additional 19,000 employees will be covered by collective agreements. The estimated collective agreement coverage rate in 2010 was about 28%, a decrease of 2% compared with 2009. The main reasons for this reduction in coverage were the increase in unemployment for 2009–2010 to 8.5% compared to 6.3% in 2008 and the 6%–7% decline in trade union membership.
Cyprus	Collective bargaining in Cyprus is decentralised, with most agreements concluded at enterprise level. However, the sectoral level is considered to be just as important, if not more so, as far as coverage is concerned. Agreements generally have two- or three-year terms. As in previous years, there are no data available on the precise number of agreements signed in 2010. Nevertheless, according to provisional data provided by the unions affiliated to the Pancyprian Federation of Labour (PEO), of the approximately 178 labour agreements that expired in late 2009 or early 2010, around 108 agreements were renewed during 2010 covering around 31,000 employees. This compared to about 140 agreements in 2009 covering around 10,000 employees. As a result of the financial crisis, many agreements have either been delayed or reached deadlock both during direct negotiations and at the mediation stage.
Czech Republic	There is no central register of company-level collective agreements (CLCAs). According to the trade unions affiliated to the Czech-Moravian Confederation of Trade Unions (ČMKOS), 4,812 company-level agreements (3,082 in 2009) were concluded, covering 1,479,780 employees (1,439,212 in 2009), which represents 36.8% of all employees in the Czech Republic. According to data from ČMKOS, its affiliates concluded a total of 18 higher-level (multi-employer) collective agreements (HLCAs) covering about 5,160 employers (compared to 5,105 in 2009) and 531,700

	employees (compared to 536,785 in 2009). However, some of these agreements have been extended to cover other employers. Therefore, these HLCAs apply to almost 10,000 employers (9,145 in 2009) and protect around 816,389 employees (895,548 in 2009), which represents about 20% of all employees – a fall of about 2% from the previous year.
Denmark	In 2010, collective bargaining took place in the trend-setting private sector under the remit of the Danish Confederation of Trade Unions (LO) and the Confederation of Danish Employers (DA). Negotiations took place during the first months of 2010 (that is, still in the light of the recession). From the beginning, it was clear that there was not much room for significant wage increases. After a period of intense negotiations, the social partners in industry – the Confederation of Danish Industry (DI) and the Central Organisation of Industrial Employees (CO-industri) – concluded the renewal of the collective agreement in the pace-setting manufacturing industry sector on 22 February 2010 when they signed a two-year agreement covering 240,000 employees. Soon afterwards, other sectors such as transport, construction and cleaning signed collective agreements that more or less mirrored the agreement in manufacturing. Together the LO/DA remit covers around 650,000 employees (**DK1003011I**). The agreement is a sectoral framework agreement that is negotiated further at company level, where the actual pay is negotiated, as well as special working time arrangements such as work-sharing.
Estonia	In Estonia, the dominant level of collective bargaining is the enterprise level. According to the collective agreements register of the Ministry of Social Affairs (Sotsiaalministeerium), 28 collective agreements were registered during 2010. This number is lower than in 2009 (35) and almost three times lower than in 2008 (81). However, not all collective agreements are registered. No national-level or sectoral-level collective agreements were concluded in 2010, though negotiations over several new collective agreements for 2011 were initiated towards the end of the 2010. For example, in December 2010, rescue workers concluded a new collective agreement for 2011 and negotiations were initiated in the transport sector.
Finland	By the end of 2010, new collective agreements for about 500,000 employees had been made. The average general wage increase was 1%. The average validity of the agreements is one year and three months. All include a company-specific increment that can be used to reward earnings performance, competence or work performance, as well as to adjust wage structures within enterprises (**FI1010021I**).
France	Official statistics on collective bargaining are published each year in June and there are no data currently available prior to this date. The main observable trend through 2009, and one that would certainly be repeated in 2010, was the increase in collective bargaining to deal with the impact of the economic crisis. The social partners discussed the 'modernisation of social dialogue' and detailed all information and consultation bodies, including their rights, competences and means. Meanwhile, they also prepared for a second round of negotiations on the 'modernisation of paritarism' by mapping all the joint bodies on which employer organisations and unions participate. As in 2009, the social partners negotiated on the issue of the employment of older workers, under pressure of legislation adopted in 2008, which requires companies to be covered by a collective agreement or have an action plan to deal with this issue. More than 80 industry-wide agreements have been concluded since 2009 (**FR1007051I**). Several large companies also negotiated on work-related stress following instances of suicide among employees in 2009; see, for example, the case of France Télécom (**FR0911029I**). In November 2010, 230 agreements were signed

	in the 1,300 companies in France that employ more than 1,000 workers.
Germany	The collective bargaining register of the Federal Ministry of Labour and Social Affairs (BMAS) publishes annual figures of newly recorded collective agreements. According to this source, there were 1,479 newly registered collective agreements on pay in 2010 compared to 1,808 in 2009. Of those newly registered in 2010 were 616 sectoral collective agreements (compared to 752 in 2009) and 863 company-level agreements (1,056 in 2009). Some 65% of employees in western Germany were covered by collective bargaining in 2009 (latest figures available) compared to 63% in 2008. In eastern Germany, bargaining coverage stood at 51% of employees in 2009 compared to 52% in 2008.
Greece	The economic crisis dominated the agenda in Greece in 2010 where many employees faced more precarious job prospects. In December 2009, the Greek General Confederation of Labour (GSEE) had notified the employers' organisations via an out-of-court notice of the workers' demands with respect to the New National General Collective Employment Agreement (EGSSE). A three-year EGSSE was finally concluded in July 2010 between GSEE and the employers' organisations – the Hellenic Federation of Enterprises (SEV), the Hellenic Confederation of Professionals, Craftsmen and Merchants (GSEVEE) and the National Confederation of Hellenic Commerce (ESEE). The two sides agreed a minimum wage 'freeze' for 2010 and increases equal to the rate of European inflation from July 2011. In the public sector, Law 3833/2010 stipulates, among other things, a wage freeze for public sector and public utility workers.
Hungary	At national level, the tripartite body OÉT agreed on an increase in the minimum wage and made recommendations for wages in the private sector. In 2010, the number of (re)negotiated agreements registered by the Ministry of Social Affairs and Labour (SZMM) increased slightly. At company level, there were 348 (re)negotiated collective agreements compared to 363 in 2009.
Ireland	The most important collective bargaining development in Ireland in late 2009/early 2010 was that the country's 22-year-old system of centralised social partnership agreements formally broke down after the Irish government announced that talks with the public sector unions on a consensus approach to securing a €1 billion plus reduction in the public pay bill had failed (**IE0912019I**). Moreover, in December 2009, IBEC had formally withdrawn from the terms of the private sector pay agreement (negotiated as part of the Transitional Agreement in 2008), paving the way for the first period of company-level bargaining in Irish industrial relations since 1987 (**IE1001029I**, **IE1002029I**). Since 1987, basic pay levels for unionised workers had primarily been set by centralised wage agreements, with many non-union employers also 'shadowing' centrally set pay outcomes. Yet despite the formal collapse of national wage bargaining, in March 2010, IBEC and CONGRESS agreed a new voluntary protocol that established a tripartite overarching procedure between both organisations and the government, with a view to managing future private sector pay claims (**IE1005029I**). The protocol provides negotiators with broad pay guidelines, using a set of criteria for issues like competitiveness. Concession bargaining became a common occurrence in 2010, frequently in the form of pay freezes. In the Irish public sector, the government and the public sector trade unions negotiated a bipartite deal on public service reform in June 2010 in exchange for a promise of no pay cuts prior to 2014 – the 'Croke Park agreement' (**IE1007039I**).
Italy	The National Institute of Statistics (Istat) collects information on the renewal of 76

	collective agreements (out of a total of 456, of which 40 are in the public sector) covering practically all public sector and almost 90% of private employees, with a total coverage of around 13 million workers. In 2010, 28 industry-wide agreements were signed out of the 76 surveyed, covering 3.5 million workers. Half were in the manufacturing sector (nearly two million employees) and eight in the private services sector (about 750,000 workers). In addition, the agreement for agricultural workers was signed (350,000 employees). This agreement was the only one that explicitly confirmed the four-year bargaining model introduced by the July 1993 tripartite agreement and recently reformed by the January 2009 protocol (**IT0902059I**). Law 122 of 30 July 2010 introduced a three-year stoppage of collective bargaining in the public sector for 2010–2012 in the framework of measures that aim to control public expenses.
Latvia	Collective bargaining has been of limited coverage in Latvia, mainly dealing with pay (though training, job security and supplementary benefits are also relatively common themes) and occurring mainly at company level. Its importance was further reduced because agreed conditions were not observed. Trade unions raised this issue in 2009, immediately after wage cuts were imposed unexpectedly in the public sector. In 2010, the legitimacy of collective agreements was discussed officially. On June 18, the Free Trade Union Confederation of Latvia (LBAS) submitted proposals to the Labour Department of the Ministry of Welfare and the National Tripartite Cooperation Council (NTSP) regarding application of collective agreement norms in difficult economic conditions. On 7 October, the issue was discussed in a meeting of the NTSP. Amendments in labour law, adopted in 2010, envisaged some significant changes to industrial relations. The procedure of entering into collective agreement was simplified and the general agreement concluded by employer organisations is binding for all employers in the sector and now covers all employees in the sector not only in cases when the employers employ 50% of all employees in the sector (as was the requirement before the amendment) but also in cases where the employers provide more than 60% of the total output of the sector.
Lithuania	The national agreement signed between the Government of the Republic of Lithuania (LRV) and social partners in October 2009 (**LT0911019I**) expired at the end of 2010. Although not all provisions of the national agreement had been implemented, all parties agreed about its benefits and therefore discussions, but no serious negotiations, concerning its renewal started at the end of 2010 (**LT1011019I**). Suggestions for a new agreement included calls for more involvement of the social partners, proposals to combat the shadow economy and reforms in education, health and social security. Bargaining in Lithuania occurs almost exclusively at company level. Such agreements are not registered and their number is unknown, but bargaining coverage is limited. Of enterprises inspected by the State Labour Inspectorate (VDI) in 2010, just 3.3% had collective agreements, down from 6% the year before. Only one valid sectoral collective agreement was in place in 2010, namely the agreement for newspaper journalists signed on 19 January 2007 (**LT0702029I**).
Luxembourg	During 2010, national tripartite negotiation proved problematic. In April, the Tripartite Coordination Committee announced the failure of national collective bargaining discussions over the controversial issue of index-linked salaries and the need to reform the system of automatic wage rises (**LU1007021I**). On 29 September 2010, however, the government and the representatives of the trade unions – the Luxembourg Confederation of Independent Trade Unions (OGB-L), the Luxembourg

	Confederation of Christian Trade Unions (LCGB) and the General Confederation of Civil Servants (CGFP) – reached an agreement on the system of automatic indexation of wages. However, the employers were not involved in this agreement. On 15 December 2010, the Union of Luxembourg Enterprises (UEL) signed a bipartite agreement (in French, 658Kb PDF) with the government. Although this agreement does not solve the big problems such as the automatic indexation of wages and the improvement of the public finances, it does make a contribution to a solution of the country's difficulties. However, these two agreements question the commitment of the employers to the traditional model of tripartite negotiation.
Malta	The number of collective agreements received in 2010 by the Department of Industrial and Employment Relations (DIER) is as follows: eight new collective agreements, 14 renewals/extensions, four side agreements/addendums and three amendments. The number of collective agreements made in 2010 (29) is higher than that in 2009 (21). At the time of writing this report, the DIER could not provide any additional information on the above data (for example, it had no data on issues such as the unions that were signatories to these agreements, the content of the agreements and the sectors involved).
Netherlands	Bargaining occurs mainly at sector level, although there is also some company-level bargaining. The sectoral agreements are usually extended and thus cover more than 90% of employees (**NL0910049Q**). There were no significant changes to coverage in 2010, though there were some delays in reaching agreements due to the economic crisis.
Norway	All the two-year long collective agreements were subject to renegotiation in 2010. In the private sector, bargaining was carried out as an industry-level settlement, that is, individual national agreements were negotiated separately and not collectively (**NO1004019I**). Negotiations began with the so-called trend-setting trades, which agreed on a general pay increase of NOK 1.00 per hour (€0.13 per hour as of 15 July 2011). Within the textile industry, in which there are no company-level negotiations, the parties agreed on a general increase of NOK 1.50 per hour (€0.19 per hour). Moreover, a rate of NOK 0.50 per hour (€0.06 per hour) was set aside for measures aimed at reducing pay differences between men and women. In large parts of the private sector, negotiations at the company level will supplement central pay increases. As expected, the results in the private sector were to a large degree similar to the economic framework set by the trend-setting trades. In the public sector, equal pay between men and women was a central issue on the bargaining agenda (**NO1006019I**). The employee side had great expectations for a salary boost among female-dominated occupations (**NO0911019I**) but, ahead of the wage settlement, it soon became clear that the government would not provide extra funds for an extraordinary equal pay package. The issue of equal pay, thus, had to be tackled within the ordinary economic framework set for negotiations. In the state sector, the four bargaining associations on the employee side reached agreement with the employer on new agreements. Part of the economic framework was to be distributed among female-dominated groups. For all groups in the municipal sector and among several groups in the state hospital sector, negotiations ended in strike action. Agreements were concluded by the social partners themselves, with one exception.
Poland	The coverage rate for collective bargaining is not believed to exceed 25% and is diminishing. No data for 2010 were available at the time of writing. According to the most recent data (as of 30 June 2008), there were 8,368 company collective agreements in force covering 1,680,534 employees. In many cases, however, these

	agreements merely replicate the provisions of labour law. According to the register of multi-employer collective agreements held by the Ministry of Labour and Social Policy (MPiPS), as of October 2010 there were 169 such agreements, of which 63 were dissolved by one of their signatory parties and 11 were considered to be 'dead' since in each case the signatory on the employers' side had lost its legal prerogative to be a part of the agreement. That left 95 multi-employer collective agreements still in force. These are almost exclusively confined to the public sector where they cover 390,000 employees (that is, about 3.5% of the labour force) mainly in education, public administration, state-owned forestry, energy, brown-coal mining, metallurgy and defence, and in some large enterprises such as railways and Polish Telecom.
Portugal	The number of published collective agreements declined in 2010 to 234. This figure has fallen consistently since 2008; in 2008 mostly because of a reduction in the number of branch agreements and in 2010 almost exclusively due to a fall in the number of company agreements. Thus, the share of company agreements in the total number has fallen drastically. As reported in Eurofound's annual review of Industrial relations developments in Europe 2009, several employers' associations have made use of the new legal possibility to withdraw from collective agreements. Some of the expired agreements have been replaced by new ones. It seems that in most cases several agreements covering the same area/branch (but signed by different unions with the same employers' association) have been replaced by only one new agreement. This may explain why the number of workers covered by collective bargaining has increased slightly despite the fall in the number of signed agreements.
Romania	The four-year national collective agreement signed in 2007 (which provides a minimum framework for pay and employment conditions) expired at the end of 2010. Towards the end of 2010, collective bargaining started on a new national collective agreement for the period 2011–2014. However, an agreement could not be reached in 2010. Compared to 2009, when no collective agreement at branch level was concluded, in 2010 six new collective agreements at branch level were signed for the following sectors: commerce; agriculture, fish breeding and fishing; ferrous, non-ferrous metallurgy and refractory products industries; chemical and petrochemical industries; building materials industry; and electrical engineering, electronics, fine mechanics, industrial equipment and defence industries. Two collective agreements at the level of a group of companies were concluded (compared to five in 2009) for institutions in the justice and prison system covering 2010–2011. Of the more than 540,000 companies active in the Romanian economy in 2009, in the first half of 2010, 2,792 collective agreements were concluded at company level (of which 2,268 companies were in the private sector, 51 were in joint ownership and 458 were state-owned) compared to 3,698 collective agreements at company level signed in 2009. Addenda were signed for the extension of 1,568 existing collective agreements at company level (as against 2,435 such agreements in the first half of 2009).
Slovakia	Bargaining occurs at both sector and company levels, playing a role in forming employment and working conditions and wage setting. According to the Confederation of Trade Unions (KOZ SR), the coverage of employees by any kind of collective agreement was approximately at the same level as in the previous year (about 30%–35%). In total, 33 sector-level multi-employer collective agreements, including their supplements, were registered at the Ministry of Labour, Social Affairs and Family (MPSVR SR) compared to 35 agreements in 2009. No multi-employer collective agreements were extended in 2010 compared to five in 2009. The small number of extensions can be attributed to long-lasting disputes that impacted the

	implementation of new rules for extensions. Due to the persisting impact of the economic crisis, managing redundancies and wages were the main themes of collective bargaining.
Slovenia	On 22 January 2010, the records of the Ministry of Labour, Family and Social Affairs (MDDSZ) (**SI0703019Q**) contained 45 collective agreements covering practically the whole economy. Five out of 45 collective agreements were intersectoral covering specific issues, the public sector, certain groups of employers, among others. Others concern different wider or narrower sectors or occupations; 23 concern the private sector, three concern public sector industries (public companies in electricity, coal mining, and railways), five concern public sector services and 13 concern public sector social services. From time to time they are amended or their pay element negotiated anew (most often annually in August).
Spain	After a year marked by the absence of any framework agreement determining referential guidelines for collective bargaining, in February 2010 the most representative social partners signed an 'agreement for employment and collective bargaining 2010–2012', which establishes the main criteria and guidelines for collective bargaining over the period of the agreement (**ES1002019I**). There has been a slight decrease in the total number of agreements since 2007, which became more pronounced after the beginning of the economic recession in 2008. However, delays in recording the collective agreements mean that the decrease from 2009 to 2010 should be analysed with caution. The predominance of single-employer agreements in collective bargaining seems to persist, although their share of the total number of agreements has dropped. The percentage of enterprise agreements out of the total number of agreements was 80% in 2007 compared with 76% in 2006, it fell back again to 76% in 2008 and 2009, and still further to 72% in 2010. This was due to the smaller decrease in the number of multi-employer agreements compared with single-employer agreements. However, all the agreements lasted for more than a year and the figures also contain multi-year agreements that were only revised in 2010. According to statistics from the Ministry of Labour and Immigration, 647 new agreements were recorded in December 2010 covering 1,115,108 employees. Of these, 451 were single-employer (144,600 employees covered) and 154 multi-employer (877,929 employees covered) agreements. According to the trade union UGT in a report on collective bargaining (in Spanish, 1.37Mb PDF) from December 2010, only 46% of the agreements it estimated would be negotiated in 2010 were recorded. Nonetheless, it is acknowledged that this figure is almost certainly higher owing to the delay in registering agreements in the official journal of the Spanish government.
Sweden	The bargaining round of 2010 was extensive. New wages were negotiated on behalf of approximately 3.3 million employees when roughly 550 agreements expired. In comparison, wages were negotiated for 175,000 employees when 30 agreements expired in 2009. The coverage rate of collective agreements in Sweden is 90% (85% in the private sector and 100% in the public sector). Sweden's structure of collective bargaining has become more decentralised over the past 15 years. Increasingly, the social partners are delegating the power to negotiate wages and working time to the local level. Some collective agreements are concluded without any concrete figures on pay, or only guarantee levels are specified, thereby leaving it to the local partners to deal with the details in their negotiations on wages.
UK	No official data are collected on the number, level and content of collective agreements. Collective bargaining occurs mainly at single-employer level, though

	relatively large numbers of workers are covered by multi-employer agreements, notably in the public sector and in industries such as construction. The latest statistics from the Department for Business Innovation and Skills (BIS) show that 32.7% of employees were covered by a collective agreement in the fourth quarter of 2009, down from 33.6% a year earlier. In 2009, the rate was 17.8% in the private sector (18.7% in 2008) and 68.1% in the public sector (70.5% in 2008). There was little change in overall bargaining structure in 2010, though the new coalition government's agenda of public sector decentralisation suggests that national-level pay bargaining arrangements in areas such as education and healthcare may be coming under pressure. During 2010, the main development was the announcement in October that the School Support Staff Negotiating Body (SSSNB) would be abolished. The SSSNB was set up in 2009 to negotiate pay and conditions for some 500,000 school support staff in England.

Source: EIRO, EWCO

Pay

The economic crisis that took hold across Europe in 2008 continued to have a downward effect on pay in most countries for 2010. Despite some countries showing signs of economic recovery in 2010, the general trend was for lower wage increases across Europe for 2010 compared to 2009. Many of these nominal pay rises were below the rate of inflation, which meant that employees' purchasing power fell in a number of countries. Lower wage growth was a feature of collective bargaining in many countries as shown by the examples given below.

- In Austria, collective bargaining was started in the pattern-setting metalworking industry where a nominal wage increase of 1.6% was negotiated. This increase is considerably lower than the 3.4% increase in 2009 and translates to a 0.1% decrease in pay when inflation for 2010 is taken into account.
- Average nominal collectively agreed wage increases in the Czech Republic were 3.1% compared to 4.6% in 2009.
- The trend-setting private-sector agreement, negotiated by LO and DA, includes an increase in the current hourly minimum wage of DKK 103.15 (€13.83) by DKK 1.10 an hour (€0.15) in the first year and by DKK 1.75 (€0.24) in the second year. This corresponds to an increase of 1.07% in 2010 and 1.7% in 2011 (**DK1003011I**). Both figures are down from the 2.5% increases in 2008 and 2009.
- Average general wages increased by around 1% in Finland. The Finnish Metalworkers' Union (Metalliliitto) and the Federation of Finnish Technology Industries (Teknologiateollisuus) reached an agreement on a new pay settlement in August 2010 (**FI1010021I**). The agreement provides for a 1% overall pay increase for all employees and the possibility for personal rises of up to 0.5%. The contract also allows for local contracts under different terms. The agreement covers almost 200,000 employees and is valid until the end of 2012. This was a trend-setting agreement, providing a guideline for wages in other sectors, although employers' groups have indicated that they wish to move towards a more decentralised model of collective bargaining.
- In Germany, the average collectively agreed increase in wages and salaries was 1.8% in 2010, which was below the 2.6% increase of 2009 (**DE1102019I**). Actual gross wages and salaries increased by 2.2% in 2010 compared with a decline of 0.4% in 2009. In September 2010 following a number of warning strikes, the bargaining parties of the northwest German steel industry agreed on a new wage package and concluded a new collective agreement ensuring

that temporary agency workers in the steel industry are paid the same as workers on standard contracts. This is the first such collective agreement in the history of collective bargaining in Germany (**DE1010019I**).

- The Greek National General Collective Employment Agreement imposed a 'wage freeze' for 2010 and earmarked increases equal to the rate of the European inflation from July of 2011 and 2012. In the public sector, Law 3833/2010 stipulates, among other things, a wage freeze for public sector and public utility workers.
- The average collectively agreed pay increased by 2.2% in Italy compared to 3.1% in 2009.
- Collective labour agreements in the Netherlands concluded in the private sector contained a deal to increase wages by around 1%, which was in line with inflation and compares to the 1.1% increase in 2009 (**NL1002019I**).
- The Norwegian wage growth rate in 2010, in enterprises subject to collective bargaining, is estimated to be 3.75%. It ranges from 3.6% for workers in the manufacturing industries and 6% for employees in the financial services sector (**NO1102049I**). The pay rises in Norway were lower than the 4.1% increase in 2009 and the 6.3% rise in 2008.
- Portuguese collective agreements set nominal pay increases in the private sector at 2.4%, resulting in a growth of real wages by 1.4%. In the context of the government's effort to reduce the budgetary deficit, the nominal wages in public services were frozen.
- An average 2.2% increase in basic wages was agreed in 19 multi-employer collective agreements compared to a 5.5% average increase of wage tariffs in 2009 across Slovakia. According to multi-employer collective agreements concluded for 2010, basic wage tariffs increased equally by 1% in the civil service and in the public service sector. In 2009, 4% and 5%–7% wage increases were agreed in the civil service and public service multi-employer collective agreements respectively.
- Collective agreements in Spain set nominal wage increases at 1.51% compared to 2.28% in 2009.
- In Sweden, the weighted average of collectively agreed pay rises was 2.4% during 2010. Real wages are estimated to have risen by just over 1% in 2010, which was considerably less than in 2009. This was attributable to lower nominal pay rises and higher inflation. Over a longer period, 1996–2010, real wages have averaged an increase of about 2.5% per year.

No figures are available for collectively agreed pay increases in some countries, but general earnings and wage statistics indicate that the recession was still having a moderating effect on wages in 2010.

The average nominal growth of Bulgarian wages for 2010 was about 9% compared to 13% in 2009 and 26.2% in 2008. This is a consequence of the crisis; unskilled workers have been laid off and the number of unemployed persons is increasing.

In Ireland, average weekly earnings fell to €685.10 in the third quarter of 2010, down from €694.69 a year earlier and representing a fall of 1.4% over the year. The Romanian government set the national minimum wage (which serves as a basic level for increases elsewhere) at lower rates than those stipulated in the tripartite agreement (11.1% in 2009 and 0% in 2010). Meanwhile, important sectoral agreements provided either for low increases or for no increases at all in 2010 for Cypriot workers. For instance, the sectoral agreement for the employees in the hotel industry, which covers over 16,000 skilled and unskilled workers, stipulated a total increase of about 1.5% for 2010, while the metalworking agreement that covers around 9,000 workers did not provide for any pay rises in 2010 apart from a €120 lump sum for every worker in employment on 31 December 2009.

There are no data on average pay rises in Luxembourg. However, the legal salaries index, which benchmarks wages to the cost of living (*indexation des salaries*), provided for an increase in wages of 2.5% (in French) on the 1 July 2010. Although the percentage of wage increases and the minimum wage (*revenue social minimum*) have to be applied by all employers, individual employers and collective agreements have scope to go beyond the indexed wage agreements.

In the UK, pay deals were generally at slightly lower levels than in 2009. According to the October 2010 edition of the *Workplace Report* published by the Labour Research Department (LRD), collectively agreed pay increases were 1.75% for the year (well below inflation) compared to 2.4% during 2009. The number of pay freezes, which had been high in 2009, fell back in 2010. However, freezes imposed by the government or employers in the public sector in 2010 meant an increasing divergence between pay trends in the private and public sectors towards the end of the year.

For more information on developments in pay see the Eurofound report Pay developments – 2010.

Working time

The key working time issue in collective bargaining in 2010 was flexible working. Flexible working schemes were used to deal with the crisis in several countries including Austria and Slovakia. Flexible working allows employers to adjust working times in accordance with economic demands and avoid the need to make workers redundant.

Flexible working time was at the centre of disagreement between social partners in Austria for 2010. Employer groups sought to have more 'flexible' working time arrangements where employees' overtime pay could be suspended for the hours of overtime worked. Trade unions instead looked for a reduction in working time, claiming that this would allow the employment of more workers and would decrease unemployment. By the end of 2010, neither side had reached agreement over this controversial issue (**AT1012011I**). Similarly in Latvia, some amendments in the labour law increased flexibility. The amended law envisages that in cases where the work contract is changed, the employer should pay the previous wage (instead of average work remuneration as previously) for the next month (or average wage in case of payment by piece). Employment of students was also facilitated.

Meanwhile in Portugal, the revision of the Labour Code in 2009 created the possibility of introducing new instruments of internal flexibility, namely working time accounts and so-called 'concentrated' working hours. According to the new labour legislation, these instruments can only be introduced by collective agreements. During 2010, several employers' associations made use of this new option. One was the Association of Metal, Metalworking and Allied Industries of Portugal (AIMMAP) which is an important player in Portuguese industrial relations. Between 2005 and 2009, AIMMAP had cancelled all collective agreements it had signed before. On 12 February 2010, it signed a new branch agreement that introduced working time accounts. The Slovakian Labour Code allows the use of specific flexible working time arrangements to alleviate the impact of the economic crisis and to maintain employment. Nonetheless, these arrangements (particularly short-time working and flexible working), which were often used in 2009, were less applied in 2010.

Another important trend in 2010 was the adjustments to working hours that occurred in several European states. In all collective agreements signed across Bulgaria in 2010 there were clauses for participation of trade union organisations in the case of working time changes. For production reasons, employers could, after consulting trade union representatives, make a written order extending the working hours in each working day with a corresponding reduction in others. In reducing the volume of work, employers can establish unilaterally, for up to three months in a year, part-time work in the company or its unit – again after prior consultation with trade unions.

The basic length of working time according to the Czech Labour Code was 40 hours per week. In 2010, more than 47% of HLCAs (47.1% in 2009) contained provisions for shortening working time without a reduction in wages to 37.5 hours per week. Working hours (at least in one of the working regimes) was negotiated in almost 95% of CLCAs (94.7% in 2009). The average working week in CLCAs was 38 hours per week in 2010, while the average working week in HCLAs was 38.8 hours (38 hours in 2009).

There is no collectively agreed working time in Lithuania. Working hours are not regulated by the collective agreements. The Labour Code stipulates a statutory maximum working week and statutory maximum working day in Lithuania; the statutory maximum working week is 40 hours (maximum working time, including overtime, must not exceed 48 hours per seven working days) and the statutory maximum working day is eight hours (for employees employed in more than one workplace or in one workplace but under two or more employment contracts, the daily working time may not be longer than 12 hours). A legislative initiative taken by the Romanian government in November 2010 amended the Labour Code (approved under Law no. 53/2003) to allow for more flexible contractual arrangements in respect of the length of the working schedule. More specifically, the amendment permits the extension of the working week to 48 hours and the compensation of overtime by days off or payment within the next 60 days of performing it (compared to 30 days under the current legislation). The amendment gives employers the right to grant paid days off to an employee during a slowdown in business; these days are entered in the employee's spare time record for use to balance future overtime work performed during intensive business periods (**RO1012039I**). This amendment was, in February 2011, still in the negotiation phase with the social partners.

Spain has seen a trend towards increased annual working hours since 2008, with 2010 showing an agreed rise of almost nine hours per year compared to 2009. Although the annual working hours determined in single-employer agreements in 2010 increased by 15 hours in relation to 2009 (1,699.9 in 2009 compared to 1,714.9 in 2010), those determined in multi-employer agreements increased by only six hours (1,758.5 in 2009 compared to 1,764.9 in 2010). In the Netherlands, the reduction of working hours scheme, which enables companies to apply for part-time unemployment for some of their employees, stayed in place. The scheme started on 1 April 2009 and was expected to end on 1 July 2011; 7,800 companies have made use of the scheme for 76,000 of their employees but, by January 2011, about 90% of employees had left the scheme.

Almost 53% of Czech HCLAs (52.9% in 2009) extend holiday entitlement to five weeks (four weeks according the Labour Code).

Organisation and role of the social partners

Trade unions

Trade union merger activity remained at a relatively low level in 2010 (especially compared with the early years of the decade) and most of the mergers that did occur were fairly small scale. The main examples are from Denmark, Finland, Germany and Portugal.

On 1 January 2010, the largest Danish trade union, the United Federation of Danish Workers (3F) and the woodworkers in the Union of Wood, Building and Industry Workers (TIB) agreed to merge under the name of 3F. 3F thus covers a majority of the workers in the construction sector with only painters, electricians and plumbers being represented by their own unions.

Also on 1 January 2010 a new industry trade union federation, Industrial Union TEAM, was established in Finland from a merger of two trade unions – the Chemical Workers' Union (Kemianliitto) and the Finnish Media Union (Viestintäalan ammattiliitto) – both of which had been affiliated to the Central Organisation of Finnish Trade Unions (SAK). The original intention had been for six of SAK's affiliated trade unions to merge and thus the merger is considerably smaller than originally envisaged (**FI1001019I**). Also in Finland, the Union of Salaried Employees (TU) and the financial sector union Suora finally approved their amalgamation in November 2010. The new union Pro began operations on 1 January 2011. The first steps in the amalgamation process were taken five years ago. The new union has about 130,000 rank-and-file members in the private industry and services sectors.

On 30 November 2010, the largest union in the German railway industry, TRANSNET (GdED) merged with the smaller transport trade union GDBA to form a new union, the Rail and Transport Union (EVG) (**DE1012029I**). The new trade union had some 232,000 members on 31 December 2010. The merger was unique in that TRANSNET was affiliated to the Confederation of German Trade Unions (DGB) whereas GDBA was an affiliate of the German Civil Service Association (dbb). EVG will be affiliated to DGB at national level, the European Transport Workers' Federation (ETF) at European level and the International Transport Workers' Federation (ITF) at international level.

In Portugal, the Federation of Metalworking, Mining, Chemical, Pharmaceutical, Petroleum and Gas Workers' Unions (Fiequimetal), which is an affiliate of CGTP, carried out a major restructuring process among its eight member unions, which merged into four new regional organisations (north, centre-north, centre-south and south). This process is part of a broader restructuring programme within CGTP.

The year saw a number of other changes affecting both individual unions and confederations. In Slovakia, some changes took place in the organisation of sectoral trade union organisations affiliated to KOZ SR. To rationalise the performance of sectoral trade unions, the Slovak Trade Union Association of Societal Organisations joined the Slovak Trade Union Association of Public Administration (Sloves) in 2010. Following the merger, the number of sectoral unions associated with KOZ SR fell to 28.

Nurses working in the accident and emergency department of the Mater Dei Hospital left the Malta Union of Midwives and Nurses (MUMN) to set up a new union, the Emergency Nurses' Union (ENU). The request by Forum Unions Maltin (FORUM), a loose confederation of independent trade unions formed in 2004, to be represented in the Malta Council for Economic and Social Development (MCESD), Malta's national tripartite institution for social dialogue, continued to be a topical issue in 2010. The opposition party, Partit Laburista (PL), presented a motion in parliament calling for a change in the composition of MCESD to include FORUM. An application for affiliation was submitted by FORUM to the European Trade Union Confederation (ETUC).

In Bulgaria, the National Chamber of Crafts joined the Confederation of Independent Trade Unions in Bulgaria (CITUB).

Newly published data confirmed a continuing fall in union membership/density in a number of countries. Examples are given below.

There was a decrease of about 6%–7% in trade union membership in Bulgaria because of the economic crisis; the registered unemployment rate in 2010 reached 9.5%. The most affected sectors were services, machine building, construction, metallurgy, light industry, state administration and communications.

Despite a slight increase in total union membership, 2010 saw a further decline in trade union density in Cyprus. According to preliminary statistics (data for 2009 were due in April 2011), the Trade Union Registrar estimated that union density would drop below 50% in 2009 (**CY0901029Q**).

A decrease in Czech trade union membership continued. According to Jaroslav Zavadil, the Chair of the biggest Czech trade union association, the Czech-Moravian Confederation of Trade Unions (ČMKOS), it was a natural process related to the current economic crisis. The current percentage of trade unionists among employees is about 20%. ČMKOS itself has around 470,000 members.

A study by LO based on registration data (in Danish, 1.4Mb PDF) showed that Danish union membership and unemployment fund membership have declined significantly. Total union density declined between 1995 and 2010 by six percentage points from 73% to 67% (**DK1012019I**).

Membership of the Estonian Trade Union Confederation (EAKL) fell from 43,776 in 2006 to 33,031 in 2010. Compared to 2009 (35,878), the membership figure has dropped by 7.9%. The reason for the declining membership probably lies in the large number of redundancies that started in 2008 as the recession began. At the same time, trade unions are not popular in Estonia and it is therefore difficult to attract new members.

Swedish trade unions have faced declining union density since the mid-1990s, particularly during 2006–2008. The decline in membership of the blue-collar Swedish Trade Union Confederation (LO) continued in 2010, while the white-collar Swedish Confederation of Professional Employees (TCO) and the Swedish Confederation of Professional Associations (SACO) both boosted their numbers. Overall, the declining trend has flattened. Sweden still has one of the highest union densities in the world; about 71% of all employees are members of a union.

In the UK, the latest BIS statistics put total trade union membership in employment at 7,054,000 in the fourth quarter of 2009, down 2.3% from 7,219,000 a year previously. Overall union density among employees remained unchanged (owing to a fall in employment levels) at 27.4%, with private-sector density at 15.1% and public-sector density at 56.6%.

Efforts were made in several countries to boost trade union membership levels through recruitment initiatives. In the Czech Republic, recruitment objectives were pursued indirectly in a project launched at the beginning of 2010 called 'Extension and improvement of the scope and quality of services rendered for employees via social dialogue and human resource development for social partners'. The project was launched by the two biggest trade union associations, ČMKOS and the Association of Independent Trade Unions (ASO). The project works on the assumption that provision of efficient and comprehensive consulting services during an economic crisis is a priority for those organisations defending rights and interests of employees and their own members. It has been designed particularly for people who take part in social dialogue and for employees who find themselves in an adverse work and social situation, and try to find a way out via professional consulting in labour law relations and social dialogue.

A major change in the organisation of Ireland's largest union, the Services, Industrial, Professional and Technical Union (SIPTU) unfolded in 2010. The union approved various changes including moving to a sectoral structure from regional units, almost tripling the resources put into organising new members, and having specialised staff deal with individual grievances.

The Law on Trade Unions (LTU) of the Republic of Lithuania stipulates that only employed people are allowed to join trade unions and that unemployed, retired and other people are not allowed to exercise this right. Amendments to the LTU, which modify the existing legislation, were drafted in 2010 and submitted for consideration by the parties. The amendments seek to grant the right to establish and join trade unions to all citizens of the Republic of Lithuania and those foreigners who are permitted to work. The amendments were expected to be adopted at the beginning of 2011.

Meanwhile, in France and Romania there were several legal developments with regard to representativeness. The French Supreme Court ruled in April 2010 that the reform of the law governing trade union representativeness, approved by the French parliament in 2008, did not infringe the conventions of the International Labour Organization (ILO) or European law (**FR1007031I**). The court stated that, even if the right to collectively bargain with an employer in principle had become one of the essential elements of the right to form and join trade unions, guaranteed under Article 11 of the European Convention on Human Rights (see also **EU0905029I**), the state nevertheless remains entitled to restrict this right to representative trade unions. At the end of 2010, the Movement of French Enterprises (MEDEF) proposed to the five main unions a 'social agenda' for 2011–2012 and the beginning of a national collective bargaining round over youth employment.

In Romania, the Ministry of Labour, Family and Social Protection published in November 2010 for public debate a bill on the Social Dialogue Code. The bill, which may bring about a thorough reform of the principles governing industrial relations in Romania, proposes new representativeness criteria for both trade unions and employer organisations. It envisages a change in the number of such organisations acknowledged as representative at national and sectoral levels. The Economic and Social Council (CES) would be converted to a 'public institution of national interest, the purpose of which is to foster civic dialogue between employer organisations, trade unions, and representatives of civic organisations' – a definition that differs from its current status of 'national tripartite public institution for social dialogue'. The civil society would substitute for the government as one of the three parties to the CES (**RO1012019I**). The bill was still in the consultation phase at the end of 2010.

Employer organisations

There were numerous reported changes in the organisation of employers in 2010. In October 2010, the executive boards of two German employers' associations in the temporary agency work sector, the Association of Medium-Sized Personnel Service Companies (AMP) and the German Association of Private Employment Agencies (BZA), announced a decision to merge the two organisations. When the merger will take place is yet to be decided. According to information provided by the two associations, BZA represents more than 2,000 companies whereas AMP has 1,100 member companies. Zukunftsvertrag Zeitarbeit, which represents the interests of the six largest companies in the temporary agency work sector, joined BZA as a passive member on 16 February 2010.

Meanwhile, in March 2010, the Union of Independent Entrepreneurs (PZO) secured a seat on the Social and Economic Council (SER), the Dutch government's permanent advisory body, when it was assigned one of the employers' seats. PZO is focusing on two main points. Firstly, it wants to see a relaxation of the hours that self-employed workers must work to attain tax benefits. Secondly, it is lobbying for a simplification of the tendering regulations (particularly for government bodies), which it argues will offer self-employed workers greater opportunities to bid for assignments (**NL1004019I**). SER issued its first recommendations in September 2010 on the position of self-employed workers in the Netherlands when it proposed the need for agreed minimum rates for self-employed workers. SER believes adjustments are needed to the social security system with respect to self-employed workers. Its recommendations have been welcomed by the union for self-employed workers of the Dutch Trade Union Federation (FNV), another group representing entrepreneurs (**NL1011029I**).

The Confederation of Polish Employers (KPP) changed its name to Employers of Poland (Pracodawcy RP) (**PL1007019I**).

An important realignment of forces in the Portuguese employers' camp took place in the summer of 2010. The Confederation of Portuguese Industry (CIP) broadened its statutory mission from a pure employers' association to a confederation that also represents business interests. At the same time, the organisation changed its name to the Entrepreneurial Confederation of Portugal but kept its traditional acronym 'CIP'. The creation of the new confederation was based on an agreement between the 'old' CIP and the two major business confederations, the Entrepreneurial Association of Portugal (AEP) and the Portuguese Industrial Association (AIP). In January 2011, elections took place and the presidents of AEP and AIP will integrate the directing bodies of the new CIP.

The Federation of Mechanical Engineering of the Slovak Republic (ZSP SR), which left the National Union of Employers of the Slovak Republic (RÚZ SR) in 2008, became a member of the Federation of Employers' Associations of the Slovak Republic (AZZZ SR).

The first presidential elections in the history of the Spanish Confederation of Employers' Organisations (CEOE), the most representative employers' organisation in Spain, were held on 21 December 2010 and won by Juan Rosell, President of the Catalan employers' organisation Foment del Treball. Summarising his programme in this first speech as President of CEOE, Juan Rosell declared that he aims to 'recredit the market economy, strengthening the foothold for social dialogue and renewing the representative organs of the employers' organisation'. He has already overseen a reduction in the number of vice-presidencies on the governing board of CEOE from 21 to seven. Several observers have drawn attention to the exclusion of representatives from the employers' organisations that supported his opponent Santiago Herrero in the election. In addition, some business employers have objected to the absence of representatives of employers' organisations that encompass strategic sectors such as the banking and energy sectors and the lack of representatives from employers' organisations that act for enterprises located in the north and south of Spain.

The only major change in the structure of the Swedish peak or sectoral employer organisations during 2010 was the merger between the Employers' Association of Local Federations of Local Authorities and Enterprises (Pacta) and the Swedish Organisation for Local Enterprises (KFS). The two organisations have traditionally competed for the same group of members (primarily companies in the municipality and county sector) and, by merging they will become the 10th biggest employer organisation in the country.

Social dialogue

There were a number of changes to formal social dialogue structures in 2010.

Social dialogue was traditionally carried out at national, sectoral, municipal and enterprise level in Bulgaria. At regional level, the Regional Councils for Tripartite Cooperation were set up in 2010 to deal with cooperation and consultation over issues concerned with labour, social security and living standards.

In 2009, the Hungarian parliament reduced the functions of national tripartite forums and the bipartite sectoral social dialogue committees (**HU0910019I**). These changes were due to come into force from January 2011. The ongoing political and legislative changes have generated joint actions by the social partners, with four of the trade union confederations organising a demonstration in December 2010; only the National Federation of Workers' Councils (MOSZ) and the Democratic League of Independent Trade Unions (LIGA) did not take part.

The collapse of Ireland's centralised social partnership model in early 2010 has had, and will continue to have, significant implications for the role of the social partners. Some of the substantial architecture of social partnership that has been built up since 1987 looks set to be dismantled. Furthermore, the social partners and their affiliates will have to sharpen their negotiating skills in the event of an increase in local pay bargaining activity.

On 17 February 2010, social partners signed an agreement on the formation of a new regional tripartite consultation council in Daugavpils, southeastern Latvia. Social partners were involved in the decision-making process regarding austerity measures and budget consolidation in regular meetings of the NTSP. Trade unions successfully used the NTSP as a platform for negotiating important social issues such as the national minimum wage (due to be increased in 2011) and family benefits (which would not be reduced in 2011). In 2010, social partners at the Tripartite Council of the Republic of Lithuania (LRTT) decided to set up 11 new committees in order to extend the scope of its activities. Currently nine are active.

Major conflicts and restructuring cases

Industrial action

Full official data on industrial action in 2010 are not yet available for most countries. However, the evidence indicates that there was little or no strike activity during 2010 in a number of countries, including Austria, Bulgaria, Denmark, Estonia, Lithuania, the Netherlands, Slovakia, Sweden and the UK. But while absolute levels of strike action remained low, there was a slight rise in the number of working days lost in Denmark, Slovakia and Sweden. There was also a significant rise in industrial action in Poland (**PL1002019I**) and Norway (**NO1006019I**). Although exact statistics are not available for Greece and Portugal, both countries experienced high levels of industrial unrest. Despite the break-up of social partnership and the poor economic climate, levels of industrial strife, particularly in the private sector, were very low in Ireland following the spike in 2009.

In many central and eastern European countries, protests often take the form of demonstrations, meetings or pickets, rather than full work stoppages. These actions do not generally feature in strike statistics but, where relevant, are considered as examples of industrial action below.

In a number of countries, company restructuring, job losses and site closures caused and exacerbated by the economic crisis were the cause of significant industrial action in 2010. Notable disputes of this kind included those at Finnair in Finland, British Airways (**UK1006029I**), textile companies Kali Agro and Slo.vi in Slovakia (**SK1009019I**), and the German steel industry (**DE1010019I**). Renault announced a possible relocation from France to Turkey, which was met by trade union protests. In the Netherlands (**NL1004029I**) and Norway, cleaners initiated industrial action for better pay and conditions. In Poland, there was industrial unrest among aircraft crew in the national airline (LOT), in the retail sector (**PL1009019I**), as well as electricity suppliers Energa Group. Several strikes were particularly disruptive in 2010, involving blockages and prolonged periods of industrial unrest. In France, trade unions responded to the announcement by oil multinational Total of a closure of a profitable oil refinery at Dunkirk with blockages of oil refineries around the country (see ERM Fact sheet, 8 March 2010). Greek truck drivers responded to the government's attempts to 'open up' their profession by going on non-stop strike for several months. In Sweden, the most disruptive industrial unrest of the year took place in the paper and pulp industry over pay and working conditions. This was the first strike in the manufacturing industry since the signing of the Industrial Agreement in 1997 (**SE1004019I**).

There were also disputes in the private sector over the renewal of collective agreements. Conditions for renewal were made more difficult due to the continued impact of the economic downturn. In Cyprus, strikes were called after failure to agree on pay in the metalworking sector (**CY1012029I**). In the construction industry in Norway, strikes were organised over minimum wage rates that are generally applied in the sector and mainly concern foreign workers. In Italy, Fiat's abandonment of collective agreements triggered a debate over the possible transformation of the Italian collective bargaining system (**IT1102019I**). In Ireland, there was a high-profile strike at Otis and Irish Lift Services over the selection process for redundancy.

In recent years, the public sector and traditionally public services (although now in some cases privatised) have accounted for much of the industrial action in many countries in the context of reform, restructuring, privatisation and cutbacks. These disputes were marked by high profile conflicts in some countries. Areas affected included:

- the public sector as a whole, as in the Czech Republic, Latvia, Poland (**PL1009019I**), Portugal (**PT1010019I**), Romania (**RO1010019I**), Spain and the UK;
- national and/or local government, as in Germany and Norway;
- healthcare, as in Bulgaria, the Czech Republic (**CZ1101019I**), Germany, Latvia, Luxembourg, Malta (**MT1010019I**), Norway and Poland;
- education, as in Malta and Romania;
- emergency services including rescue workers in Estonia (**EE1102019I**);
- transport industries, as in Bulgaria, Greece, Hungary, Luxembourg, Norway, Poland and the UK (**UK1012019I**);
- ports and airports, as in Finland and Spain;
- judiciary, as in Poland.

These disputes had a range of causes. Issues related to privatisation caused a considerable number of disputes. For example, the restructuring and privatisation of the railway in Poland and parts of the Hellenic Railways Organisation (OSE) in Greece provoked widespread strikes. Trade unions from across Europe held a rally in Luxembourg in April 2010 against liberalisation of its transport industry.

Disputes over the renewal of collective agreements led to strikes among public employees in Estonia where rescue workers went on strike over conditions in the collective agreement (**EE1102019I**), Germany, the public transport company BKV in Hungary, education in Malta and Romania, and air traffic control in Spain.

However, as in 2009, it was public sector pay freezes or cuts that led to many of the high-profile and most widespread industrial action in 2010. Strike action was threatened in Bulgaria over the World Bank's insistence that the national railway companies cut their staff by 30%. Disputes were started over severance pay for public servants in Hungary, over cost cutting and job losses at London Underground (**UK1012019I**), and over cutbacks to healthcare in Latvia, Malta (**MT1010019I**) and Luxembourg. Meanwhile, the public sector as a whole went on strike against pay freezes in Poland (**PL1009019I**) and Portugal (**PT1010019I**), while in the UK civil servants went on strike over changes to redundancy payments.

In some cases, protests about public sector cuts were part of wider actions against government policy in response to the economic crisis. These included actions in the Czech Republic where 150,000 people went on strike (**CZ1009019I**), in Latvia, Spain, Lithuania (**LT1010019I**) and Romania where workers blockaded public institutions (**RO1008019I**, **RO1010019I**). Trade unions led a protest against the Estonian government's idea to change the use of unemployment insurance premiums (**EE1010019I)**, changes to social security laws in Greece (**GR1008019I**) and against changes to family allowances in Luxembourg (**LU1010011I**).

The reforms to pension systems that are reported on below sparked industrial action or protests in a number of countries. The contribution periods necessary to secure pension rights were extended, provoking protests in Bulgaria (**BG1009011I**), while an increase in the retirement age led to protests in Estonia and France. In France, opposition to the pension reforms was particularly prominent, making international headlines. Action against the pension reforms included strikes that partially paralysed the country with the blockage of oil refineries and public transport and eight days of national trade union demonstrations, which peaked on 19 October when up to 3.5 million people took part according to the unions (1.1 million according to the police). Yet, this unrest failed to prevent the proposals from becoming law, which parliament adopted on 27 October 2010 (**FR1007021I**, **FR1012011I**).

Regulation of industrial action

The regulation of industrial action and the prevention and resolution of labour disputes received attention in several countries in 2010.

The ban on strikes in the public sector in Estonia remained in force even though the ban is in contravention of ILO regulations (see also **EE0903029Q**, **EE0803029Q**, **EE0603019I**). In December 2010, the Hungarian parliament passed a law stipulating that employees in basic public services may only go on strike if an agreement on minimum service levels has been reached or a labour court has defined those services.

In Slovakia, government proposals to extend multi-employer collective agreements to cover a whole sector were met with strong opposition by employers' groups. As a consequence, the government reduced the scope of these laws, which was met with protest action by Slovak trade unions (**SK1010029I**).

Legal aspects of industrial action in the UK were in the news during 2010, with controversy over employers gaining court injunctions to prevent strikes over technical irregularities in union strike ballots (as at Network Rail, the rail infrastructure company) and calls from both employer organisations and unions to change the legislation in this area (**UK1010029I**).

Restructuring

EIRO reports highlight a number of industry 'hotspots' where employment was particularly badly affected in particular countries in 2010 such as:

- construction industry in Slovenia;
- forestry in Finland;
- public sector in the UK and Romania;
- army in Poland;
- automotive industry in Germany;
- airlines in Cyprus and Malta;
- defence and the financial sector in the Netherlands.

At a European level, the General Motors restructuring plan led to over 8,000 job losses in Europe, particularly affecting Belgium and Germany (**EU1002029I**).

Many countries had examples of company restructuring that attracted high levels of attention in 2010, often because of the scale of the job losses and the knock-on effects on the local labour market. Some of these developments were essentially national in scope, while others resulted from the restructuring process of a multinational company. Examples are given below.

- In Austria, the electronics retailer Cosmos had to file for bankruptcy on 18 February 2010. All its 27 electrical stores closed shortly afterwards, making all of its remaining 1,160 employees (1,400 in 2006) redundant (see ERM Fact sheet, 18 February 2010).
- The Belgian branch of General Motors announced a large redundancy plan in Europe with the loss of more than 2,600 jobs due to the closure of the Opel assembly plantin Antwerp (ERM Fact sheet, 21 January 2010). Carrefour cut 1,672 jobs and froze the wages of remaining workers (ERM Fact sheet, 23 February 2010).
- On 26 October 2010, the Danish-based multinational windmill manufacturer Vestas announced the closure of four factories in Denmark and 1,919 job losses (ERM Fact sheet, 26 October 2010). Across Europe, Vestas made close to 3,000 employees redundant in total. Layoffs arose in anticipation of a decrease in demand for wind turbines in Europe in 2011.
- Mobile phone giant Nokia announced cuts of 270 jobs in early 2010 (ERM Fact sheet, 8 February 2010) and another 500 late in the year (ERM Fact sheet, 21 October 2010). Nokia Siemens Networks (ERM Fact sheet, 27 April 2010) also cut 120 jobs.
- In Germany, 2,700 jobs were to be cut in Opel, part of the General Motors group.
- In the Netherlands, 6,000 jobs were cut at ABNAMRO/Fortis, 10,000 at the Ministry of Defence and 2,500 at TNT Post (**NL1003019I**, **NL1101029I**).
- A total of 187,000 jobs were cut in the Romanian public sector in order to reduce the wage pressure on the central budget; for example, 18,300 people were made redundant in education, 17,900 in the health sector and 24,400 in public administration. Significant collective dismissals affected some 13,200 people in the road and pipeline transport sectors, mainly caused by the restructuring of the national railway companies, which paid the highest toll in terms of layoffs (approximately 10,000 employees), and in the coal mining industry, where some 7,000 workers in the state-owned companies were made redundant.
- The construction sector was one of the worst hit in Slovenia where employment declined by 25.3%. Companies that have closed down include the Vegrad Group, one of the largest Slovenian construction companies with all 574 employees losing their jobs, SCT Obrati where 245 employees were affected and SCT Gem where 400 employees were made redundant. SCT d.d., the holding company of SCT Group, the largest construction company in Slovenia, also shut down leading to 600 job losses.

Industrial relations aspects

As described above, corporate restructuring and the accompanying job losses were a source of disputes and strikes in many countries in 2010. Of the numerous examples of major restructuring exercises, collective redundancies and site closures that occurred without any consensus, negotiated solutions or responses were found in many cases. Agreements on short-time work also often involved employees making concessions on pay and conditions in exchange for management commitments to prevent or reduce redundancies or to maintain or allocate production. The other main response was to mitigate the effects of planned workforce reductions and avoid compulsory redundancies and/or to provide compensation and support for redundant workers. Table 7 provides a number of examples of these approaches.

There were cases where management and unions were unable to agree a response to restructuring such as in Ireland, where Aer Lingus required a Labour Court recommendation before restructuring could proceed. Following trade union protests over job cuts in the rail sector, the Bulgarian Minister for Transport set up a working group on financial stabilisation and social understanding in the railway companies. The group consists of trade unions, employers and government representatives. Job cuts have been frozen until an agreement can be reached.

In many countries, a consensual approach to (often crisis-related) restructuring appeared prominent.

Table 7: Examples of negotiated responses to company restructuring, 2010

Country	Response to company restructuring
Estonia	From 2009, the Estonian Unemployment Insurance Fund (EUIF) has paid insurance benefit in all cases of redundancies when the employment relationship has lasted for at least five years. As in 2009, EUIF intervened in restructuring cases with the reaction service to collective redundancies. EUIF provides information and counselling to those who have received notice of redundancy, before the actual dismissal has taken place. Cases include AS Tootsi Turvas and Loksa Laevatehas.
France	In September 2010, 2,500 employees of the rubber tyre manufacturer Continental near Toulouse voted in favour of an agreement on restructuring. The aim of the agreement was to maintain current employment levels in return for a cut in pay, which comprised a pay freeze in 2010, reductions in wage premiums, and a reduction of two days in the period off work granted by the employer in implementing the change in working time from 39 to 35 hours at the time when legislation was originally introduced. In October, the two main unions at the site decided to use their right to oppose the company's plans and denounced the restructuring agreement. Several hundred workers at the site criticised the unions and demanded a new election for workers' representatives. The conflict was still unresolved at the end of 2010.
Ireland	A €97 million survival plan was agreed by management and unions at the Irish airline Aer Lingus in 2010 (**IE1007019I**). Following bilateral talks at the Labour Relations Commission (LRC), the cabin crew voted in favour of an agreement with the company. The 'Greenfield' plan involves 676 voluntary redundancies and pay cuts ranging from 7.5% for those earning €40,000–€50,000 annually to 10% for those earning more than €50,000. The working week will also be increased by more than 1.5 hours and new work rosters will apply. Also in the airline industry, Dublin Airport Authority (DAA) workers accepted a €40 million cost reduction programme that includes a novel scheme that will allow for repayment of savings if a strict set of profit targets are achieved. Under what is known as the Employee Recovery Investment Contribution (ERIC) scheme, money will be deducted from earnings, but if targets are met, then money will be reimbursed to staff and pay levels could be restored. A total of 275 permanent jobs and 100 temporary positions are to go across the three airports run by DAA (Dublin, Cork and Shannon). A pay freeze was put in place until the middle of 2011. An Internal Disputes Tribunal was to be established, comprising a senior union official, a senior manager and an independent chairperson (to be agreed).
Italy	Indesit, the manufacturer of domestic appliances, announced the closure of two

	plants in Brembate and Refrontolo with the loss of around 500 jobs. After some months of negotiations, the company and the trade unions reached an agreement on a reorganisation process. The agreement, beyond the recourse to Wage Guarantee Fund (CIG) measures and economic incentives for voluntary dismissals, provides for outplacement services for redundant workers. In particular, the company promoted the building of a network to help provide new jobs to those made redundant in the area of Bergamo and Treviso. Other major cases of reorganisation include Telecom Italia (**IT1009019I**) and Poste Italiane (**IT1010019I**). In both cases, collective agreements defined a set of measures to reduce the employment and social impacts of restructuring.
Netherlands	At TNT, an agreement in principle was reached in December 2010 with the unions, reducing the number of jobs lost from 4,500 to around 2,500. To put pressure on the negotiations and reach this (second) agreement, the unions organised several strikes in the wake of the Christmas period. The Dutch postal sector continues to remain unsettled, with newcomers attempting to break into the market. The new entrants were favoured in early 2010 in legal proceedings against the state concerning minimum employment conditions. TNT then withdrew its initial demand of linking the reduced number of redundancies to an agreement on wage moderation. This caused conflict with FNV and the Christian Trade Union Federation (CNV) and with the Union for Postal Workers (BVPP). In December, it was agreed that at least 1,700 of the redundant staff members would be transferred to the profitable auto unit and parcel post division. TNT continues to be plagued both by a shrinking postal market and increasing competition following deregulation, placing wage costs under mounting pressure. Against this backdrop, the Dutch Lower House pushed for a government committee to be established to draw up an inventory of all the problems (**NL1003019I**, **NL1101029I**).
Poland	The Polish insurer Powszechny Zakład Ubezpieczeń (employing 15,500 people) announced plans to cut 2,079 jobs and change employment conditions for 4,576 employees. As the result of negotiations between management and the trade union, 253 fewer people were affected by direct dismissal and 821 fewer were offered new employment conditions.
Spain	Internal restructuring was applied by the travel agency company Marsans (ERM Fact sheet, 18 June 2010). The company was sold in June 2010 to Teinver a Posibilitum Business. Ten days after the takeover, the new management announced its intention to dismiss 1,200–1,500 workers. Finally, the unions accepted the conditions proposed by the company, which applied a redundancy procedure (*ERE de Extinción*) affecting 1,400 workers. Another important case derived from the merger of Caixa Catalunya with Caixa Tarragona and Caixa Manrresa (ERM Fact sheet, 13 March 2010). This case involved the dismissal of 1,300 workers, many through voluntary redundancies and early retirement.

Pensions

Europe is undergoing a demographic crisis. Fertility rates are declining while its inhabitants are living longer. As a consequence, a growing segment of the older population is becoming dependent on a shrinking working population. This is leading to a strain on the ability of the working age population to support the growing number of dependents. The strain on both public and private pension funds is a considerable challenge for policymakers.

The ratio of the population across the EU27 over 65 'dependent' on the 'working population' has increased steadily from 20.6% in 1990 to 25.9% in 2010 (source: Eurostat, Old-age-dependency ratio, 2011). This indicator is defined as the projected number of people aged 65 and over expressed as a percentage of the projected number of people aged between 15 and 64.

This figure is projected to reach 34.23% by 2025 and 53.47% by 2060 (data drawn from Eurostat's Projected old-age dependency ratio, 20 May 2011). This means that the proportion of the population of working age will decrease from three for every dependent to just two for every dependent by 2050. According to the latest data (2009), not a single country in the EU27 reached the replacement fertility rate of 2.1, although France and Ireland came close (source: Eurostat, Total fertility rate: number of children per woman, 2011). Many countries including Germany, Hungary, Italy (data are for 2008), Latvia, Malta and Portugal had fertility rates of less than 1.5%. These fertility rates are among the lowest in the world.

In addition to the demographic crisis, the economic and financial crash of 2008 has made the situation more difficult with large pension fund losses, the deterioration of public finances and substantial decreases in employment across Europe.

According to the 2009 Ageing report (9.76Mb PDF) from the European Commission's Directorate General for Economic and Financial Affairs (DG ECFIN), old-age and early pension provision across the EU is projected to increase by 2.4% of GDP between 2007 and 2060). The projected increase in public pension expenditure is set to differ significantly from state to state. For example, three states (Cyprus, Greece and Luxembourg) will see their pension expenditure increase by more than 10% of their GDP by 2060, while in five Member States (Ireland, Malta, Romania, Slovenia and Spain), the ratio of spending to GDP will grow by between 5% and 10%. On the contrary, in the case of Denmark, Sweden, Latvia, Italy and Estonia, the ratio is expected to either stay at or drop below the initial (2007) level.

Pension policy varies considerably across Europe due to differences in traditional ways to provide pensions as well as countries being at different stages of the reform process. Strong public sector involvement in the pension systems is a common feature, but the importance of occupational and private pension funds varies. Reforms have been made in almost every European country to ensure pension programmes remain sustainable.

The information provided for each country has been organised according to the type of action undergone at a national level with effect on the pension system. Table 8 covers those countries that have adopted pension system reforms. The nature of pension system reforms is two-fold:

- Pushing up the statutory retirement age in a phased way. The retirement age will be increased in Bulgaria, Denmark, Estonia, France, Germany, Greece, Malta and Romania. In Ireland and Italy, the retirement age has been raised for certain categories of civil servants.
- Restricting access to early retirement schemes and strengthening incentives to prolong working lives, thus suppressing the increase in old-age and early pension expenditure. Early retirement schemes are being phased out in several countries including Austria and Denmark. Access to early retirement has been restricted in Cyprus, Hungary and Slovakia. The governments of Italy, Norway and Poland have introduced measures that encourage people to work longer. The French government is providing a number of incentives to companies that employ older workers.

Table 9 covers those countries that have adopted specific measures to modify some aspects of the pension system. Such measures aim to reduce the generosity of public pension schemes so as to make these programmes financially more sustainable in view of the demographic trends or due to the financial crisis. For some countries such as Ireland, Latvia and Lithuania, the generosity of pension schemes has been cut as part of immediate austerity measures in the wake of the financial crisis. In the Czech Republic, the government is shifting more responsibility for pension funds to private schemes. It is hoped that this will reduce the burden on the state and place more responsibility on individuals for their pensions.

Table 10 covers those countries where reform of the pension system is under discussion. These include Belgium, Denmark, Finland, Germany, Malta, Slovenia and Slovakia.

Table 8: Countries that adopted pension system reform in the recent past

Austria 2003–2004	The two major pension system reforms in 2003 and 2004 remain valid today (**AT0305201N**, **AT0306201N**, **AT0409203F**). The reforms focused mainly on abolishing the early retirement pension scheme by April 2014 and prolonging the contribution period up to 45 years in order to receive a full pension of 80% of pensionable earnings. In addition, harmonisation of various pension systems for different occupational groups and a contribution-based individual 'pensions account' for each working person were introduced in 2004. The former grants a pension of 80% of pensionable earnings at the age of 65 and is based on a period of 45 years of contributions, also known as the '45-65-80' scheme. Measures introduced in 2003 apply to those born before 1 January 1955, while those implemented with the 2004 reform are valid for all those born after then.
Bulgaria 2010	At the end of 2009, as part of the discussions on the 2010 budget, Bulgaria's Minister for Labour and Social Policy proposed raising the retirement age. After initial strong opposition from the trade unions to the proposed measure (**BG1002019I**), the government and social partners signed an agreement for a reform of the pension system in November 2010. The reform established, among other things: progressive prolongation of the contribution period up to 40 years for men and 37 years for women between 2012 and 2019; raising the retirement age up to 63 for women and 65 for men, to start in 2021; increasing social security contributions by 1.8% from the beginning of 2011; and criminalisation of evasion of social security contributions from the beginning of 2011.
Denmark 2006	In 2006, the Welfare Agreement regulated both the early and normal retirement ages, raising both. The early retirement age will rise from 60 to 62 between 2019 and 2022, and the normal retirement age will rise from 65 to 67 between 2024 and 2027. The trade unions are in general satisfied with the bill while the employers indicated a desire for a more far-reaching reform.
Estonia 2010	In April 2010, the Estonian parliament approved a draft act introducing an increase in the retirement age. Thus, by 2017 the retirement age will gradually increase for everyone by three months a year, and by 2026 it will be 65 for both men and women. The increase in the retirement age will mainly affect those currently aged 50 or less. People who are currently 50–56 years old and who will reach their retirement age in 2017–2026 will remain in the transition period (**EE1004019I**). In December 2010, it was also decided that employers could start to make down payments from 1 January 2012 in employees' third pension pillar without having to pay the fringe benefit tax.

France **2010**	A new pension system reform law was brought in by the French parliament in October 2010 despite strong opposition and protest by the trade unions. The new law contains two main measures affecting workers. The first is an increase in the age at which individuals can retire (from 60 to 62). The second is an increase, from 65 to 67, in the age at which individuals will be entitled to receive the full state pension. Two measures contained in the new legislation specifically seek to encourage the employment of older workers. The first will provide financial aid to companies employing workers aged 55 or over. The second will allow companies that run mentoring programmes for younger workers to offset the costs of these against their training budget which, by law, they are already obliged to have for professional training. Various measures were also contained in the new law in an attempt to achieve a convergence between the rules governing private-sector workers and those governing civil servants.
Germany **2006**	In November 2006, the then German coalition government of the Christian Democratic Party, its Bavarian associate Christian Social Union and the Social Democratic Party decided to raise the statutory retirement age from 65 to 67, to be implemented gradually from 2012 (**DE0612039I**).
Greece **2010**	In 2010, the Greek Ministry of Labour adopted a comprehensive social security system reform that encountered strong opposition from the trade unions. This opposition culminated in protest rallies, the calling of a general strike and the submission of a series of counterproposals. The adopted legislation introduced several changes. Firstly, an increase in the general retirement age (after 35 years of contributions) from 58 to 60 as of 2011 – instead of 2013 as established by the previous government. Secondly, the replacement rate has been reduced leading to a reduction in supplementary pensions from 2011 and of principal pensions from 2013; strong counterincentives for early retirement are offered. Thirdly, all social insurance funds will be consolidated into three organisations (one for employees, one for self-employed and one for farmers) within an eight-year period. Finally, from 2013 permanent employees of the public sector, public law corporate bodies and local authorities will be insured by the principal insurance sector of the Social Security Fund.
Hungary **2010**	The Hungarian parliament approved a pension system reform bill in 2010. Adopted legislation will modify the second pillar of the current pension scheme, that is, the compulsory private pension system. As a consequence, the Hungarian Tax and Financial Control Administration (APEH) suspended the payments to the private pension companies from November 2010 until the end of 2011. Workers therefore need to decide whether to keep private pension accounts or return to the state pension system; if they opt for the former, they will lose all state guarantees of a pension for the future even if the employers continue to pay the obligatory pension allowance. Furthermore, in November 2010 the government announced that, starting from 2011, women would be entitled to early retirement if they have spent at least 40 years working. There was no formal consultation with the social partners concerning those changes.

Italy **1995–2010**	In 1995, a comprehensive pension system reform was adopted in Italy based on an agreement with the trade unions. Since then many adjustments have been made; sometimes they have been quite controversial such as the gradual raising of the minimum retirement age and the seniority requirements for full pension entitlements. Another divisive topic has been the integration of the mandatory pension schemes with supplementary contractual pension funds established by collective bargaining. More recently, a significant set of measures aimed at accelerating the implementation of the 1995 reform, which met the harsh criticism of the trade unions, were introduced. A 'proxy law' to enable the government to implement the pension reform by 2008 was eventually passed in summer 2004, but in July 2007, an agreement with the unions which repealed the most controversial elements of that reform was concluded. In 2010, further measures regarding retirement age were introduced: the retirement age for female public employees was raised from 60 to 65, starting from 2012 (**IT1007039I**); a postponement of retirement by one year after reaching pensionable age was approved; and a periodical revision of age limits for old-age pensions based on trends in life expectancy starting from 2015 was established.
Malta **2006**	In Malta, in 2006, the retirement age was raised by 1–4 years depending on the current age of the worker. This reform was not considered radical enough to ensure the sustainability of the pension system, which has to cope with an ageing population and low employment activity mainly due to a low female rate of participation in employment.
Netherlands **2010**	In the Netherlands, the General Old-Age Pensions Act and pension schemes were heavily under debate within government and among the social partners in 2010. In the summer, the social partners agreed on new regulations governing the retirement age under the Act and pension schemes, having reached agreement on a more flexible arrangement. In 2020, the retirement age and company pension schemes will shift upwards by one year to the age of 66, linked to life expectancy. This should provide a structural solution to the problem. Additionally, pension schemes will become more flexible (**NL1007019I**). The so-called second pillar of pensions was also at the centre of public debate since the pension funds could no longer comply with the coverage ratio. These pension funds are in fact relatively well-established, as more than 90% of all employees participate in them, but their stability has been challenged by the 'dot-com' company crisis and the credit crunch. Retired employees want to have their say in managing the funds and a legislative proposal to strengthen the position of retired employees in the funds is with the Senate (**NL1101039I**).
Norway **2001–2010**	Over the last few years, Norway has approved a comprehensive pension reform (**NO0611019I**). A new model of national insurance scheme (old-age pension scheme) was due to be introduced from 1 January 2011 and the early retirement scheme (AFP) would be adapted to this new model. In the new national social security scheme, greater emphasis is placed on achieving a greater correlation between the number of years in employment and the accumulation of pension rights. A flexible retirement age from 62 has also been introduced, though workers who

	choose to continue until the normal retirement age of 67 will receive a substantially higher pension than those who choose to retire early.
Romania **2010**	In May 2010, President of Romania Traian Băsescu told a press conference that one of the conditions to be met under the Loan Agreement with the IMF, ECB and World Bank was to reduce pensions in the public pension system by 15%. The government attempted to do so with a new piece of legislation, but the Constitutional Court (CCR) ruled in June 2010 that the 15% reduction of state pensions was unconstitutional. After lengthy negotiations between the government and the opposition parties, as well as with the social partners, and after taking the dispute to the CCR, a new unitary public pensions' law was issued in December 2010, which abrogates five special provisions concerning specific segments of retirees. The new law (263/2010) pushes forward the age limit to 59 years for women and to 64 years for men with effect from 2010, and then to 60 for women with effect from 2015, and to 63 with effect from 2030, and to 65 for men with effect from 2015. The minimum length of service on record for a full social insurance contribution will be 35 years for women and men and is scheduled to increase gradually, first from 28 to 30 years until 2015 and to 35 years until 2030 for women, and from 33 to 35 years until 2015 for men. Also in December 2010, the government issued an ordinance under which a 5.5% contribution to the health insurance system is withheld from every pension higher than RON 740 per month (€173 per month as of 18 July 2011). This measure abolished the free access to health services for retirees, which had been provided by law for many decades.
Spain **2010**	In January 2010, the Spanish government and the most representative social partners reached an agreement, after several months of negotiation, on a comprehensive pension system reform. The reform will be enacted in the parliament in 2011. It is expected that most of the political parties will support it. Some of the main aspects of the reform are: a rise in the retirement age up to 67, which will be applied progressively between 2013 and 2027; a gradual raising (up to 25 years) of the contribution period considered to determine the regulatory basis of the pension; a raising of the early retirement age from 61 to 63 for workers who have a contribution period of at least 33 years; incentives for older workers to remain in the labour market; and specific measures to protect the pension rights of women and young workers. Women who interrupted their careers as a consequence of the birth or adoption of a child will be able to retire nine months per child before the age of 67 years (maximum two years), while those receiving research grants and apprenticeship beneficiaries will be entitled to pension rights.

Table 9: Countries adopting specific measures to modify the pension system

Cyprus **2010**	A new Social Insurance Law (59(I)/2010), which amends and unifies the social insurance legislation from 1980 to 2009, came into force in Cyprus in July 2010 as a result of the social dialogue between social partners and the Ministry of Labour and Social Insurance (MLSI). Another important amendment referring to the long-term sustainability of the Social Insurance Fund up to 2048 came into force in March 2009. The amended law (22(I)/2009), which was also the result of social dialogue between social partners and MLSI, established an increase in the contribution rates to the Social Insurance Fund every five years, starting from 1 April 2009 and ending in 2039. Discussions are currently underway about the modernisation of the survivors benefits paid out by the Social Insurance Fund.
Czech Republic **2010**	In 2010, the government under Prime Minister Petr Nečas proposed a reform of the Czech pension system as it is no longer considered sustainable due to the demographic changes taking place in the country. The Czech pension scheme is almost entirely continuously funded by the compulsory health insurance. Because of this, most of the proposed reform envisages the need to introduce multi-source financing by allocating some funds from the current continuous pillar to private pension funds. The system of pensions co-funded by both the public and the private funds should be, according to experts, less vulnerable in terms of demographic fluctuations and should also strengthen individual responsibility for preparing for the old age. However, social partners are currently discussing the pension reform as they disagree with allocating some insurance funds from the continuously financed pension insurance to private pension funds or pension companies due to perceived risks related to investment of citizens' pension savings.
Ireland **2010**	Important changes in pension tax treatment were introduced in the Budget bill for 2011. The most important is the termination of relief from employee pay-related social insurance (PRSI) on employee pension contributions. This will affect all pension contributors, but will hit public servants more than most as their tax-deductible pension contributions are very high when the pension levy is included. Another major change is the halving of the current employer PRSI exemption for employee contributions to occupational pension schemes and other pension arrangements with effect from 1 January 2011. Cuts in public service pensions have also been introduced, with an average cut of 4% for those with pensions over €12,000. Proposals for a new pension scheme for future entrants to the public service based on 'career average' earnings rather than on final salary had already been drawn up by the LRC. The new scheme will also raise the minimum retirement age for new entrants from 65 to 66, bringing it into line with planned changes in the state pension age. Taxes have been imposed on lump-sum payments of over €200,000. Finally, a number of company-level collective agreements on pensions were concluded in 2010, as employers and unions continue to

	grapple with pension deficits.
Latvia **2007–2010**	On the basis of the good economic conditions in 2006–2007, the Latvian government increased the contribution to the funded pension system from 4% of the total social contribution in 2007 to 8% in 2008. The government also introduced several additional benefits without adequately increasing the rate of social contributions. These actions resulted in an imbalance in the social budget. Therefore, in 2009 the Latvian parliament adopted a bill 'on payments of state pensions and state benefits in the period 2009–2012', which reduced the old-age pensions of working pensioners in 2009 by 70% and those of non-working pensioners by 10%. However, the Constitutional Court considered this decision unconstitutional and ordered the deduction to cease after 1 March 2010; compensation for unpaid pensions was made in April 2010. Further measures were subsequently adopted or proposed such as the freezing of pension indexation, reducing contributions to the funded pension scheme from 2% to 0.5%, and increasing the social contribution rate.
Lithuania **2009**	As a consequence of the economic downturn and with the aim of maintaining the state's financial capacity, the Lithuanian parliament approved at the end of 2009 a temporary law on the recalculation and payment of social benefits. Among other things, the law provided for a general temporary reduction of old-age pensions in 2010–2011 with exceptions for pensions of smaller amounts but including pensions paid to working pensioners. Reduced pensions will be compensated from 2012. A 'concept of the procedure for compensation of reduced state social insurance old-age pensions and incapacity for work pensions' was approved in July 2010.
Poland **2010**	During 2010, the Polish government proposed several measures aimed at modifying the pension system. The most important was the shifting of a larger part of contributions, currently transferred to private pension funds (*Otwarte Fundusze Emerytalne*, OFEs), to individual accounts in the public Social Insurance Institution (ZUS). A debate then began with social partners as they considered the proposed measures to be a way of hiding the public deficit rather than a real reform of the pension system. More proposals have been formulated to reform the pension system of the police, correctional officers and uniformed services (**PL1012019I**). In particular, the contribution period will be prolonged from 15 years up to 20–25 years and a pension increase of 2.5%–3% for contribution periods longer than 30 years have been proposed but remain subject to discussion with the trade unions during 2011. Controversy also arose over changes in the law introduced in December 2010 on combining a full-time job with a pension. The new act assumed pensioners would not be able to combine their pensions with employment unless they terminated their employment for at least one day and their employers decided to re-employ them. Social partners opposed the obligation to terminate employment in order to obtain guaranteed pensions.
Portugal **2010**	At end of 2010, the Portuguese government approved additional measures to cut public expenditure according to the strategy envisaged in the Stability and Growth Pact 2010–2013 (in Portuguese). Measures

	to modify the pension system eliminated the possibility of accumulating a public sector salary with a pension from the civil service's social security subsystem, increased civil servants' contribution to the General Pension Fund by 1%, and integrated bank employees into the General Social Security Scheme (**PT1010029I**).
Slovakia **2010**	The Ministry for Labour, Social Affairs and Family (MPSVR SR) decided to stop providing pensions to civil service employees while they are still working. These public employees have until the end of February 2011 to decide either to receive the pension or to keep their employment (**SK1011019I**). It was assumed that retired people would be allowed to work only on limited employment contracts such as an agreement to undertake a specific project over a limited period. In order to increase contributions to compulsory insurance funds, changes took place in healthcare insurance. According to amendments to the law, everyone who has an income should pay a contribution to healthcare insurance from 1 January 2011. This measure mainly hit those who also have income from additional sources. For instance, employees who have income from renting flats are considered as 'self-employed' for the purpose of compulsory contribution to the healthcare insurance fund. This measure is also applied to voluntarily unemployed people, students older than 26 years, people receiving income from profit sharing and some freelancers such as writers and artists.
Sweden **2006–2010**	During 2006–2010, the Swedish government implemented several measures imposing tax deductions that reduced the tax rate on salaries, but there were no similar taxation reforms for senior citizens. As a result, pensioners had higher tax rates than wage earners, causing complaints and protests among senior citizen organisations. The taxation of senior citizens became an issue in the election campaign of 2010 and both political blocks in the election campaign promised tax reforms. The winners, the centre-right alliance, promised to increase basic deductions for pensioners. As a result, the amount of non-taxable earned income (including pensions) will be raised for senior citizens in 2011. In April 2007, LO and the Confederation of Swedish Enterprise (Svenskt Näringsliv) agreed that blue-collar workers in the private sector would contribute the same amount to the collective occupational pension scheme as white-collar workers. The premium rate for employers under the scheme will gradually increase. In 2012, it will match the premium rate contributed by employers for white-collar workers in the private sector.
UK **2010**	Pensions were a major issue in UK politics and industrial relations in 2010. The new coalition government made or announced a number of changes such as: linking increases in the basic state pension to earnings; speeding up the process of increasing women's state pension age to 65, and the age for both men and women to 66; cutting tax relief on pension contributions for high earners; using the Consumer Price Index (CPI) rather than the generally higher Retail Prices Index (RPI) as the index for increasing public sector pensions; and relaxing the requirement to use the RPI as a minimum for indexing occupational pension schemes. In October, the government announced an average three percentage-

	point increase in employee contributions to public-sector pensions. In the private sector, record deficits in occupational pension funds contributed to an increasing tendency for employers to close costly final salary and other defined benefit schemes to new employees, or to further increase contributions from existing members (**UK1004029I**). In July, the government issued proposals for abolishing the 'default retirement age', whereby employers can require employees to retire once they reach the age of 65 (**UK1008019I**). The default age will be abolished from October 2011. Furthermore, the government set up the Independent Public Service Pensions Commission to review public service pension provision and make recommendations on making it sustainable and affordable in the long term. The Commission published its interim report (3.3Mb PDF) in October 2010 and its final report (2.63Mb PDF) in March 2011.

Table 10: Countries in which pension system reform is under debate

Belgium **2007–2010**	The debate about pension systems has been going on since 2007 but no concrete reforms or specific measures had been adopted by the end of 2010. The debate started when a cross-industry agreement aimed to organise a national conference on the topic. The participants – the Federal Planning Bureau, the Banking, Finance and Insurance Commission (CBFA), universities, public administration and other organisations – were asked to collect and analyse data in order to map the Belgian pension system situation, focusing on pension system funding, solidarity between current and future generations, and the balance between solidarity and insurance. In March 2010, the conference published the 'Green Book of Pensions', which covered, among other issues, the question of the viability of pensions, their financial sustainability, and the modernisation and simplification of current pension schemes.
Denmark **2010**	Maintenance of the 'voluntary early retirement scheme' was a hot issue in the policy debate in Denmark during 2010. This scheme was introduced at the end of the 1970s as an option for withdrawing voluntarily from the labour market against receiving a benefit in order to allow younger workers to enter the labour market. Several high-profile economists and employers' groups have previously recommended gradual abolition of the early retirement scheme and raising the retirement age, but the trade unions were strongly opposed to the proposal. The government did not take any initiatives to modify the scheme during 2010.
Finland **2010**	Retirement age and working life duration have been a divisive issue in the agendas of Finnish social partners over the last few years. In January 2010, the Prime Minister and Minister of Finance asked the two tripartite working groups (government, trade unions and employers) appointed by the government in 2009 to reach an agreement on pension system reform. The government's main objective is to raise the average retirement age 'by at least three years' by 2025. According to Statistics Finland, the average retirement age in Finland rose from 59.4 in 2008 to 59.8 in 2009, while in 1999 it was below 59 years of age. Another controversial objective is the elimination of the so-called 'unemployment tunnel', which allows older unemployed people (58 years or older) to have an extra

	period of unemployment benefit to reach retirement age (**FI1002019I**).
Germany **2010**	The increase in the retirement age from 65 to 67 introduced in 2006 led to an ongoing debate between the trade unions, which heavily criticised the decision, and the employers' associations, which defended it. The debate gained momentum in 2010 when leading SPD members announced the intention to move away from the 2006 decision and the Confederation of German Employers' Associations (BDA) warned the government against any revisions of the extension of the retirement age. In November 2010, the government issued a report on increasing the standard retirement age to 67. The report *A better working life for older people* was strongly criticised by the trade union confederation DGB. DGB had previously published a report supporting the argument that a retirement age of 67 would put strain on the health of older employees and that the extension of the pension age would substantially increase the risk of old-age poverty.
Lithuania **2010**	A working group led by the Lithuanian Minister of Social Security and Labour devised a concept for national pension system reform, considering both short-term and long-term measures, which was approved by the government. Another working group was set up in July 2010 to design the pension system reform and submit it to parliament at the beginning of 2011. In autumn 2010, hearings at the parliament were organised for concerned members of parliament, representatives of social partners, other non-governmental organisations and public authorities. In December 2010, a draft resolution 'On the approval of guidelines for the reform of state social insurance and pension system' was published. This was expected to be approved by the parliament during the 2011 spring session.
Malta **2010**	The Pensions Working Group published a report in December 2010 with recommendations to address the issue of pension system reform. One proposing introduction of a second pillar to complement the national pension system was the most controversial. Another recommendation was the introduction of a voluntary third pillar, whose funds could be transferred to the second pillar once fully implemented. The General Workers' Union (GWU) began a debate on the report as it considered involvement of workers' representatives crucial for current and future pension system reforms. The Labour Party (Partit Laburista, the opposition party) and Alternattiva Demokratika (the Green party without any representation in parliament) also called for more responsible and fair reforms.
Slovenia **2010**	Slovenia's Constitutional Court has turned down a constitutional challenge by the coalition government to the trade union proposal to hold a referendum on pension reform. The government had argued that rejection of its reform would render the state incapable of providing pensions (guaranteed under the constitution). The court allowed the trade unions to continue collecting signatures supporting a referendum even though they had more than the 40,000 signatures necessary. However, the IMF has warned that rejection of pension reform would decelerate growth. The proposed major changes include increasing the statutory retirement age to 65 and the minimum pensionable age to 60 for men and women, introducing steeper penalties for retiring early and bonuses for continuing work after becoming eligible for the full pension, extending the pension

	reference period to the 27 best consecutive years of contributions, and indexing pension benefits partially to inflation.

2 – Developments at EU level

Introduction

The year 2010 was marked by the recent recession, which continued to provide a background to the policy actions of EU institutions in the social and employment field, and to the legislative and social dialogue developments of the year. As the EU began to climb out of the recession, its new employment strategy, Europe 2020, was launched as a successor to the **Lisbon Strategy**, with the aim of ensuring that the potential for employment creation of new economic growth is harnessed.

This review consists of 13 sections. The first section looks at the main political developments of the year under the Spanish and Belgian presidencies. The second section examines the new Europe 2020 strategy. The third section looks at the main legislative developments of the year, which included new directives relating to protection against needle stick injuries, parental leave and rights for self-employed workers, and new consultations from the Commission on a review of the working time directive.

The fourth section examines the main social dialogue developments of the year, focusing on agreements and joint texts at intersectoral and sectoral level, and industrial relations at company level, including the development of European Works Councils, worker involvement in a **European company** (*Sociestas Europa*) and the conclusion of international framework agreements.

The final sections examine the issues of **smart regulation**, green jobs, restructuring, pensions, skills and competence development, **stress at work**, **flexicurity**, gender equality and recent ECJ cases in the area of employment.

Political developments

The European Year for Combating Poverty and Social Exclusion was launched on 7 January 2010 in Madrid. The aims were to raise awareness and renew political commitment to combat poverty and social exclusion. Activities during the year included conferences at European level, an art exhibition and two focus weeks, as well as conferences, seminars, studies and awareness-raising activities at national and regional level.

The Spanish government held the Presidency of the **Council of the European Union** for the first half of 2010 and was followed by the Belgian government for the second six months of the year. Because both governments presided over a European Union that was beginning to emerge from the economic crisis of the previous two years, policies were formulated in the context of trying to ensure that the EU was fully prepared to exploit the employment potential of growth.

The Spanish Presidency's priorities (1.64Mb PDF) in the employment and social field centred on promoting economic recovery and job creation within the context of the Europe 2020 Growth and Employment Strategy as the EU began to emerge from the crisis. Adoption of the Europe 2020 strategy was cited as a key objective for the Spanish Presidency as 'an effective instrument to champion and coordinate modernising policies that may facilitate the transition to a more sustainable economy' and as a way to accelerate the recovery and the exit from the crisis.

In terms of job creation, the Presidency noted that, against the backdrop of emerging from the crisis, the purpose of the Spanish Presidency was to 'strengthen the economic recovery, resume the job creation path and move forward toward the sustainability of public finances through

Member States' fiscal consolidation processes'. It also noted that structural changes should be introduced into the labour market to improve its operation.

Specific areas of focus during the Presidency included increasing participation, training and workers' employability in order to boost social inclusion. The Presidency also placed emphasis on the labour market position and employment prospects of young workers.

The Presidency promoted the improvement of skills adjustment to labour market needs, and tried to enhance the quality of education and to encourage excellence in both universities and in professional training. It also aimed to work further to promote the balance between flexibility and security, which it believed should in turn contribute to a more efficient operation of the labour market.

Employment was one of the central themes of the Belgian Presidency, which began on 1 July 2010. The focus of the Belgian Presidency's programme (458Kb PDF) was green jobs and 'white jobs' (that is, jobs for older workers). It also focused on issues such as the consequences of economic restructuring, the fight against discrimination at work, and the promotion of equality of pay between men and women.

The employment and social priorities of the Belgian Presidency centred on the implementation of the Europe 2020 strategy and rested on four main pillars:

- green jobs and green skills – setting targets in these areas and developing policies to enable them to be achieved within the context of a move to a low-carbon economy;
- work and the ageing society – looking at issues such as career management and identifying niches in the employment market created by an ageing demographic;
- anti-discrimination to ensure inclusive employment markets with a view to promoting greater social cohesion;
- developing flexicurity to enable transitions in the labour market.

Mindful of the fact that the EU was still struggling to emerge from the crisis, the Presidency sought to continue to monitor the social impact of the crisis and to work to improve the effectiveness of the **open method of coordination** in the domains of health, pensions and social inclusion.

The issue of pensions was a specific focus of the Belgian Presidency within the context of its emphasis on work and the ageing society. Issues such as the longevity, suitability and portability of pensions within a context of an ageing population received particular attention in addition to the sustainability of the long-term financing of pensions. To this end, the European Commission launched a consultation on active and healthy ageing in November 2010.

2011 work programme

In October 2010, the European Commission adopted its work programme for 2011 (52Kb PDF) (COM(2010) 623 final). In the social field, its main priorities are:

- in close cooperation with the social partners, to table legislative proposals to improve the implementation of the posted workers directive (Directive 96/71/EC) and to update the working time directive (Directive 2003/88/EC) to take account of 'new realities';
- to address the challenge of the impact of population ageing by supporting the actions of Member States to deliver adequate and sustainable pensions for citizens through concrete measures to be identified following the consultation launched in November 2010.

Buying social

At the end of February 2011, the Commission issued Buying social: A new guide to taking account of social considerations in public procurement (888Kb PDF) to help public authorities take account of social considerations during public procurement. Noting in a press release on the 'Buying social' guide on 28 January 2011 that public procurement accounts for 17% of the GDP of Member States, the Commission stated the guide may be used 'in a way to steer the market in a more socially responsible direction and thus contribute more generally to sustainable development'.

The guide concentrates on the following social issues in the context of procurement:

- promoting employment opportunities, particularly among more vulnerable groups of the population;
- promoting decent work, which includes issues such as **equal opportunities**, core labour standards, decent **pay**, health and safety, access to training and basic **social protection**;
- promoting compliance with social and labour rights, including national labour laws and collective agreements;
- supporting social inclusion measures, including equal access to procurement opportunities for companies owned by or employing ethnic minorities, cooperatives and not-for-profit organisations;
- promoting employment opportunities for people with disabilities;
- promoting and supporting ethical trade, **corporate social responsibility** and initiatives against the abuse of human rights;
- promoting access of SMEs to procurement opportunities.

It also contains a range of good practice examples of social responsibility in procurement taken from Member States across the EU.

Employment and labour market policy: Europe 2020

The EU's Europe 2020 strategy, proposed by the Commission in March 2010 as a follow-on to the 10-year Lisbon Strategy, was adopted by the European Council in the conclusions to its meeting on 17 June 2010 (69Kb PDF). The Europe 2020 strategy consists of a series of objectives in the areas of employment, innovation, education, social inclusion and climate/energy to be reached by 2020. In the area of employment, it seeks to create more and better jobs and has set the following targets in order to achieve this:

- 75% of people aged 20–64 in work;
- school drop-out rates below 10% and at least 40% of 30–34-year-olds completing third-level education;
- at least 20 million fewer people in or at risk of poverty and **social exclusion**.

The Europe 2020 strategy also contains flagship initiatives, of which three are in the area of employment, social affairs and inclusion.

- Youth on the move – This policy aims to improve young people's chances of finding a job by helping students and trainees gain experience in other countries, and by improving the quality and attractiveness of education and training in Europe.

- Agenda for new skills and jobs – This policy aims to give fresh momentum to labour market reforms to help people gain the right skills for future jobs, to create new jobs and to overhaul EU employment legislation.
- European platform against poverty and social exclusion – This policy aims to bolster work at all levels to reach the agreed EU headline target of lifting at least 20 million people out of poverty and exclusion by 2020.

As with its predecessor, the Lisbon Strategy, the Europe 2020 strategy uses the open method of coordination to enable EU Member States to share information and to discuss and coordinate their employment policies.

One of the priorities of the Europe 2020 strategy is how to manage the recovery from the crisis. It stresses that there is no way out of the crisis without growth and emphasises the need to work to free up the EU's potential for growth through:

- removing obstacles in the internal market to increase the mobility of people (particularly workers), services and investments;
- delivering structural reforms to rigid labour markets, ineffective social protection systems and sluggish productivity levels;
- investing in key sectors to create growth and jobs in the future and thus bring a decisive competitive advantage.

Progress towards achieving the goals of the Europe 2020 strategy will be monitored by assessing annual national progress reports, following which the Commission will issue recommendations to each Member State (the open method of coordination). An annual spring meeting of the European Council will review overall progress towards the strategy's goals.

Legislative developments

Under the guidance of the Spanish and Belgian presidencies, progress was made during 2010 on a number of legislative proposals. These included adoption of:

- a new directive that aims to prevent injuries from sharp objects;
- a revised version of the parental leave directive;
- a new directive that seeks to strengthen the social protection of self-employed workers and assisting spouses.

Other key developments include a fresh two-stage consultation on a revised version of the working time directive, and debate on a revision of the pregnant workers' directive involving proposed changes to maternity leave.

Working conditions/health and safety

In March 2010, a new directive that aims to prevent injuries from sharp objects such as needle sticks among workers in the hospital and healthcare sector was adopted by the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO) (**EU1003051I**). Directive 2010/32/EU, which gives legal effect to a framework agreement concluded on 17 July 2009 by the European social partners in the hospital and healthcare sector, was published on 1 June 2010.

Following a first consultation in July 2009, the Commission issued a second-stage consultation in May 2010 on a proposed revision of Directive 2004/40/EC on the minimum health and safety requirements regarding the exposure of workers to the risks arising from physical agents (electromagnetic fields). The Commission is expected to issue a draft proposal to amend the directive in the near future.

Parental leave

A new parental leave directive was also adopted at the March 2010 Council. This directive gives legal effect to a social partner agreement concluded in June 2009 (**EU0907029I**) which revises the original 1995 social partner agreement on parental leave. Directive 2010/18/EU, which was published on 18 March 2010, increases parental leave entitlement from three to four months and is seen as a tool for helping workers to balance work and family life more effectively. Member States have two years to implement the new directive.

Working time

Also in March 2010, the European Commission launched the first phase of a consultation of the EU-level social partners on a review of Directive 2003/88/EC concerning certain aspects of the organisation of working time (**EU1004011I**). The consultation, launched under Article 154 of the Treaty on the Functioning of the European Union, asked the social partners for their views on the possible direction of action regarding the directive. This move followed the announcement by the Council of Ministers and the European Parliament in April 2009 that, after a conciliation process between the two institutions, they could not reach agreement on a proposal issued by the Commission in 2004 on the directive's review (**EU0906039I**). In this first consultation, the Commission asked for views on a comprehensive review of the directive to reflect changes to working patterns and practices over the past 20 years. A second consultation on this topic was launched by the Commission in December 2010 (**EU1101021I**).

In relation to the organisation of working time on a sector-specific basis, in June 2010 the European Parliament rejected a European Commission proposal to amend Directive 2002/15/EC on the organisation of the working time of those performing mobile road transport activities. The rejection of this proposal by the Parliament means that self-employed drivers will be covered by the provisions of the 2002 directive. The Commission will formally withdraw the proposal in 2011, leaving the 2002 directive in force unamended.

Self-employed workers

A new directive that seeks to strengthen the social protection of self-employed workers and assisting spouses was adopted in June 2010 (**EU1006091I**) and published on 15 July 2010 as Directive 2010/41/EU on the application of the principle of equal treatment between men and women engaged in an activity in a self-employed capacity and repealing Council Directive 86/613/EEC.

The new directive strengthens the principle of equal treatment between men and women who want to establish or extend a self-employed activity. For the first time, it entitles self-employed women and assisting female spouses of self-employed workers to maternity benefits of at least 14 weeks. It also creates autonomous social protection rights for assisting spouses of self-employed workers if the self-employed workers benefit from a system for social protection. The directive also covers life partners when recognised by national law.

Pregnant workers

The focus on maternity leave in recent months is likely to continue 2011. In October 2010, the European Parliament debated a Commission proposal issued in October 2008 to amend the pregnant workers' directive, which includes a suggestion that the length of maternity leave be extended from 14 to 18 weeks. During this debate, Parliament proposed that maternity leave be extended to 20 weeks with full pay, with some flexibility for countries that already have a form of family-related leave. For example, when family-related leave is available at national level, the last four of the 20 weeks may be regarded as maternity leave and must be paid at least at 75% of salary.

EPSCO met in December 2010 to debate the European Parliament's proposals. A large majority of ministers considered that the Parliament's amendments (particularly the proposal to extend maternity leave to 20 weeks on full pay) did not constitute an appropriate basis for negotiations and therefore did not endorse the proposal. The Council stated that the Commission's original proposal to extend maternity leave to 18 weeks could be a more acceptable basis for a compromise than the European Parliament's amendments and that this issue would be debated further during 2011.

Labour market

The Commission proposed two new directives in July 2010, the first on the treatment of non-EU seasonal workers coming to work in the EU and the second on intra-corporate transferees (defined as non-EU skilled workers temporarily transferred by multinational companies from outside the EU to a workplace within the EU).

The proposed directive on the conditions of entry and residence of third-country nationals for the purposes of seasonal employment would introduce a common EU admission procedure for seasonal workers and common rules on working conditions and equal treatment with EU nationals. Under the proposal, seasonal workers would be issued with a visa or a residence permit allowing them to work for a maximum of six months in any calendar year. The intention of this strict limitation of the duration of stay is intended to contribute to ensuring that the workers are actually employed for work that is genuinely seasonal. The purpose of the limitation is also to prevent overstaying.

The proposed directive on the conditions of entry and residence of third-country nationals in the framework of an intra-corporate transfer would establish a common set of rules for a new fast-track entry procedure to apply to the transfer of highly specialised staff from non-EU countries. Those characterised as intra-corporate transferees for the purposes of this proposed directive are:

- managers (that is, those working in a senior position who primarily direct the management of the host entity);
- specialists (that is, those who possess uncommon knowledge essential and specific to the host entity);
- trainees (that is, those with a higher education qualification who are transferred to broaden their knowledge of and experience in a company in preparation for a managerial position within the company).

Social dialogue developments

This section examines the main social dialogue developments that took place during 2010 at intersectoral, sectoral and international company level. At intersectoral level, the main development was a new autonomous framework agreement on achieving an inclusion labour market – the fourth such agreement to be concluded by the EU cross-sector social partners. At sector level, two new sectoral social dialogue committees were developed or launched during 2010, and new joint texts were agreed on a range of issues. In addition, the Commission published a review of the development of sectoral social dialogue, detailing its achievements and progress. At international company level, new international framework agreements were negotiated on issues such as working conditions, the environment, individual appraisals and managing restructuring.

Intersectoral social dialogue

Autonomous framework agreement on an inclusive labour market

The main development in the area of intersectoral social dialogue was the presentation in March 2010 of a new joint Framework agreement on inclusive labour markets (515Kb PDF) (**EU1005011I**). The signatory parties to the autonomous agreement were the ETUC, the European Centre of Enterprises with Public Participation and of Enterprises of General Economic Interest(CEEP), the employer organisation BUSINESSEUROPE and the European Association of Craft, Small and Medium-sized Enterprises (UEAPME).

The agreement sets out the main challenges and develops a range of actions that the social partners can take to help disadvantaged people to enter, remain and develop in the labour market. The member organisations of the signatory parties have three years to implement the agreement and an implementation report will be drawn up in 2014.

This agreement is significant in that it is the fourth intersectoral **autonomous agreement** to be concluded by the EU-level cross-sector social partners, following previous agreements on telework in 2002 (**EU0207204F**), stress at work in 2004 (**EU0410206F**) and **harassment and violence at work** in 2007 (**EU0705019I**).

Joint report on ECJ rulings

On 19 March 2010, the EU-level cross-sector social partners issued a joint report on the ECJ rulings in the Viking, Laval, Rüffert and Luxembourg cases (349Kb PDF) in which they reflect on the impact of these cases based on discussions held at a series of meetings over the preceding 12 months. The report contains three main sections:

- the shared observations of European employers and trade unions;
- two separate contributions from employers and trade unions addressing those items that employers and trade unions regard as the main issues raised by the cases and on which no shared views could be reached;
- some final joint remarks.

For example, as mentioned in the report, the social partners agree that economic freedoms and fundamental social rights interact within their own field of competence. Nonetheless, they have different views on the actual implications of this interaction and especially what this would mean in terms of setting limitations on the right to take collective action and/or the freedom of establishment and the freedom to provide services.

They also agree that mobility of workers and companies in the single market is a key element in the further building of Europe from an economic, social and cultural point of view. The positive impact of mobility on the living and working conditions of mobile workers has led to a broad support for mobility in Europe. However, the negative perception of mobility and its consequences for a part of workers and citizens in both the sending and receiving countries cannot be ignored. The social partners recognise the importance of better monitoring and enforcement of the posted workers directive, but have different views about the degree to which this may solve the key problems arising from the ECJ cases.

The views of the social partners diverge in their individual contributions with, for example, employers stating their belief that there is no need to revise the posted workers directive, while the ETUC believes that it is 'indispensable' that the directive be strengthened and improved in order to protect workers' rights and guarantee fair competition.

Contribution to the Europe 2020 strategy

On 4 June 2010, the EU-level cross-sector social partners presented a joint statement on the Europe 2020 Strategy (148Kb PDF). They pointed out that the challenges present during the Lisbon Strategy (globalisation, ageing populations, the transition towards a low-carbon economy, and a more socially cohesive society based on equal opportunities as well as equal treatment) remain today but that the urgency in tackling them has been considerably heightened by the crisis. They also expressed concern that Europe is lagging behind in the global economic recovery.

In the area of employment and social policy, the signatory parties called on the Member States to review, and if necessary adjust, the design of labour law, job protection systems and, together with social partners, collective bargaining practice with a view to:

- ensuring an optimal balance between flexibility and security for all employment relationships, providing adequate security for workers under all forms of contracts in order to tackle segmented labour markets;
- developing complementary employment security measures promoting transitions into productive and rewarding jobs;
- enhancing legal certainty and transparency for both employers and workers with regard to the scope, coverage and enforcement of labour law;
- implementing and respecting at national level the principles and rules of European social directives, including those deriving from a framework agreement among European social partners, as well as the basic principles of equal treatment and non-discrimination;
- promoting stable employment relationships and sustainable labour market practices.

Sectoral social dialogue

Sectoral social dialogue remained active during 2010. At the beginning of the year, the social partners in central government administrations agreed to set up a new social dialogue committee, following a positive evaluation of the results of the 2008–2009 test phase of enhanced informal social dialogue for this sector (**EU1001039I**). Also in January 2010, the social partners in the metalworking sector – the Council of European Employers of the Metal, Engineering and Technology-based Industries (CEEMET) for employers and the European Metalworkers' Federation (EMF) for trade unions – formally set up a new social dialogue committee for the metal, engineering and technology-based industries.

In June 2010, the social partners in the education sector launched a new social dialogue committee for the sector. The committee's first plenary session took place in Brussels on 11 June 2010. The committee aims to address a range of relevant issues including the teaching, working and learning environment, the impact of demographic trends on the sector, budgetary constraints, and recruitment and retention issues (**EU1006081I**).

In autumn 2010, the European Commission issued a staff working document on the development, achievements and functioning of the sectoral social dialogue at EU level (223Kb PDF)

(SEC(2010) 964 final) and a report entitled European sectoral social dialogue: Recent developments (1.23Mb PDF). Overall, 40 sectoral social dialogue committees have been created since 1998, covering 145 million workers. The working document contains a full list of the sectors covered by these committees and the texts that have been negotiated. The Commission notes that these committees and the joint texts have 'contributed to modernising industrial relations and to adopting new social standards'. The Commission also identifies possible improvements to the quality and scope of the dialogue process in areas such as coverage, representativeness, cooperation between the parties, and implementation and monitoring of agreements.

The main joint sectoral texts agreed during 2010 are examined below by subject.

Labour market issues

In the construction sector, the EU-level social partners – the European Federation of Building and Woodworkers (EFBWW) on the trade union side and the European Construction Industry Federation (FIEC) for employers – issued a set of joint conclusions and recommendations on self-employment and bogus self-employment in their sector in February 2010 (**EU1003041I**). Bogus self-employment is viewed as a particular problem in the construction industry and a practice that puts workers at risk as well as resulting in unfair competition in the market. In their joint text, the signatory parties recommended actions such as establishing common European criteria on guidelines for determining the nature of workers' employment status and suggested creating a social security identity card that shows employment status.

In the private security services sector, the Confederation of European Security Services (CoESS) and the trade union confederation Union Network International–Europe (UNI-Europa) launched a mobility toolkit in September 2010 that is designed to explain to both workers and employers from the sector the relevant transnational labour issues (**EU1010041I**). The toolkit also informs employers about legal issues they need to consider when recruiting and employing workers from other EU Member States, EU candidate countries, Norway and Switzerland, and offers information on 34 European countries. The overall aim of the toolkit is to facilitate transnational employment in the private security sector, which is an expanding industry and is attractive for transnational jobseekers. However, the sensitive nature of the work leads to many (sometimes quite complex) country- and sector-specific rules regarding issues such as training, background checks and work permits.

On 4 December 2009, the social partners in the field of temporary agency work launched a new European Observatory on cross-border temporary agency work (**EU1001019I**). Through the Observatory, the social partners intend to monitor and review cross-border activities involving temporary agency staff. In particular, the Observatory aims to provide social partners with an ongoing analysis of the cross-border movement of workers and companies in the field of temporary agency work, with a special focus on the impact of the implementation of the posted workers directive and Directive 2008/104/EC on temporary agency work. The tasks of the Observatory include:

- carrying out research and data collection;
- reviewing existing regulations;
- ensuring a better understanding of the reality of cross-border activities within temporary agency work;
- gathering and analysing good and bad practice with regard to cross-border activities;

- preparing practical information tools for temporary work agencies and temporary agency workers wishing to work abroad.

On 17 December 2010, the European Federation of Public Service Unions (EPSU) and the European Hospital and Healthcare Employers' Association (Hospeem) signed a framework of actions on recruitment and retention (25Kb PDF) (**EU1102031I**). The partners hope that this joint framework will lead to concrete action at both EU and national level to tackle staff shortages and qualification needs, both now and in the future. The framework also commits both parties to developing joint model initiatives to make the sector more attractive as a workplace and to support a better work–life balance, backed by a collection of case studies and good practice.

Violence and harassment at work

In September 2010, eight European social partner organisations operating in a range of sectors in which employees are exposed to third-party violence in the employment relationship adopted a set of multi-sectoral guidelines to tackle work-related third-party violence and harassment (435Kb PDF). The guidelines built on the 2007 cross-sectoral framework agreement on harassment and violence at work (4.79Mb PDF), which did not directly address the issue of third-party violence against workers.

The social partner organisations involved are: the Council of European Municipalities and Regions (CEMR); CoESS; the European Federation of Education Employers (EFEE); EPSU; the European Trade Union Committee for Education (ETUCE); EuroCommerce representing wholesale, retail and international trade in the EU; UNI-Europa; and Hospeem.

These organisations represent the regional government, healthcare, commerce, private security and education sectors. The guidelines aim to ensure that every workplace has a policy to deal with third-party violence against staff, for example from the general public or from customers (**EU1011031I**).

Health and well-being

During 2010, the social partners in the telecommunications sector – UNI-Europa for the trade unions and the European Telecommunications Network Operators' Association (ETNO) for employers – carried out a project to examine good practice in relation to the promotion of mental well-being in their sector. As part of this project, a set of good practice guidelines on mental well-being were developed and launched in October 2010; they contain best practice examples from telecommunications organisations throughout the EU. On 2 March 2011, the social partners in this sector signed a joint declaration on improving the mental well-being of workers in the industry in which they encourage employers and unions in the sector to implement the guidelines.

Overview of sectoral joint texts

An overview of the main joint opinions concluded by the sectoral social partners in a range of sectors during 2010 is given in Table 11.

Table 11: Main sector-level joint texts concluded in 2010

Title	Topic	European social dialogue committee	Type	Date
Joint statement on	Ageing	Insurance	Policy	26 January

Title	Topic	European social dialogue committee	Type	Date
demographical challenges of the insurance sector	workforce		orientations	2010
Emerging from the crisis	Economic and/or sectoral policies	Construction	Joint opinion	29 January 2010
Joint statement to the European Council meeting 11 February 2010 on the economic crisis	Economic and/or sectoral policies	Local and regional government	Joint opinion	4 February 2010
Employment and bogus self-employment	Economic and/or sectoral policies	Construction	Joint opinion	5 February 2010
Joint declaration of the social partners in the European woodworking industries	Health and safety	Woodworking	Declaration	10 February 2010
Social partners' statement on bluefin tuna	Economic and/or sectoral policies	Sea fisheries	Joint opinion	9 March 2010
ATM social partners position on the implementing rules of the performance scheme	Economic and/or sectoral policies	Civil aviation	Joint opinion	18 March 2010
'Single European Sky II' implementation – consultation of ATM social partners	Social dialogue	Civil aviation	Joint opinion	30 April 2010
New review of Directive 2003/88/EC of the European Parliament and of the Council of 4 November 2003 concerning certain aspects of the organisation of working time	Working time	Sea fisheries	Joint opinion	21 June 2010
Eurelectric/EPSU/EMCEF joint response to the public consultation 'Towards a new energy strategy for Europe2011–2020'	Social aspects of EU policies	Electricity	Joint opinion	23 June 2010
Joint position paper of the European social partners in the construction industry on the findings of the high-level group (HLG) on the action programme for reducing administrative burdens in the European Union, COM(2007) 23 final	Working conditions	Construction	Joint opinion	30 June 2010
Opinion of the social partners on the potential unilateral	Sustainable development	Extractive Industry	Joint opinion	2 July 2010

Title	Topic	European social dialogue committee	Type	Date
increase of the EU greenhouse gas (GHG) reduction target to -30%				
Joint recommendations for better representation and integration of women in the railway sector. Status and how to apply the joint recommendations	Gender equality	Railways	Follow-up report	12 July 2010
Common contribution of the social partners for commerce to some flagship initiatives of the 'EU 2020: a European strategy for a smart, sustainable and inclusive growth'	Training/lifelong learning	Commerce	Joint opinion	4 August 2010
Joint declaration of the European social partners in agriculture on the Commission's communication COM(2009) 591 final 'A better functioning food supply chain in Europe'	Economic and/or sectoral policies	Agriculture	Joint opinion	3 September 2010
Protecting workers' health against plant protection products/resolution	Health and safety	Agriculture	Joint opinion	3 September 2010
Joint declaration – European Union Association agreement – Euromed	Economic and/or sectoral policies	Agriculture	Joint opinion	3 September 2010
Towards a new European energy policy 2011–2020: draft report by MEP Lena Kolarska-Bobinska	Social aspects of Community policies	Electricity	Joint opinion	13 October 2010

Source: European Commission, Industrial relations in Europe 2010, Table 6.1

European industrial relations at company level

European Works Councils

To prepare for the transposition of the recast European Works Councils (EWCs) Directive (2009/38/EC (821Kb PDF)) into national law by June 2011, the Commission set up an expert group made up of representatives of EU Member States to exchange views on those aspects likely to present particular difficulties for the transposition. The group also looked into ways of avoiding contradictions between the various national systems of EWCs and achieving cooperation in the transposition work. The expert group's report on the implementation of recast Directive 2009/38/EC on European Works Councils (1.41Mb PDF), published in December 2010, sets out the main provisions of the recast directive and the reasons behind the changes.

According to the latest information from the EWC database maintained by the European Trade Union Institute (ETUI), there are 915 multinationals with at least one active EWC and a further 50 in which EWC negotiations are ongoing. According to ETUI statistics, 11 EWCs were created and two disappeared during 2010; this was down on the 24 created and the two that disappeared during 2009. New EWC agreements in 2010 include, for example, a new EWC agreement (in French, 45Kb PDF) at the French-headquartered company, Norauto, signed in June 2010.

European company statute and employee involvement

In November 2010, the Commission issued a report (51Kb PDF) (COM(2010) 676 final) and an accompanying staff working document (170Kb PDF) (SEC(2010) 1391 final) on the application of the European Company Statute (ECS) Regulation (Council Regulation (EC) 2157/2001) as part of a review of the regulation.

In terms of the worker involvement provisions contained in the statute's accompanying Council Directive 2001/86/EC, the Commission notes that respondents to a consultation on which its report is based felt there were advantages in terms of the flexibility of the worker involvement rules. However, some companies, legal advisors and business associations considered the rules on employee involvement as a negative driver, considering them complex and time-consuming, especially in Member States where the national legislation does not provide for a system of worker participation.

According to the ETUI worker participation database, there were 700 European companies (SEs) in operation at the beginning of 2011, of which 169 were classed as 'normal' SEs (that is, they have operations and more than five employees). Of these, at least 68 have arrangements in place for employee information and consultation at transnational level, and 33 have board-level representation (participation).

International and European framework agreements

The year 2010 saw the negotiation of a range of framework agreements at international and European level between employer and employee representatives in multinational companies.

For example, at the electronics group Thales, a European agreement on a transparent annual activity discussion for mutual listening and developing professional knowledge (78Kb PDF) was signed by representatives of the group and the EMF in April 2010 (**EU1004031I**). The agreement governs annual meetings on individual and collective performance between employees and their managers, setting out an annual cycle as part of the discussion process. It also highlights the need for training in order to ensure an effective evaluation.

The first-ever European collective bargaining agreement involving two companies (Alstom and Schneider Electric) was concluded with the EMF in July 2010 (**EU1007011I**). The agreement sets out social commitments about how employees of energy transmission and distribution company Areva T&D will be treated following its acquisition by the two companies. It also includes a commitment to avoid plant closures and compulsory redundancies for three years. The signatories see this as a ground-breaking agreement as it is the first of its kind in Europe and because it tries to deal directly with the problem of employment management, often a difficult issue following an acquisition of this kind.

The international framework agreement at PSA Peugeot Citroën was renewed in the summer of 2010 by representatives of company management, the International Metalworkers' Federation (IMF) and the EMF (**EU1007021I**). The renewed international framework agreement strengthens the company's commitments to international core labour standards and asks its business partners to do the same. It also establishes a World Works Council and is innovative in giving unions a role in implementing environmental protection and sustainable development objectives. It is believed to be one of the first international framework agreements involving unions and employee representatives in environmental affairs.

A new European agreement was concluded at the European Aeronautic Defence and Space Company N.V. (EADS) in September 2010. The new agreement defines a framework for future transnational negotiations and was signed by company management and trade unions from Germany, France, Spain and the UK; all unions in countries represented in the company's EWC signed the agreement. The agreement includes procedures for the creation of a negotiating body, the validation of agreements and their application in order to implement transnational social policies.

Short-term work as response to the crisis

One of the main ways in which Member States have dealt with the economic crisis over the past two years is to introduce short-time working, usually with state funding. This has enabled employers to gain numerical flexibility by allowing them to temporarily reduce their workforce without having to resort to redundancies. For employers, this has the advantage of ensuring that they retain their workforce so that they can meet the challenges of the economic upturn and without having to resort to redundancies. For employees, it means that they are able to remain in the labour market, albeit at a reduced wage. The report Short-time working arrangements as response to cyclical fluctuations (742Kb PDF) issued by the Commission in June 2010 (**EU1010021I**) focused on state-sponsored schemes. However, it also showed where the social partners have played a role in determining schemes and found significant variations in the operation of short-time working schemes between Member States. The report showed that Member States have either increased their offer of short-time working or introduced new schemes where none previously existed. It concluded that, although there are clear benefits associated with short-time working, short-time working arrangements are intended only as a temporary measure and should not be used for a sustained period, as this may result in delaying necessary restructuring and supporting industries that are not viable in the longer term.

Smart regulation

As part of the Commission's 2010 work programme and within the framework of smart regulation, the Employment, Social Affairs and Inclusion Directorate General has started a 'fitness check' of the following directives:

- Directive 98/59/EC on collective redundancies;

- Directive 2001/23/EC on transfers of undertakings;
- Directive 2002/14/EC establishing a general framework relating to information and consultation of workers in the EC.

This check involves a general evaluation aimed at improving implementation, making legislation clearer and more accessible, and reducing the administrative burden.

The Commission will also aim to simplify the provisions on information and consultation of workers included in Directives 2001/86/EC (European company) and 2003/72/EC (European Cooperative Society).

Green jobs

High on the social policy agenda at EU level in 2010 was the issue of ensuring that the labour market is in a position to respond to the emerging and growing green economy. In November 2010, the Temporary Working Group on Employment and Climate Change of the Employment Committee (EMCO) issued the report Towards a greener labour market – The employment dimension of tackling environmental challenges (399Kb PDF). The report addresses a range of issues such as:

- how should the scope of green jobs be defined;
- which are the green policies that affect the labour market;
- what are the expected labour market impacts of the green economy;
- how can green jobs be quantified;
- will there be any impact on quality in work;
- what are the implications of the green economy for policy formation?

The European Commission is expected to issue a Communication on these issues in the near future.

Restructuring

Linked to the overall and ongoing response of the EU to the crisis, the issue of how to manage restructuring – both in general and in particular in the context of the high level of restructuring generated by the crisis – remained prominent throughout 2010. The ETUC has been calling for more coordinated EU-level action to help those affected by restructuring, and in May 2010 urged the Commission to develop an EU-level instrument to help the relevant parties to manage restructuring (**EU1010031I**).

In line with commitments to examine the consequences of economic restructuring, the Belgian Presidency and European Commission organised a policy conference on anticipating and managing restructuring on 18–19 October 2010. At the end of the month, the Commission also issued a Communication on an integrated industrial policy for the globalisation era (145Kb PDF) (COM(2010) 614 final) in which it confirmed a commitment to launch a consultation of European social partners on a European framework for restructuring during 2011. Noting that management and workers' representatives are the 'key players to agree on restructuring strategies at the company level', it referred to the EU cross-sector social partners' joint text agreed in 2003 on managing restructuring, Orientations for reference in managing change and its social consequences (85Kb PDF). The Communication stated that this text needs to be 'revisited to integrate knowledge subsequently accumulated on the best ways to anticipate and manage restructuring and to take into account the experience of the economic and financial crisis'.

Pension developments

The issue of supplementary pensions is one on which the Commission has been working in some detail in recent years. It issued a proposal for a directive on the portability of supplementary pension rights in 2005, which was subsequently revised in 2007. This proposal covers issues such as the acquisition and preservation of pension rights and enhanced information for workers. However, there has been no progress on this issue for some years, with disagreement centring on the maximum permissible duration of the vesting period (that is, the period of active membership of an employment-related pension scheme required in order to trigger entitlement to a supplementary pension).

In order to discuss the issue of pensions in a broader context and to move the debate forward, the Commission issued a green paper on pensions (216Kb PDF) (COM(2010) 365 final) in July 2010 in which it sought views on how to proceed with the draft directive and the issue of obstacles to cross-border mobility related to supplementary pensions. Options for action contained in the green paper include:

- setting up a cross-border EU pension fund for highly mobile workers such as researchers;
- developing an EU-level 'tracking system' to help mobile individuals keep track of their pension rights;
- tackling discriminatory tax rules that can be an obstacle to the mobility of pensions.

The Commission plans to issue a white paper on pensions in the third quarter of 2011.

Developing skills and competences

The development of skills and competences is at the heart of the Europe 2020 strategy as a key tool to ensure that the EU's workforce maintains employability in the context of globalisation and change. To help this process, the European Commission issued an expert report, New skills for new jobs: Action now (1.14Mb PDF), in February 2010 (**EU1002039I**). This report stresses the need to provide the right incentives for people to upgrade their skills. It also argues in favour of a greater alignment between education and training and the needs of the labour market. The report offers 34 specific recommendations grouped in four priority areas of action:

- a substantial investment in skills, with the right incentives for individuals and employers to upgrade and better use existing skills;
- bringing the worlds of education, training and work closer together, through more flexible and open education and training that seeks to develop more effective relationships between providers, employers and job placement services;
- developing the right mix of skills, including the development of transversal competences (especially digital and entrepreneurial competences) to encourage initiative;
- better anticipating future skills needs, through improved labour market information, developing early warning systems and opening up to global talent.

Stress at work

Stress at work is a growing phenomenon in the EU and the social partners in many Member States are working with policymakers to try to highlight awareness of this issue and to promote good practice in the prevention and management of stress. The EU-level cross-sector social partners' Framework agreement on work-related stress (77Kb PDF), concluded in 2004, provides a European framework for the management of this issue. In February 2011, the European

Commission published a staff working paper on the implementation of the social partners' framework agreement on work-related stress (529Kb PDF) (SEC(2011) 241 final). Overall, the working paper found that a set of principles and rules is now enshrined in a majority of Member States as a result of the implementing activities of the social partners at national level including amendments to legislation, social dialogue, awareness-raising events and the development of practical guidance and tools to manage stress. This has been achieved through legislation and binding or non-binding collective agreements.

Nevertheless, despite these activities, the Commission working paper states that the implementation of the agreement is uneven across the EU and that there are some shortcomings. The Commission therefore believes that there is room for improvement, both at national and EU level, in areas such as extending protection of workers against stress and further developing adequate responses to the challenge of responding to work-related stress. It concludes that:

- implementation of the agreement has not yet ensured a minimum degree of effective protection for workers from work-related stress throughout the EU;
- all stakeholders need to consider further initiatives to ensure that this goal is achieved.

For more information on the response of the social partners in the EU to the challenge of preventing and managing work-related stress, see the 2010 Eurofound comparative analytical report on work-related stress.

Flexicurity

The concept of flexicurity has been a key theme for debate at EU level for some years. In the context of the crisis and attempts to stabilise the EU economy and ensure growth, the widespread use of short-time working was a major tool in 2010 in helping organisations to bridge difficult economic circumstances without having to resort to layoffs and redundancies.

Flexicurity remains an important part of the EU's employment strategy: guideline 21 of the employment guidelines for Member States for 2008–2010 (Council Decision 2008/618/EC) states that Member States should seek to promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners. This should be achieved through actions such as:

- adapting employment legislation;
- addressing undeclared work;
- better anticipation and management of change;
- improvement of quality and productivity at work;
- support for changes to occupational status including training, self-employment, business creation and geographical mobility.

The flexicurity potential of short-time working was explored in the 2010 annual report of Eurofound's European Restructuring Monitor (ERM), Extending flexicurity – The potential of short-time working schemes, launched in November 2010. The report examines how the social partners have worked together to develop and implement short-time working and how this could potentially develop towards an extension of the flexicurity concept.

Gender equality

The European Institute for Gender Equality (EIGE) was launched in June 2010 to help further the EU's efforts to combat discrimination. The new institute, which is based in Vilnius, Lithuania, will act as a 'knowledge centre' and networking body, providing professional support to the European Commission and Member States. EIGE will collect and disseminate information, data and good practice on gender equality generated at EU, national and local level. The information will be made publicly available via an online resource centre and library. EIGE is also developing an EU Gender Equality Index, which aims to assess equality between men and women in different areas of life. It will also analyse and develop methods for mainstreaming gender equality into Community and national policies.

A new Commission strategy for equality between women and men 2010–2015 (COM(2010) 491 final) was published in September 2010, building on the roadmap for equality between women and men (2006–2010) (COM(2006) 92 final) issued in March 2006. The 2010–1015 strategy highlights the contribution of gender equality to economic growth and sustainable development. It contains the following thematic priorities:

- equal economic independence for women and men;
- equal pay for work of equal value;
- equality in decision-making;
- dignity, integrity and ending gender violence;
- promoting gender equality beyond the EU;
- gender roles, legislation and governance tools.

Overall, the new strategy follows the dual approach of gender mainstreaming and specific measures. It also aims to strengthen cooperation between key actors and improve governance.

There has been a debate in Europe over the past year concerning the number of women on company boards, and specifically whether targets should be introduced, following the examples of Norway, Spain and soon France. At EU level, under the 2010–1015 strategy for equality between women and men, the Commission states that it will:

- monitor the 25% target for women in top-level decision-making positions in research;
- monitor progress towards the aim of 40% of members of one sex in committees and expert groups established by the Commission.

European Court of Justice cases

There have been a number of important ECJ cases in the fields of industrial relations and working conditions over the past year, relating to areas such as:

- rules for calculating notice periods;
- bonus payments for pregnant workers;
- information and consultation.

Age discrimination in calculating notice periods

In the case of *Seda Kücükdeveci v Swedex GmbH & Co. KG* (Case C-555/07), the ECJ ruled on 19 January 2010 that German legislation under which periods of employment completed before the age of 25 are not taken into account for calculating the notice period for dismissal is contrary to the principle of non-discrimination on grounds of age, as expressed by the EU Equal Treatment Directive (2000/78/EC), and must be disapplied if need be by the national court, even in proceedings between individuals.

Ms Kücükdeveci was employed by Swedex from the age of 18 and, in 2006, after 10 years of service, was dismissed. As German law provides that periods of service completed before the age of 25 should not be taken into account when calculating the statutory notice period, Swedex calculated her notice period as if she had been employed by Swedex for only three years. Ms Kücükdeveci subsequently challenged the law relating to the calculation of notice periods in the German Labour Court on the basis that it was age discriminatory.

The ECJ held that the German legislation afforded a difference in treatment on the grounds of age contrary to the EU Equal Treatment Directive and found that this difference in treatment could not be objectively justified. Although the ECJ stated that it was a legitimate aim to afford employers 'greater flexibility in personnel management by alleviating the burden on them in respect of the dismissal of young workers, from whom it is reasonable to expect a greater degree of personal or occupational mobility', the legislation in question was held not to be an 'appropriate' means of achieving that aim. This was because the legislation applied to all employees who joined an undertaking before the age of 25, whatever their age at the time of dismissal.

Bonus payments for pregnant workers

In the case of *Sanna Maria Parviainen v Finnair Oyj* (Case C-471/08), the ECJ ruled that it is not contrary to EU legislation not to continue bonus payments when a pregnant worker is temporarily assigned to different duties.

Ms Parviainen, an air hostess working for Finnair, lost part of her supplementary allowances (€834 per month, just under 25% of her overall monthly pay) when she was moved to ground duties due to her pregnancy. However, she did receive holiday pay at a rate that was higher than was normally paid to ground staff.

The ECJ ruled that, under the Pregnant Workers' Directive (92/85/EEC), a worker is not entitled to the same pay as she earned, on average, before her transfer to alternative work. However, it also ruled that the level of the payment:

- must not undermine the directive's objective of protecting the health and safety of pregnant workers;
- must not ignore the fact that the woman is continuing to work;
- must not be less than that received by employees performing the job to which she is temporarily assigned;
- must include any pay or allowances that relate to her professional status such as her seniority, length of service or professional qualifications;
- need not include any pay or allowances that depend on the performance of specific functions in particular circumstances and which are intended essentially to compensate for the disadvantages related to that performance.

In the case of *Susanne Gassmayr v Bundesminister für Wissenschaft und Forschung* (Case C-194/08), the ECJ ruled that a pregnant doctor's loss of her on-call allowance when she was suspended on health grounds was not contrary to the Pregnant Workers' Directive. It found that the principle established by the Parviainen case, that pay or allowances that depend on the performance of specific functions in particular circumstances need not be maintained, also applies during maternity suspension.

3 – Training and qualifications during the crisis

This chapter examines the training provided or supported by enterprises (external and internal measures) during the recession for their employees (it does not cover training initiatives for the unemployed). The chapter begins by highlighting the dramatic increase in unemployment during the recession and the available evidence on the extent of training in the workplace. It then discusses the effectiveness of training activities as a tool for dealing with the effects of the recession on enterprises and identifies the most relevant policy measures for supporting training activities. The chapter is based on a Eurofound study compiled on the basis of individual national reports submitted by EWCO correspondents.

The topic is discussed in detail in the report Preparing for the upswing: training and qualification during the crisis.

Training as a tool for tackling the recession's effects

The economic crisis has had a profound impact on enterprises throughout Europe with negative consequences for the unemployment rates in EU Member States and Norway. In this context, policymakers and social partners at EU level and in the large majority of Member States have recognised the importance of training as a vital tool for preserving existing employment and for getting prepared for the economic recovery. In this regard, there is a strong consensus between employer organisations and trade unions.

Employment and unemployment

According to DG ECFIN's Economic forecast spring 2009 (2.72Mb PDF), the European economy faces the challenge of a global economic downturn considered to be the deepest and most widespread recession since the end of the Second World War. This downturn is having a massive negative impact on enterprises, as reflected in the sharp rise of unemployment in the EU as a whole. In the second quarter of 2010, there were a total of 22.6 million unemployed people in the EU27, representing an unemployment rate of 9.6%. These figures contrast sharply with the situation a year and a half before where 'only' 16.2 million Europeans were unemployed, representing 6.9% of the labour market.

Unemployment is an issue that particularly affects those individuals with the lowest educational qualifications. Unemployment rates have increased in the recession period for all educational groups. However, data for the second quarter of 2010 for the EU27 show that the unemployment rate for those with tertiary education (International Standard Classification of Education, ISCED levels 5–6) was only 5.1%, while unemployment rates increase among individuals with upper secondary and post-secondary non-tertiary education (ISCED levels 3–4) and especially among those with lower secondary education or below (ISCED levels 0–2) (9.0% and 16.2%, respectively).

Policy context

Investment in human resources and skills, namely through education and training, is recognised as one of the crucial engines for economic growth and social cohesion, with a number of benefits for countries, enterprises and individuals. At European level, both policymakers and social partners have emphasised the need to support and encourage training activities for adult workers. The Europe 2020 strategy, for example, includes 'integrated guidelines' for the development of a skilled workforce responding to labour market needs, promoting job quality and lifelong learning. This emphasis responds to a debate about the need to move Europe upward towards a ‘knowledge-intensive economy’ centred on upskilling of workers, greater employee involvement and greater innovation not only in products and processes but also in the organisation of work.

The severity of the financial crisis that developed in the second part of 2008 and its associated negative effects on the labour market have brought added interest to the issue of training both at EU and national level. The European Commission’s communication New skills for new jobs. Anticipating and matching labour market and skills needs (72Kb PDF) (COM(2008) 868 final) suggests that ‘skills upgrading is critically important for Europe’s short-term recovery as well as longer-term growth and productivity’.

In addition to European-level actions, public authorities in Member States – sometimes in collaboration with social partners – are developing schemes aimed at empowering workers via training and skills upgrading activities, so that these workers and their enterprises can take advantage of new opportunities arising from changes in the labour market structure or when the upturn comes. From the company perspective, it can make sense to engage in training during times of low capacity utilisation, as the time devoted to training may cost less during such periods in terms of foregone production activities.

Social partners consensus on importance of training during recession

Social partners have also stressed the importance of training in the current crisis context (see, for instance, the ‘Framework agreement on inclusive labour markets’ signed by ETUC, CEEP, BUSINESSEUROPE and UEAPME in March 2010). The crucial role attributed by social partners to training in a recession is reflected in various key declarations and communications issued by social partners in a number of European countries (for example, Bulgaria, Denmark, Estonia, Germany, Ireland, Norway, Slovakia and Spain).

Examples of this consensus are found particularly in those countries where short-time work schemes coupled with training elements have been implemented (for example France, Italy, Luxembourg, the Netherlands and Slovenia). The aim of these programmes is to retain workforces and to use the extra time available for training purposes.

However, there are also a number of Member States where the issue of training has not received significant attention from social partners. A good example of this is Greece, where the social dialogue on the advisable measures for dealing with the crisis has not been directed, to a significant extent, towards **vocational training**.

Differing perspectives

Although there is a strong general consensus among social partners on the importance of training, national social partners also have different perspectives on training. The first important difference is about who is responsible for organising and financing training activities (examples of this debate can be found in Belgium, Denmark, Ireland, Spain, Sweden and the UK). Thus, and perhaps simplifying the debate, trade unions insist that training cannot be considered a duty and that it is the responsibility of employers to provide formal training for their employees. Meanwhile, employers suggest that updating skills to enhance employability is also the responsibility of the employee. The second key difference relates to the focus of the training in that trade unions tend to stress the ‘social’ element of training while an employer’s approach is likely to be more business- and profit-oriented.

Evidence of workplace training during the recession

This section examines the recent evolution of training activities conducted by enterprises for their employees during the current economic crisis and the participation in training of employees either on their own initiative or through a company initiative. It also discusses changes in the profile of workers and enterprises involved in training and the types of training.

Involvement of enterprises in training activities

Not all enterprises or individuals are involved in training activities to the same extent. European and national studies confirm that the likelihood and extent of an enterprise being involved in training activities for their employees is higher among:

- multinationals;
- medium and large enterprises (particularly the latter) than small enterprises;
- enterprises involved in knowledge-intensive sectors (for example, financial/business services) compared with others in the hotel and restaurant or retail sectors.

Evidence from several countries shows that the number of enterprises actively involved in training activities for their employees has fallen (either in absolute or in relative terms). For example, this is the case in Germany, as reported in a press release (in German) issued by the Institute for Employment Research (IAB) on 17 June 2010, and in Poland as described in a report (in Polish, 509Kb PDF) published by Deloitte in 2009 on trends in human resource management in Poland and a report from the Polish Agency for Enterprise Development (PARP) in 2009 on training in times of crisis.

Available studies offer a relatively negative picture of the effect of the current crisis on the amount of financial resources devoted to training activities by enterprises. A 2009 report (in French, 77Kb PDF) by the Centre for Studies and Research on Qualifications (Céreq) and a report from training specialists, Cegos, show that French enterprises have invested less on training during the current crisis years in absolute terms compared with previous prosperity years. According to the Cegos report, 40% of enterprises declared they had reduced their training budget, although a significant 30% reported having invested more in training. A report (in German, 352Kb PDF) published by the German Institute of Economic and Social Research (WSI) in 2010 concluded that, in times of economic crisis, establishments would rather scale back than extend their training effort. Meanwhile, a Spanish report (in Spanish, 1.63Mb PDF) from the IESE Business School and the Élogos Foundation published in 2010 stresses that the average amount invested by Spanish companies in education and training activities in 2009 fell by 16% compared with the previous year. Evidence compiled by the Swedish website www.utbildning.se shows that 47% of private employers and 60% of public employers cut down on funding for raising skills during 2009. According to the Annual survey report 2009 (590Kb PDF) of the Chartered Institute of Personnel and Development (CIPD), this percentage stands at 32% among UK private businesses.

Several studies provide a number of reasons suggested by enterprises to explain this lower involvement in training activities. Despite the existence of traditional ‘non-crisis’ related explanations such as difficulties in identifying training needs or suitable training providers, the need to reduce costs and save money in the current tight economic situation is often cited, as training is usually regarded as a relatively ‘easy-to-cut’ expense.

Despite this general gloomy view, some countries seem to be an exception (for example, Denmark and Italy), as available data confirm that more enterprises are engaged in providing training for their employees as a response to the crisis. A study on business research, development and innovation (in Danish, 730Kb PDF) carried out by the Danish Agency for Science, Technology and Innovation (FI) in 2009 shows that 39% of companies sought to increase training activities (to a high or to some degree) as part of their strategy for tackling the crisis. This positive view is confirmed by other sources such as the Danish Chamber of Commerce (Dansk Erhverv). Meanwhile, according to the Excelsior Information System survey produced by the Italian Association of the Chambers of Commerce, Industry, Artisans and Agriculture (Unioncamere), the share of companies in Italy involved in training activities experienced an upward trend from 25.7% in 2008 to 32.1% in 2009.

Participation of employees in training activities

Although recent findings from Eurofound's European Working Conditions Survey (EWCS 2010) suggest an increase in worker participation in training financed by their employer in the medium term (2005–2010) throughout the EU27, there is limited European official data showing the recent effects of the current economic crisis on workers' participation in training activities carried out by European enterprises. Data from the European Labour Force Survey (LFS) available in October 2010 on education and training activities carried out by working individuals during the four weeks previous, either at the initiative of workers themselves (with no intervention from their employer) or at the initiative of their enterprises, highlight important differences between countries. Whereas more than 20% of the working population participated in a training activity in the northern European countries and the UK in the period 2007–2009, this percentage was less than 5% in countries such as Bulgaria, Greece, Hungary, Romania and Slovakia (the EU average was slightly above 10%) for each of the three years between 2007 and 2009.

However, the data also show that, compared with the situation in 2007, the percentage of people in employment involved in training activities has experienced a remarkable downward trend in some countries (for example, France, Ireland, Latvia and Slovakia), whereas in other countries the situation is the opposite (for example, Denmark, Estonia, Luxembourg, Portugal and Sweden) and it has been relatively stable in a third group of countries (for example, Bulgaria, the Netherlands and Spain). The EU27 average experienced only a slight downward movement in 2009 compared with 2007 and 2008.

The available empirical evidence does not suggest any definitive trend at EU level on the effect of the economic crisis on the participation of employees in training activities provided or supported by their enterprises, though there are important national differences. It might be expected that the share of workers benefiting from training activities should have fallen significantly as a consequence of the reduction of training activities in enterprises. This seems to be the case in some countries (for example, Bulgaria, Estonia and Romania).

Empirical evidence collected in other EU countries provides a less dramatic perspective. A recent IAB study (IAB Forschungsbericht 6/2010 (633Kb PDF)) shows that, despite a declining share of establishments in Germany offering continuous training from 2008 to 2009, the share of employees participating in training experienced only a very limited reduction. A similar result was obtained in Luxembourg by the Office for Productivity Growth (OLAP), by the Netherlands Working Conditions Survey, and also in Sweden by the Swedish Work Environment Authority. Furthermore, in some countries such as Denmark, the available data give a clear indication that the participation of employed people in formal training and education training activities during the crisis has increased; see, for instance, the data provided in the Danish Ministry of Education (UVM) Databank (in Danish) which shows that the number of participants in the 4,410 available Adult Vocational Training (AMU) programmes increased from 671,527 in 2008 to 951,134 in 2009.

All these results can probably be explained by two main developments.

- Those enterprises still offering training to their employees are particularly committed to this.

- At least during the first years of the crisis (2008–2010), more public funds were available for training purposes for enterprises and their employees.

Changes in profiles of enterprises and workers involved in training

Available empirical evidence in some countries (for example, Germany and Poland) shows that SMEs (and among these the smallest ones) in particular have reduced or even cancelled their training budgets, while more stable behaviour has been seen among large enterprises. This is confirmed in several interviews conducted by national correspondents in Austria and Slovakia. However, this is not the case in the UK (CIPD survey) and Italy (Excelsior survey).

From a sector perspective, a 2009 report (in Spanish, 32Kb PDF) by the Adecco Group from Spain on retaining talent to improve profitability and the 2009 Deloitte report mentioned earlier on human resource management both suggest that reductions in training have particularly affected those economic sectors hit hardest by the recession – these include finance, information and communication technologies (ICT), construction and manufacturing. By way of contrast, Danish and Norwegian evidence suggests that training has increased most in those sectors that were particularly affected by the crisis, though this result is probably explained by the particular characteristics of their public training systems where state funds support those sectors in need.

Usually, individuals with higher educational attainment, those involved in higher-rank positions, those in intermediate age levels or those with permanent contracts benefit more from training activities carried out by enterprises. There is evidence from some countries (Germany, Hungary and Spain) showing that this situation has remained unchanged in the current economic crisis. But from a trend perspective, evidence from some countries provides a different picture. For instance, in those countries where training has notably increased among those sectors particularly affected by the crisis (for example, Denmark and Norway), there is a larger share of blue-collar, low-skilled people participating in training as they are overrepresented in these sectors.

Types of training activities provided

The available evidence suggests a number of major changes in recent years in the profile of provided training activities (type of courses, training methodologies, contents, or duration).

It was possible in 2010 to identify an emerging trend in which enterprises are favouring internal training practices (this is, training principally designed and managed by the enterprise itself) versus external training practices (principally designed and managed by a third-party organisation). Three reports published in 2010 by bedrijfsopleidingen.be in Belgium, OLAP in Luxembourg and IESE/Élogos Foundation in Spain show that the demand for internal training practices (for instance, in-house seminars or courses) increased in the previous two years as a consequence of the economic crisis, basically with the aim of reducing costs and making better use of 'idle' internal human resources. This increased attention to internal training practices is affecting enterprises of all sizes, although it appears particularly relevant among larger enterprises.

In addition, several Hungarian and Spanish studies reported an increasing preference among enterprises for shorter but more 'business-focused/company-specific' training activities. According to the report by the Adecco Group mentioned above, Spanish enterprises shortened the duration of training courses on average by nearly half during 2009, primarily to reduce their training budgets. According to a Hungarian study by DGS Global Research and the Spanish study by IESE/Élogos Foundation, enterprises have also tended to focus their training activities on topics closely related to their core business (such as cost management, leadership promotion, sales and marketing, professional technical skills) and intended to improve workers' and business performance rather than offering more general training activities such as language training. This finding is confirmed by the Belgian online training database at bedrijfsopleidingen.be, whose web-based survey found that current training activities are particularly focused on increasing business efficiency and cutting costs.

Information from Spain (Adecco Group and IESE/Élogos Foundation reports) also suggests that the use of online and blended learning training approaches (such as e-learning) has grown in recent years due to:

- the fast development of new ICT;
- the easy access to such technologies;
- the improved possibilities for flexibility and adaptability to ad hoc needs;
- their lower associated costs and the need for enterprises to reduce operating costs in the current situation.

Moreover, the Deloitte study in Spain revealed that these e-learning methods are more often used for those in administrative and technical positions, whereas traditional (and more expensive) 'face-to-face' courses are more common among managers.

Supporting training activities during the crisis

Since the onset of the latest financial crisis, comprehensive anti-crisis packages have been introduced by governments across Europe in order to reverse the situation and to mitigate the economic and social impacts. These packages included:

- measures directly supporting companies;
- incentives to families to foster demand;
- employment support measures to lessen the impacts on the labour market and society in general.

Among those, it is possible to distinguish measures devised to encourage both companies and workers to engage in training activities so as to be better prepared for the economic upswing.

The conclusions drawn from information reported by EWCO national correspondents are that most of the measures introduced or amended since the second half of 2008 in response to the challenges imposed by the crisis consist of providing support for training costs and/or wages and are aimed at companies in general, and those facing special difficulties in particular.

Many countries have implemented measures providing financial support to companies so they can bear training costs; some even developed measures that bundled financial support for training expenses with wages. The extent and coverage of these incentives varies considerably across Europe. Some countries give preference to specific regions or sectors of activity, while others seem to target particular groups of workers or companies. For example, the Czech programme 'Further professional education of employees of enterprises in industry' introduced in 2009 gave particular emphasis to companies in the metalworking and retail sectors located outside the capital, Prague. In Estonia, particular attention has been given to small and very small companies in the programme 'Support for training in micro and small companies' introduced in 2009. In Belgium, the Wallonian scheme of 'adaptation-credit mechanisms' was modified and extended in 2008 to give financial support to tutoring of new recruits by workers aged 45 and over with transferable skills.

Apart from the financial support provided exclusively for training, other relevant schemes are those establishing a link between short-time or temporary layoff schemes and training. Most of the measures reported within this context provide favourable conditions for enterprises to facilitate training during the implementation of short-time working or temporary layoff schemes. This was the case of examples identified in Austria, the Czech Republic, Denmark, Germany, Italy, Luxembourg, Poland, Portugal and Spain. Only very few countries (Belgium, France and Lithuania) reported measures directly targeting employees encouraging them to take up training while in short-time working schemes.

Some governments seem to have taken more seriously the importance of making use of the time off work by employees due to a reduction in economic activity. This appears to be the case for Ireland, Malta, the Netherlands and Slovenia where a more rigid approach was adopted. Here, eligibility for public support for short-time work or temporary layoff schemes depended on the company's provision of education and training activities, and workers' participation in them (attributing a mandatory aspect to the implementation and take-up of training while short-time working schemes were in place).

Although reported in some countries, measures supporting training leave schemes or training-related consultancy and advice on legal obligations have been much less used as a response to the crisis.

Social dialogue for training

Although most of the initiatives to promote training activities to directly or indirectly counteract the economic and social impacts of the crisis have generally been the responsibility of public authorities, there are interesting examples of initiatives that originated in a social dialogue context.

In France, for example, the employer association for the chemical sector (Union of Chemical Industries, UIC) and the Ministry of Economy, Finance and Industry concluded a national framework agreement on the use of training programmes as instruments to boost workers' employability, avoid redundancies and, simultaneously, increase the competitiveness of companies in the sector. The agreement received strong support from the Chemical and Energy Federation (FCE), which is affiliated to the CFDT union confederation. In Germany, two agreements were signed in February 2010 by the social partners of the metal and electrical industry introducing training related options that are being used as pilot agreements for other bargaining regions. Part of these agreements refer to arrangements on short-time working, training and employment, such as the extension of training leave from three to five years and the option to combine this leave with a part-time working scheme. The education activities must, however, match the company's needs in order to be covered.

The 'Crisis Addendum' signed by the main Flemish social partners in spring 2009 following an agreement with the Ministry of Labour and the activities of the Spanish Tripartite Foundation for Training in Employment are other interesting examples of how tripartite social dialogue has paid a crucial role in fostering the implementation of training-related activities as a response to the crisis.

- The Flemish Ministry of Labour granted €10 million to the Belgian sectoral training funds to develop additional activities and, as a consequence, 26 out of the 28 Flemish sector agreements have been extended with the 'addendum' on training activities.
- The Spanish programme, 'Continuing Training Credits for Enterprises', which supports training activities organised by companies for their workers and is run by the Foundation for

Training in Employment, has been extensively used during the recession; the number of beneficiary companies more than doubled between 2007 and 2009.

Training for competitiveness and employability

Most of the measures mentioned above have a dual objective. They are intended not only to cushion the social impact of the crisis at an initial stage visible through unemployment situations, but also to better prepare companies and their workers for the recovery ahead.

Some of the training support measures distinguish between 'general' training (that is, on topics not directly related to the company's specific activities such as languages, ICT, health and safety) and 'specific-to-the-enterprise' training which deals with topics covering the specific needs of a company, sector or occupation. Some measures combine general with specific-to-the-enterprise training.

Although the evidence available is limited, it appears that initiatives supporting general training tend to receive more generous support than initiatives supporting specific-to-the-enterprise training. While public authorities would appear to be concerned about companies' competitiveness and thus do provide support to specific-to-the-enterprise training, the priority given to general training suggests concern over individuals' employability.

Effectiveness of policy measures

The limited studies and information available on the effectiveness of the policy measures introduced in recent years to encourage companies to carry out training and workers to take it up show mixed results. Evidence from Austria and Germany indicates that only a small fraction of companies that implemented short-time schemes in 2009 did so in combination with training activities. However, there is evidence in these two countries and in Spain of a significant increase in participation during the recession period. Major interventions in the Netherlands in 2008 and 2009 to improve participation in training during the crisis led to a significant stimulus within companies, enhanced the employability of individuals and improved the competitiveness of companies.

Even though the measures have had a limited effect in terms of the proportion of companies benefiting from support to carry out training activities, they have played a vital role in increasing the number of participants. Nevertheless, the measures put in place have not been immune to problems and criticism.

Firstly, employers do not seem to have prioritised investment in skills development when part of their workforce is on short-time work for an undetermined period of time. There is an issue as to the extent to which companies can benefit from training activities that, by necessity, have to be short in duration due to the uncertainty about the level of economic activity in the near future. This situation is even more problematic for SMEs, which do not have the same capacity to adapt to sudden or drastic changes as larger enterprises.

Secondly, the two types of training have different implications in terms of those benefiting and management procedures. General training is easier to plan, organise and implement. But while the skills upgrading of their employees benefits companies, it also enhances employees' mobility within the sector or other sectors. This can discourage companies from opting for this type of training when planning and organising their training activities. Specific-to-the-enterprise training is more interesting from a company's point of view as it responds in a more straightforward fashion to their needs, but it is more difficult to organise and more expensive.

Thirdly, the procedures involved in obtaining public support for training activities often impose a considerable bureaucratic and administrative burden, which can constitute a serious obstacle for companies. This issue is particularly relevant for small companies as they are less familiar with existing public programmes and, in general, find it harder to identify their training needs.

Finally, it should be stressed that a significant share of the success of the measures depends on the individuals receiving the training. On the one hand, employees need to be motivated to participate and benefit from training. On the other hand, they may have difficulty keeping up with the training course.

These problems may explain why more companies have not implemented more training activities for more employees so as to keep their workforce available and better prepared for the recovery. Nevertheless, support measures put in place by public authorities – sometimes with the participation and support of social partner organisations – play an essential role in fostering training activities. The absence of such support measures would probably lead to lower levels of workers benefiting from training and higher levels of unemployment across countries and sectors of activity.

The successful examples of training measures that have been implemented by companies across Europe suggest that companies are conscious not only of their economic benefits but also of their social ones. From an economic and competitiveness point of view, benefits include:

- a wider array and better insight of in-house skills and competencies;
- employees' further adaptability and multiskilling;
- increased work mobility;
- higher productivity levels;
- lower job rotation rates;
- additional possibilities to develop new working methods and new business projects.

From a social point of view, benefits include:

- averting lay-offs during the recession period while getting prepared for the recovery though enhanced skills;
- enhanced morale and company spirit as employees perceive the attitude of the company as positive;
- improved working climate due to better communication and higher employee participation.

Conclusions

The economic crisis is having a mixed effect on the engagement of enterprises and their employees in training activities. Whereas the number of enterprises (especially SMEs) actively involved in training activities for their employees has somewhat decreased over the past few years in most countries where evidence is available, the number of employees shows a more heterogeneous picture with important differences between countries. Interestingly, the evidence seems to suggest that the economic crisis is also having a profound impact on the profile of training activities provided, with increasing importance being attached to internal and 'focused-to-the business' training practices, as well as increasing use of online and blended ICT-based learning methodologies.

Nearly all Member State governments (often in close collaboration with social partners) are developing support measures aimed at empowering enterprises and their workers during the economic crisis via training and skills upgrading activities. However, these public measures usually imply a major impact on public spending budgets and so most are designed as transitory measures. This opens up important challenges for some Member States particularly affected by the economic crisis. Support schemes also need to consider ways to improve their effectiveness through activities to foster general employability and addressing the issue of excessive bureaucracy.

Despite current difficulties, the attention given to training by enterprises is likely to return in the future as enterprises are well aware of the benefits associated with a skilled workforce. They recognise the importance of investing in skills and competence upgrading, especially in a context characterised by rapid technological change, an ageing workforce, and important skill gaps and shortages.

Annex

Country codes

Country code	Country name
AT	Austria
BE	Belgium
BG	Bulgaria
CY	Cyprus
CZ	Czech Republic
DE	Germany
DK	Denmark
EE	Estonia
EL	Greece
ES	Spain
FI	Finland
FR	France
HU	Hungary
IE	Ireland
IT	Italy
LT	Lithuania
LU	Luxembourg
LV	Latvia
MT	Malta
NL	Netherlands
PL	Poland
PT	Portugal
RO	Romania
SE	Sweden
SI	Slovenia
SK	Slovakia
UK	United Kingdom

EF/11/50/EN