

# CONTRIBUTION OF THE IRTUCs

in implementing the ETUC priorities and  
working programme in the field of  
coordination of collective bargaining



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## **INTRODUCTION**

The project reported on herein constitutes an additional stage in the implementation of the decisions taken by the ETUC Congress on the coordination of collective bargaining, and more specifically, on cross-border cooperation and the role of the Inter-Regional Trade Union Councils (IRTUCs).

The Action Plan adopted by the 12<sup>th</sup> ETUC Congress (Athens 16-19 May 2011) underscored the importance of continuing the policy initiative aimed at encouraging, promoting and supporting all initiatives for cross-border cooperation.

The austerity measures decided on by the European institutions and the governments have a heavy and negative impact on wage formation systems and collective bargaining. To deal with this austerity context and to fight against wage dumping, ETUC's Collective Bargaining Coordination Committee launched the idea of giving shape to a "new approach to collective bargaining coordination."

In this respect, ETUC has defined a strategy in line with which we charted the project. More specifically, it concerned the priority and actions pertaining to the reinforcement of "networking" among ETUC member organisations and the promotion of the exchange of information to share priorities and guidelines.

The IRTUCs (currently numbering 35) which group the regional trade union confederations affiliated with ETUC in the cross-border regions concerned, by definition promote direct cross-border links between sectoral structures and companies.

We initially launched this activity with 7 IRTUCs. One of the main conclusions at the end of that action (implemented from 1 September 2008 to 31 August 2009), was that the IRTUCs represented a fundamental resource for going beyond the exchange of information between one trade union and another along borders, to try and embed a strict cooperation activity capable of having an effect on the different existing bargaining practices, to mix and merge them as much as possible.

We found it essential to follow this first activity up by a second project involving 7 additional Inter-Regional Trade Union Councils. This action was implemented from 15 November 2010 to 14 October 2011.

This second action made it possible to reinforce the participation of regional trade unions in giving inter-trade union cooperation concrete shape throughout the European Union to address the growing phenomenon of cooperation and integration of the economy, and more specifically in cross-border regions.

In view of the aforementioned conclusions, it is clearly a priority to continue the activity with 7 other Inter-Regional Trade Union Councils more particularly concerned, namely:

1. IRTUC Castilla-León/Beira Nordeste (Spain– Portugal)
2. IRTUC Hainaut/Nord-Pas-De-Calais/West Flanders/South East England (HNFK) (Belgium –France - UK)
3. IRTUC three-border region of Upper Rhine/North-Western Switzerland/ South Baden (France – Germany – Switzerland)
4. IRTUC Friuli – Venice - Giulia / Slovenia (Italy– Slovenia)
5. IRTUC Steiemark – Podravje / Pomurje (Austria– Slovenia)
6. IRTUC Burgenland / Western Hungary (Austria – Hungary)
7. IRTUC San Marino/Emilia Romagna/Marche

The activity was carried out in two phases.

In the first phase, the IRTUCs concerned organised a seminar in the corresponding cross-border regions on the prime objective of the project, which consisted of looking for examples of cross-border negotiations and/or agreements in a specific sector and/or company.

The IRTUCs chose a sector and/or company for each seminar to analyse good (or even not so good or bad) examples of cross-border bargaining and cross-border agreements at a bipartite or tripartite level.

In a second phase, we organised a final seminar on 12 June 2013 to pool the results, exchange good practices and define the continuation of the project.

The activities presented in the course of the seminar constitute both the courses of action for our work in future, as well as the basis for ETUC's trade union strategy concerning the IRTUCs.

This report contains the conclusions drawn at the end of each of the seminars, and the aforementioned courses of action.

It is worth underscoring particularly once again that the IRTUCs make it possible to set up permanent intervention instruments to stimulate confidence between trade unions on both sides of the border, which constitutes the basis for trade union action. Some experiences have shown that the IRTUCs play a fundamental role in creating single organisations for managing negotiations and labour relations.

The project has also shown, yet again, that in the cross-border regions where they are active, IRTUCs provide a platform for the dissemination of ETUC's strategy charted at European level.

Luca VISENTINI

Confederal Secretary

Claude DENAGTERGAL

Counsellor



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**CONCLUSIONS OF THE SEMINAR HELD BY THE IRTUC FOR  
CASTILLE AND LEON – BEIRAS, NORTH EASTERN PORTUGAL**

***Cross-border Cooperation in the Industrial Sector in  
Castille and Leon – Beiras, North Eastern Portugal***

**INTRODUCTION**

The seminar was held in the city of Valladolid, on **21 March 2013**, under the title **Cross-border Cooperation in the Industrial Sector in Castille and Leon – Beiras, North-Eastern Portugal**. The aim of this seminar was to share cross-border experiences in industrial development between our regions as a result of the establishment of the **RESOE macro-region**, where the respective governments decided to enter a strategic alliance for industrial cooperation.

In turn, common experiences in the automotive, agri-foodstuff and textile industries were broached, in which representatives from the industry federations of their own trade union organisations participated. Furthermore, the situation of the working conditions and of collective bargain in those sectors was examined.

**MOTIVATION AND OPPORTUNITY**

The four trade unions, two from Portugal (*UGT-NP and CGTP-IN*) and two from Spain (*UGTCyL and CCOOCyL*), that made up the **Inter-Regional Trade Union Council (IRTUC) for Castille and Leon – Beiras, North Eastern Portugal**, attempted to broach cross-border cooperation in the industrial sector, so as to inform public opinion about our trade union position on highly topical and important issues that concern workers in both countries, such as:

**1.- Collective bargaining.** In both countries, the labour reforms introduced are harmful to the interests of workers and have caused a breakdown in labour relations.

**2.- Change in the production model.** We want a southern Europe, and especially an Iberian Peninsula, with a pattern of solid growth, based on the knowledge economy and the industrial sector, as these are sources of job creation and wealth, and they in turn sustain other sectors.

**3.- Austerity policies.** The economic sacrifice policies that are imposed by Europe and applied by the governments of Spain and Portugal, are failing miserably and are causing greater unemployment, prolonging the economic recession and increasing poverty and inequality, whilst destroying a key productive fabric for the future of both countries.

**4.- New scenario of the European Funds 2014-2020.** We are talking about the European Regional Development Fund (ERDF), the European Social Fund (ESF), Cohesion and Cross-border Cooperation Funds, which are not only to be reduced, but sanctions are to be imposed on countries which do not meet the deficit objectives. As a result, countries like Spain and Portugal will be doubly penalised by the irrational austerity policies of the “Troika.”

**5.- RESOE macro-region: Strategic alliances to promote cooperation in industry.** The recent establishment of the RESOE, which can be expanded to the central region of Portugal and other regions of Spain such as Asturias, Aragon, the Basque country, etc., is an opportunity to mobilise funds in strategic lines such as the industrial sector.



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**B. MAIN THEMES ANALYSED**

The **seminar** was held in a one-day intensive session which featured two **presentations** (*one on the policies of the European Union and its impact on the productive fabric, and one on industrial cooperation in view of the objective of territorial cooperation*) and included two **round tables** (*one on experiences on the situation of collective bargaining and working conditions, and the other on the regional policy of the European Union and the development of the macro-regions*).

A total of **24 speakers** of the highest level (*trade union leaders from Spain and Portugal, an MEP, different experts in cross-border cooperation and prominent senior officials from the Council of Castille and Leon*), addressed an audience of about **fifty attendees** from the different provinces of Castille and Leon, northern Portugal, and neighbouring autonomous communities such as Extremadura, Galicia and Asturias.

**1.- Experiences on the situation of collective bargaining and working conditions**

The seminar broached the situation of collective bargaining and working conditions in Castille and Leon and the region of Beiras in North Eastern Portugal in the **industrial sector**, and more concretely in the **textile, agri-foodstuff and automotive sub-sectors**.

**Labour reforms have been applied unilaterally** in both countries and **have resulted in a breakdown in labour relations**. These reforms have led to a gradual and continuous erosion of rights, a decline in collective bargaining and loss of purchasing power.

Workers in Castille and Leon lost 2.17% of their purchasing power between 2010 and 2012. This rate is 2.76% at the national level. For their part, 210,000 workers in Castille and Leon are waiting for their collective bargaining agreement to be renewed while 20,000 have no agreement at all. The agreements of 4.5 million workers in Spain in all no longer apply.

For its part, the Beiras region in North Eastern Portugal, had more than 52,000 unemployed workers in January 2012, and that figure is to exceed 64,000 in January 2013, for an unemployment rate of 23%, with women the hardest hit group, together with young people, among whom unemployment is over 34%. The situation in Portugal is worse in any event.

Both countries are going through a clearly difficult time, but **workers in the cross-border regions are hit the hardest**. The only option for the younger generation which is the best prepared in the history of our regions is emigration.

**a) Textile sector:** A very harsh analysis was conducted of the situation in the sector, as collective bargaining is blocked in Portugal, and little more than the guaranteed minimum wage is earned. At the same time it was pointed out that **employment in the sector, already in crisis for four years, will remain so for many years to come**. There have been considerable job losses since 2001. In 2003, there were 267,000 workers; in 2012 scarcely 115,000.

It was also pointed out that **textile companies that have survived in Castille and Leon are being turned into logistics hubs and points of liaison**. Production has moved to Asian countries, and only distribution or logistics have remained.

**b) Automotive sector:** The recent agreement between Renault Spain and the main trade unions



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was explained, **whereby solidarity between the different plants provides crucial in achieving this agreement with Renault.** Thanks to that agreement, however, we can still speak of maintaining employment and “*open-ended contracts*” in the Renault factory, plus work for ancillary companies.

Except for large factories, the **reality of the automotive industry in Castille and Leon and the Beiras region consists of small automotive repair shops with an average of 5 to 10 employees.** Ultimately, some 23,000 workers in Castille and Leon, among the self-employed and ancillary companies, depend on the automotive sector; bearing in mind that the few rights that have improved in this sector have always lagged beyond gains achieved in the large plants. We are faced with the challenge of bolstering the presence of trade unions.

**c) Agri-foodstuff sector:** One of the characteristics of both regions is the importance of rural areas. The agri-foodstuff industry plays a leading role in both regions, and is also a key factor for the settlement of the population in rural areas. It is regrettable, however, that whereas collective bargaining agreements used to be negotiated in order to “gain” something, today they are negotiated in an attempt to “lose” as little as possible and to maintain what we meant by labour rights. We are advocating that there are no wages less than €10,000 / year. **Today, we are negotiating so that wage losses are kept to a minimum.** We used to negotiate overtime; now we are negotiating collective dismissals.

## **2.- Industrial cooperation in light of the territorial cooperation objective**

The industrial sector brings significant weight to bear in the aforementioned sectors, as well as in the extractive, energy, water, manufacturing and other such sectors. Nevertheless, the scope of the economic crisis since 2008 at international level has hit these sectors too. Thus, **3,060 companies went out of business and 64,330 jobs were lost between 2008 and 2009 alone.**

The data show that the **companies that went out of business in Castille and Leon were larger than those that went out of business in the Portuguese region.** A reality shared by both regions is the **high degree of fragmentation of their industrial fabric**, as companies with fewer than 10 workers exceed the 80% mark.

**This scope is usually understood as a weakening of the companies**, as it is associated with an inferior knowledge of the markets, financial limitation, traditional forms of production, low use and absorption of new technologies, a shortage of marketing channels, reduced logistical development or inadequate qualification of their workers; these aspects in turn lead to **low productivity, serious difficulties to adapt to a globalised and constantly more competitive environment, problems in complying with environmental or occupational safety standard, and low industrial output** from its production processes. **It should moreover be borne in mind that most small and medium-sized enterprises are strongly linked to the territory**, whereas large (mostly foreign) corporations find it easier to deal with difficulties by looking for opportunities in other regions that offer advantages, by resorting to **relocation.**

What seems obvious is that development in the industrial sector is a key to the future of development in Europe, especially for such countries as Spain and Portugal. It should be borne in mind that **1 in 5 jobs in Europe comes from industry**, and that studies have shown that **a job in the service sector is created for every job created in industry.** This is known as the ‘*multiplier effect*’ of industrial employment.



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The industrial sector therefore is one of the solutions to promote economic recovery in Europe. In Spain and Portugal in particular, it is a **sector that generates employment and wealth and sustains the other sectors.**

**3.- EU policies and their impact on the the production system and on workers in Spain and Portugal.**

This seminar touched on issues as to how, in the current situation, **the European Union is not an area of development but an area of economic asphyxia.** In a country where the Troika has intervened, like Portugal, there are workers who are working to be poorer (*they earn lower salaries and pay more taxes each time*). As a result, growth measures are necessary each time, because austerity is going to kill us.

**Social inequality is increasing in times of recession, whilst it is not reduced during times of economic expansion.** At this very moment, inequality cannot be reduced only through an increase in employment (*it is possible to have a job and continue to be poor*). **Decent salaries, progressive fiscal policies, quality public health and education, and decent pension policies** are needed. These are the corner stones on which to build authentic **social justice.**

**Spain and Portugal have to** apply drastic cuts in public spending, and suffer losses in social and labour rights that are **borne by workers, pensioners and the most underprivileged classes.**

Economic recovery in the euro zone must inexorably pass through another Europe; a more social Europe that restores the pillars of cooperation and defence of a collective project that gives priority to the interests of citizens over the privileges of the financial sector, among others. To that end, it is necessary to bury the radical austerity dogma to make room for policies to stimulate growth and create jobs.

**The IRTUCs are contributing to strengthen European trade unionism from the bottom up.** They are helping to establish ties of cooperation and mutual understanding. **Trade unionism in southern Europe must apprise the European Union of the consequences of austerity policies.**

Accession to the European Union, some decades ago, was **seen as hope and a solution** (*especially for countries such as Spain and Portugal*). Today it is seen as a problem.

**4.- Regional policy of the European Union and development of the macro-regions in the new European context**

This round table **delved into the framework of cross-border cooperation under the auspices of the European Union and the European Parliament which, let us not forget, has the power of co-decision when it comes to cohesion policy.** It was thus found that the European Union must give priority to job creation, as well as training and further training. **The European Union must invest in territorial development based on growth, employment and competitiveness.**

Cooperation has suffered cutbacks as a result of the crisis. In concrete terms, there are €35,000 million less. **We could state that “austerity” has won the battle over “investment,”** certainly as a direct result of the ‘colour’ of most national governments in the European Union.

The structural funds (ERDF, ESF, cohesion and cross-border funds) entail many unknowns for



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the new period 2014-2020.

Although approval by the European Parliament is still pending, the stakes are as follows:

**a.- A reduction of the structural funds of about 25%.** Less solidarity and territorial cohesion funds in a profound economic crisis in Europe.

**b.- Impose conditionality criteria,** whereby if the deficit objective is not met, economic sanctions would be imposed on the countries in question.

This new scenario **would doubly penalise** southern European countries, especially Spain and Portugal. On the one hand, we are suffering the effects of the crisis owing to the application of severe austerity policies with an increase in unemployment and more economic recession, and on the other, these countries are penalised by withdrawing structural funds, thereby aggravating the situation far more for workers and citizens.

**Furthermore, the RESOE macro-region (i.e. regions of South-Western Europe) that was established three years ago by the regions of Castille and Leon, Northern Portugal and Galicia** was examined. There are ongoing discussions at present about expanding the region to the centre of Portugal, Asturias, Aragon, Navarra and the Basque Country.

It was created to **promote economic, social and territorial cohesion, on the basis of shared resources and common interests.** Cooperation and territorial cohesion constitute a European objective of the Lisbon Treaty and the aim was to obtain greater presence and involvement in Europe by peripheral countries. **Six strategic lines** were established when it was created:

- 1.- Education, university and research
- 2.- Economy and industry
- 3.- Transport and logistics
- 4.- Employment
- 5.- Culture and tourism
- 6.- Environment

The lines pertaining to the economy and industry, together with employment, constitute a fine instrument for conveying, from the perspective of the IRTUCs, the reality of cross-border workers in giving impetus to projects that strengthen the development of the industrial fabric in the regions as well as collective bargaining.

The trade unions, **through the IRTUCs,** as instruments of trade union cross-border cooperation, **have demanded to participate in these lines so as to defend the interests of workers in the creation of specific projects.**

Inter-Regional Trade Union Council  
Hainaut (B) – Nord Pas de Calais (F) – West – Flanders (B) – South East England  
(UK)

HNFK IRTUC

25 March 2013

“Coordination of collective bargaining in the Euroregion”

“CMCAS – Rue de Thouars – F 59542 Cappelle en Pevele

Attendance list: appended

Report

*Presentation of the HNFK IRTUC and its main tasks*

The HNFK Inter-Regional Trade Union Council

- groups the grade union representatives of nine trade unions from
  - Hainaut (CSC & FGTB) and West Flanders (ABVV and ACV), Belgium;
  - Nord Pas De Calais (CFDT, CFTC, CGT, FO), France
  - South East England (SERTUC) United Kingdom
- covers 4 regions
- where 3 languages are spoken.

The HNFK IRTUC

- Promotes cross-border consultation between trade unions;
- Participates in the cross-border bodies in their fields of activities;
- Informs cross-border workers about their socio-economic rights (taxation, unemployment, social security, etc.).

The HNFK IRTUC has a network of EURES trade union advisers for that purpose, and is a member of EuresChannel.

Its partners in EuresChannel are the public employment services and the employers of the Euroregion.

Work is focused particularly on cross-border mobility.

The HNFK IRTUC currently holds the vice-presidency of EuresChannel.

Presentation of the Seminar Day

This Seminar day is organised under a European project entitled “*Contribution of the Inter-Regional Trade Union Councils (IRTUC) to the implementation of ETUC’s priorities and work programme for the coordination of collective bargaining agreements*” via ETUC.

Second phase of the project carried out in the EU since 2010 with financial support from the European Commission: 7 IRTUCs concerned.

Objectives:

- Take stock of collective bargaining agreements in each of the countries concerned;
- Consider how to work and act together with regard to employers' organisations. At this time of economic crisis, it is indispensable to define a **cross-border trade union strategy**.

Programme for the Seminar Day: Go over the collective bargaining agreements in the "retail" sector.

In France, a review of collective bargaining in the retail sector; cf. CFTC file appended.

*Trade union representation in the retail sector – very small enterprises (VSEs) – is very low.*

*Ditto in Belgium.*

The situation in Belgium "is currently blocked" because of ongoing work for *harmonisation/common status for manual workers and clerical employees*.

The trade unions are paying close attention so that the harmonisation is not made from bottom to top. It is also unacceptable for it to be done at the expense of the public authorities or social security!

The public authorities must settle the matter by 8 July 2013.

Wage growth: Given the crisis, only the wage indexation will be preserved!

The elements "included in the index" could change because certain products are no longer contained therein. As a result, there would be no wage indexation in 2013, which would not improve purchasing power.

There are retraining units in Wallonia, and include the trade unions and the public employment services.

The FOREM (Walloon public employment and training service) manages only few common (Belgium-France) job offers.

In the United Kingdom:

Retail represents 5% of GDP and 10% of employment

A great deal of:

- part-time employment; especially among women;
- flexibility required;
- uncertainty concerning wages and job security, especially in the South East, the East of England and London.

The situation is worrying given the crisis!

The closing of large distribution chains leads to sizeable job losses.

“The legislation on the matter is not as good as in Belgium or France,” it is pointed out. There are repercussions on the working conditions, e.g. *hourly wage of ±7 and zero-hour contract!*

“Things are different in Belgium, but people are called upon when needed through *temp agencies;*” *whence the day-to-day contract.*

Trade Union Density is quite low: 12%

Some large companies have group / company agreements with the trade unions.

### Convergent finding in the Regions

- *Trade union representation in the retail sector – very small enterprises (VSEs) – is very low.*
- *Difficulties with working time and wages.  
Sector that affects essentially women and young people.  
Series of severance schemes in the different countries.*
- *Bypassing of collective bargaining agreement in certain sectors, e.g.:*
  - *In service companies (for instance, domestic help).*
  - *Opening of shops on Sundays and official holidays.*
- *Situation in chains of shops operating in different countries.  
In spite of European Works Councils, there is a lack of fairness; problem of reclassification.*
- *E-commerce (workers and turnover) is treated different/separately from commerce in shops within the same group.  
Price: In some chains (e.g. Carrefour), prices are higher in the shops than on the Internet. This applies to non-food items.*
- *Elimination of “small structures;” trend to find franchise outlets. Whence the change of collective bargaining agreements = loss of pay benefits.*
- *Difficulty in finding skilled manpower in certain sectors!  
Question: How to put the different countries in touch so as to have proper, suitable training?*

### Aim of trade unions at Euro-regional level

Create a European Works Council, e.g. at Sportsdirect.com (Belgium, the UK).

In practice, the European Works Council is more of a place for discussion than for consultation!

### Discussion

In the end,

- Creating our own networks is more important than the European Works Council.
- Our representatives are our best sources.
- *Create a database to keep track of developments in negotiations in the same group in different countries.*  
To that end:

- It is indispensable to exchange information between trade unionists in different countries;
- *In concrete terms, a list with the details of participants in this Day Seminar was drawn up and distributed.*

Everyone is requested to inform the HNFK IRTUC about any changes so that this list can be kept up to date!

The HNFK IRTUC secretariat will send it to the persons concerned.

3<sup>rd</sup> phase of the project: Final seminar in May-June 2013; activists will be invited.

Annexes:

- 1) Participation list
- 2) File on collective bargaining in the retail sector in France.

## **Conclusions of the three-border region IRTUC seminar on the “collective bargaining systems” held on 12 March 2013 in Mulhouse (France)**

The three-border region IRTUC seminar on “collective bargaining systems” was held on 21 March 2013 in the premises of the CFTD premises in Mulhouse.

The **collective bargaining systems** in Germany and France were presented during the first part of this seminar. See also the information available on the website of the European Trade Union Institute (ETUI):

- Collective bargaining in Germany: <http://de.worker-participation.eu/Nationale-Arbeitsbeziehungen/Laender/Deutschland/Tarifverhandlungen>
- Collective bargaining in France: <http://de.worker-participation.eu/Nationale-Arbeitsbeziehungen/Laender/Frankreich/Tarifverhandlungen>

The discussion revealed that the fundamental differences between these two systems constitute a major challenge for the cross-border coordination of collective bargaining for stakeholders, their competencies and the conduct of negotiations.

On the other hand, the presentation of the **development of the labour market and economic structure** in the Upper Rhine region shed light on a high cross-border economic interpenetration:

- There are some 96,000 cross-border workers in the Upper Rhine region (F – D-CH)
- In spite of the financial and economic crisis, the total number of cross-border workers has remained about constant. The reason is that the possibility of short-time work has been expanded in Germany (and in Switzerland) to avoid redundancies.
- More than 400 companies in the Upper Rhine region have sites in at least one of the other sub-regions thereof.
- Diverse cross-border relations between supplier and buyer companies of products and services.

### **Discussion: “Cross-border coordination of collective bargaining – current situation and prospects”**

#### Situation of cross-border workers:

Notwithstanding the tri-nation status, the labour market in the Upper Rhine region has been commensurably permeable for workers from the respective sub-regions for some time and points to a high degree of integration. In a Europe-wide comparison, with some 96,000 cross-border workers, Upper EURES-T Upper Rhine is the EURES border partnership with the second highest cross-border mobility.

The number of cross-border workers in Upper Rhine is nonetheless expected to decline in the medium term. This is due in particular to the decreasing proficiency in foreign languages and to the persistence of problems with cross-border recognition of diplomas as well as adequate pay. Furthermore, the demographic development also plays a certain role.

#### Labour relations:

Companies are increasingly operating on a global scale

- Companies are merging across borders
- Companies are buying up foreign firms
- Offshoring
- Closure of subsidiaries abroad
- Establishment of European companies

The balance of power between companies and workers or the bodies that represent their interests such as trade unions and works councils is unequal. Companies are constantly trying to find the most favourable regulations for them in terms of taxes, subsidies, labour law, etc. through international group structure, with wage and social dumping as a result.

Workers (and their representative bodies) often lack the legal basis to deal with employers on an equal footing.

European Works Councils (EWC)

- Only few companies can meet the criteria for establishing a European Works Council.
- Worker representative bodies are often not informed that they can establish an European Works Council.
- In some cases, there are also fears that it will become more difficult to represent the interests of the workers of a single company through a European Works Council.

### **Conclusions and Recommendations**

- European social law must be harmonised. The current strategy for the coordination of the social system has led to a situation where companies are constantly looking for the most favourable regulations.
- The same applies to the European labour law. In the very least, the principle of equal pay and working conditions for equal work at the same place” must be implemented. The aim must be social progress in Europe. In case of conflict, social protection and workers’ rights must take priority over the freedom to provide services and the internal market.
- The collective bargaining policy can help overcome the crisis. If we demand and manage to secure high wages, we will boost both purchasing power and consumption.
- Worker representative bodies must be better informed about labour relations in other countries and about the rights and obligations of a European Works Council. The offers of the European Trade Union Institute, ETUC and the European industry trade unions must be known.
- We, as trade unions, need a cross-border culture and a European discussion. To improve the situation of workers, information must be gathered and exchanged across borders and a strategy must be developed jointly.
- The IRTUC can support the industry trade unions by facilitating cross-border contacts or organising cross-border meetings, for instance.
- This work can be accomplished only if additional, specially trained personnel (knowledge of the language of neighbouring countries, e.g. EURES advisers) and financial means are made available.

## **Contribution of the IRTUCs to the implementation of ETUC's work programme and priorities on the coordination of collective bargaining**

### ***- The case of the Fantoni Group***

*North-East Friuli-Venezia Giulia/Slovenia IRTUC: CGIL CISL UIL ZSSS KS90*

The Friuli-Venezia Giulia/Slovenia Interregional Trade Union Council organised a meeting in the premises of Fantoni in Osoppo in connection with the project entitled "Contribution of the IRTUCs to the implementation of ETUC's work programme and priorities on the coordination of collective bargaining." The objective of this project, which is financed by the European Commission, is to identify examples of cross-border negotiations and/or agreements in a company and/or sector, by focusing more particularly on the concrete practices of cross-border negotiations or framework agreements.

The FVJ/Slo IRTUC has thus selected the case of the Fantoni group, which constitutes one of the most important economic realities in Friuli-Venezia Giulia, and which also owns Lesonit in Slovenia.

The Fantoni group employs some 850 people in Italy. The Group's main establishment is established in the province of Udine, and more specifically in the industrial estate of Osoppo. This establishment comprises some 640 employees, which break down as follows: some one hundred employees are assigned to the production of office furniture, another 400 work in the panel production department (65% MDF and the rest chipboard), and finally 13 administrative staff. Not far from this site are two other establishments of the Fantoni group: La-con which makes panels, and employs some fifty people, and Patt, which employs some thirty people. And to conclude this overview, we should also mention the Novolengo establishment in Avellino. The Group moreover has establishments in Slovenia, where Lesonit employs just under 200 people, and in Serbia (Spik Ivrica).

Acquired in 2000 by the Fantoni Group, Lesonit in Slovenia was one of the first companies in Europe to make fibreboards using the wet procedure in 1944, when the Falersa family settled in Ilirska Bistrica. After it was acquired by the Fantoni group, the company was thoroughly modernised in terms of both the production tools and its organisation. This process, which was completed in 2007, represents an overall investment of some €65 million. The company's current site occupies some 220,000 m<sup>2</sup>, of which 36,000 m<sup>2</sup> covered. Thanks to its strategic position, the company constitutes an important production hub in a region whose economic and commercial weight keeps growing. At the cutting edge of technology, Lesonit is distinguished by the scope and

quality of its production, which is not limited to MDF. More specifically, wood veneer and upmarket panels complete the spearhead of Slovene production, namely: special HDF panels with low formaldehyde content. Available in thickness that ranges from 2.5 to 8 mm, these panels are obtained using phenolic resins that give them their particular resistance and extensive versatility in terms of both application and performance.

The production volume and turnover were modest in 2012. In Italy, the Group generated a turnover of ca. €270 million and closed the financial year by breaking pretty much even.

The meeting organised at the initiative of the FVG/Slo IRTUC was held on 16 April 2013. It was attended by representatives from the FVG/Slo IRTUC, ETUC, the Works Council of the Fantoni Group, trade unions from the Friuli-Venezia Giulia region and Slovenia and the management of the company.

The FVG/Slo IRTUC was represented by its president, Roberto Treu. He coordinated the event, presented the stakes of the project and illustrated the role of the Interregional Trade Union Council in defending the interests of the workers and the business activity in cross-border regions. Ever since it was created, the FVG/Slo IRTUC is fighting to gain recognition of the status of cross-border worker and the regularisation of undeclared work which has long characterised the Italo-Slovenian border region. True to this spirit of commitment, the IRTUC was, and still is to this day, at the origin of numerous initiatives (actively supported by the social partners, the institutions and economic stakeholders) aimed at promoting an integrated development of the economy in the cross-border area between Slovenia and Friuli-Venezia Giulia, in all areas: port cooperation for transport, from tourism to industrial activities, via services etc. This context brings all the more to the fore a need to put in place social security systems and contractual working conditions that are more homogenous and more harmonised for workers and the employment market.

Claude Denagtergal, an economics and social cohesion consultant, was invited to represent the European Trade Union Confederation. She set out the main lines of ETUC's policy on collective bargaining and collective agreements in an exhaustive manner. Collective bargaining is an essential means for defending the rights of workers, especially in these times of crisis, when the first ones to bear the burden and pay the price are often the workers. ETUC is firmly against the European Union's austerity policy which has only made the recession worse in recent years. An investment policy must be implemented in order to get out of this impasse – a policy supported by the main European countries and especially by the EU, particularly through *eurobonds*.

For its part, the company was represented by its managing director and member of the board of directors of Fantoni. The latter, having underscored the importance of this meeting (it was the first time, in fact, that representatives of Italian and Slovenian workers from the Group's two main

establishments met), presented the overall situation of the group, insisting on the quality of the dialogue put in place between management and the trade union representatives in the different entities. In his view, the meeting constituted an important step in labour relations and a step towards opening up new prospects for the social dialogue.

The Italian trade unions were represented by the regional secretaries of the three main organisations in the wood industry in Friuli-Venezia Giulia, namely: Fillea CGIL, Filca CISL and Feneal UIL. They explained the general structure of the national collective agreement of the wood and furniture sector in Italy and itemised the essential elements that are subject to collective bargaining in the Group at Osoppo, as regards the regulatory and legal aspects, but also the pay component, linked to the performance targets of the company.

The President of the FVG/Slo IRTUC reiterated that in 2009, the interregional organisation created a bilingual database containing the main collective bargaining agreements in the different sectors, including of course, the establishments that are the subject of the day's meeting. The data relating to the wood sector are to be updated, for that matter.

The Slovenian delegations included representatives of the ZSSS, the main Slovenian trade union, and SINLES, the main trade union in the sector, represented by its secretary Mitja Bukavec. Bojan Kramar, the regional secretary of ZSSS for the Primorska and Notranjska regions (the latter is where the Lenosit plant of Ilirska Bistrica is located), presented the main lines of the national collective bargaining agreement in the wood sector in force in Slovenia.

For their part, the representatives of the Fantoni Works Council evoked the working conditions in the establishment, which they deemed very positive, in spite of a tendency in recent months in the company to resort to employment support measures in order to deal with a drop in demand. The social dialogue with management was also seen in positive terms. A normal dialectical relationship obviously continues, but in general, discussions are conducted in a spirit of cooperation and mutual comprehension.

This positive assessment of relations with management is also shared by the representative of the Lesonit works council, who insisted for that matter on the investments made at the time that Fantoni acquired the company. The sizeable investments for Lesonit, in a crisis situation, were cited in particular, as the company feared specially about being acquired by a speculator, whereas in the end, the Fantoni group turned out to be a serious and competent investor.

At the end of this unprecedented meeting between representatives of the works councils of Fantoni in Osoppo and Lesonit in Ilirska Bistrica, a series of joint commitments were undertaken to manage all the information and consultation rights in the company; the latter having until recently maintained separate relations with the representatives of workers in the two countries. The

workers' representatives of the two establishments exchanged extensive important information and knowledge on the development of their respective situations and on the regulatory framework that governs them; the objective being to guarantee common levels of analysis and proposals concerning both the level of working conditions and the level of investment policy of the Group, and the changes in the organisation of work.

In this context, it was decided to hold a seminar in the company in order to set up a European Works Council (EWC), since all the conditions required by the European directives are actually met.

This new representation body of workers in the two countries could intervene directly and more homogeneously with the Group's management, in particular as regards the investment policy; the latter being seen more as a tool for development than a vector for relocation or competition between the establishments of the Group, based on wage dumping and the erosion of workers' rights. To that end, it was decided to implement a more coordinated contractual policy between the trade unions of the two "realities." At issue is to create joint, real momentum for work and commitment, focusing essentially on the mobility of workers between the two establishments. Such mobility had hitherto proceeded without the involvement of the trade unions.

At the end of this unanimously appreciated meeting, the participants underscored the importance of the initiatives taken by ETUC and the IRTUCs to promote, as is the case here, processes of integration and economic development in cross-border regions and to fight against dumping phenomena by playing the different worker protection systems against each other.

The implementation of more harmonised contractual policies is accordingly of vital importance for ensuring better working and living conditions for workers in the European Union.

## Minutes

### IRTUC – Day Seminar

#### *“Contribution of the IRTUC to the implementation of ETUC’s priorities and work programme for the coordination of collective bargaining agreements”*

Date: **Tuesday, 19 March 2013, 9:00 AM to 3:00 PM**  
Place: Bad Radkersburg, “Zehnerhaus” Convention Centre  
Participants: cf. attendance list

**Chairman Heinrich Kern** welcomed the participants, and in particular the Slovene colleagues as well as Albert Stranzl, a colleague and member of the European Works Council of Porr AG.

He reported on the problems faced by small IRTUCs which in particular lack the financial means they need to implement projects. He had mentioned as much at the last meeting of the coordination committee in Brussels which accordingly instructed the seven IRTUCs to organise seminars like the one today, the expenses of which are assumed by Brussels.

Albert Stranzl will today explain the problems that arise in cross-border agreements.

#### **Albert Stranzl, member of the European Works Council of Porr AG,**

expressed thanks for the invitation, introduced himself briefly (he stems from the construction sector), and said that he would try to provide an overview of the work of the European Works Councils (EWCs) -- Regulations through collective bargaining agreements, measures for European Works Councils, and §97 of the Labour Constitution Act. Said act governs the workers’ participation in case of transfers, and it is here that the activity of a works council starts, i.e. when workers are transferred to another country. This European Works Council Constitution Act was in principle created exclusively for sites, and not for construction companies for instance. A particular feature is still in force in Austria, namely a separation between works councils for manual workers and for clerical employees. This particular feature is nowhere to be found in the European Works Council Constitution Act.

The European Works Council is an inefficient too, in fact, with only a right to be heard. The reasons why this has not yet been changed have to do with extremely divergent co-determination traditions and different company unions, but also the absence of continuity in English-speaking countries. In many countries, before a works council can be established, a company union must be created first. No collective bargaining agreement can be concluded without a company union.

Up to now, we have remained a small European Works Council. Some national trade unions are highly sceptical, particularly out of concern for their own influence.

Mr Stranzl has cooperated in a study of the Vienna Chamber of Labour (AK Wien) on the financial crisis and its effects on the welfare state and labour relations at European level. He moreover placed those documents at the disposal of the participants in the seminar. The essential conclusions of these European surveys included in particular the erosion of the collective bargaining system, the restriction of workers’ rights, changes in wages, and the amendment of the rules on working time. In his presentation, Albert Stranzl underscored some of these points in particular. Neo-liberalism has managed to marginalize the trade unions in many countries in the European area.

#### **Türkl Joze, ZSSS [Association of Free Trade Unions of Slovenia]**

wondered what happened in certain countries at European level, for people to behave differently from one day to the next.

We have been wrangling with Grammer AG, which specialises in the development and production of components and systems for motorcars interiors, for ten years.

The management of the company, which has sites in Europe, America and Asia, declared that it did not need trade unions, because it already has a works council. In Slovenia, however, we rely on principles. A works council cannot act on its own. There are big differences between countries on this issue. We once had the opportunity to visit members of the works council of Strabag. The works council has its own office there and great competences. That is not the case in Slovenia.

**Albert Stranzl, member of the European Works Council:** In Austria, we have a reverse system at trade union level from that of other countries. Here, officials are the trade union. In his view, the problem in Austria is that the members of the works council no longer have any charisma, they are increasingly less well educated, and no longer wish to be available because they are “thrashed” every day by the trade unions, the workers, the company and politicians. It is inadmissible, however, to pit workers against each other. He also said that he was convinced that employers have a platform with lists of workers who have turned to trade unions in one way or the other. This phenomenon must also be watched.

He informed the participants of the agreement concluded between the European Works Council and Porr AG concerning certain delicate cross-border issues, including information and consultation, cooperation in the EWC, protection of EWC members, etc. This agreement concerns 396 limited liability companies in the group, where 23 different collective bargaining agreements are applied. Even the right of a works council to take court action is clearly stipulated therein.

Such an agreement has advantages for the management of a company too, in particular fewer problems with the authorities in the respective country. An agreement on data protection at European level was also signed, as well as guidelines for postings abroad within the Porr group. Furthermore, a social fund was created for employees which is fed automatically by the management of the group on a regular basis.

It is extremely important for a works council to meet at international level to exchange views and to be able to take better action as a result. When problems occur, they must be addressed in the next agreement so that such a problem does not recur. Unfortunately, there are too few European Works Councils that act in these fields.

Chairman Kern thanked the participants for their remarks and for the documents made available on the matter.

Lunch break

**Andreas Rabl, chairman of the works council of Boxmark:**

Andreas Rabl introduced himself briefly: He has been working in the company since 2001 and has been the chairman of the works council since 2010 on a full-time basis. The company makes high-quality upholstery leather for indoors and outdoors. It has two sites in Austria as well as sites in Slovenia and Croatia. The Feldbach site has a workforce of 635, of whom 210 are clerical staff; the remaining workers work in the plant itself, in the metalworking shop, as electricians or folk-lift truck drivers, as well as in the vehicle fleet. The Jennersdorf site employs 320 people in all (300 manual workers and about 20 clerical staff). In Slovenia, there are about 400 workers and in Croatia more than 2000. The wages under collective bargaining agreements in the countries vary widely. For instance, the wages for workers are between €300 and €350, not including extra pay in Croatia, and between €500 and €700 in Slovenia.

Unfortunately, there is no works council in Slovenia and Croatia; that is why Andreas Rabl has no further information on these companies.

**Reinhard Puffer**, ÖGB [Austrian Trade Union Federation], South-Eastern Styria, pointed out that there had already been a meeting and an exchange of experiences between colleagues in Slovenia and Styria where the Slovenes showed keen interest in the structure in Austria.

**Türkl Joze:**

As honorary president of the Textile trade union in Slovenia as well, he pointed out that there had been several attempts already to convene a meeting of Austrian, Slovenian and Croatian trade union officials who are responsible for this area. An exchange of experiences would be extremely important here. The number of unionised workers in Boxmark in Slovenia is very small. There is a competing trade union. The Textile trade union is a State union. There is however a so-called independent union also in the Podravje region. This trade union of Mr Plochl has a particularly high number of members. A problem in Slovenia is that the number of union members is declining and it is difficult to recruit new members. There has been no attempt to establish a works council in Boxmark in Slovenia, because efforts are currently focused on the works agreement and on strengthening our position. But there is a desire to expand contacts.

**Rsako Lojze, ZSSS**

mentioned another problem of the Textile trade union in Slovenia. When textile companies (e.g. the German company Prevent) relocate their production in another country, they promise something to seamstresses for example. They do away with their trade union representation, and the women find themselves in the street a month later.

In other companies, there is again the problem that employees are called in individually by their superiors who make it clear to them in no uncertain terms how they have to behave if they want to keep their job. People are afraid even to confide in a trade union. They fear losing their job or the fixed position. In Slovenia, a European Works Council is not functioning as it should. There is never a seat in another State nor a chairman. In Slovenia, there are ten European Works Councils, one for each sector. We see no major advantages for our members. The governments of countries do not pay much attention, as long as Brussels does not exert pressure.

**Türkl Joze added:**

Two years ago, the textile firm Mura was taken over by Wolfurt. Pursuant to the relevant legislation, the workers were taken on again for a trial period. An attempt was made to take on workers who were already unionised. The management of the company informed workers that if it found out that someone was unionised, the trial contract would not be extended. We have tried and are still trying to encourage workers to tell the employer that they are unionised, but we still have to make a breakthrough.

**Puffer Reinhard, regional secretary of the ÖGB**, offered to help the Slovenian colleagues in the Wolfurt case. The company had a branch in Feldbach and he had good contacts with the business manager and the director.

He also cited a problem in the construction sector in the South-Eastern Styria border region. Slovenian construction companies offer their services there, but it is impossible to verify whether Slovenian workers are actually paid the declared wages.

**Albert Stranzl, member of the European Works Council,** pointed out that an amendment in the Construction Workers Act is under preparation, whereby the Construction Workers Holiday Fund (BUAK) would in future also have the right to verify wages.

**Türkl Joze:**

Slovenia faces the same problem as Hungary, namely wage dumping. This stands in the way of maintaining the wage level.

**Ewald Großschedl, regional secretary of the ÖGB,** referred to cases where Slovenian workers were remunerated correctly on paper, but have to pay part of the money back to the DG in Slovenia. Social security organisations are not sufficiently interconnected internationally so as to be able to verify this. The situation is similar in the goods transport sector.

Another major problem with the BUAK is that entitlements have to be claimed within a certain period. The recovery procedures often take so long, however, that it becomes impossible to meet certain deadlines.

**Colleague Andreas Rabl** drew attention to the big differences in salaries between the three countries: Slovenia, Hungary and Austria. A Christmas bonus or holiday allowance is not compulsorily everywhere.

On the Social Dumping Act, **colleague Barthold Dallos from the Burgenland-Hungary IRTUC** declared that many workers concerned did not know whether they had acquired a right. The State takes something from them without informing them.

**Albert Stranzl, member of the European Works Council:**

Legislation is under preparation to the effect that workers would have to be informed about whether wage dumping takes place. The business world is vehemently against it, however.

**Türkl Joze:**

The Chamber of Commerce in Slovenia too will oppose such legislation that provides information on wage dumping, because companies would lose their competitiveness.

To conclude, he proposed to continue this important exchange of experiences in the future, so that we can mutually inform employees who to turn to in a given situation.

The seminar was brought to a close by a discussion on the problem that the trade unions cannot access companies or construction sites without the prior consent of management. This is the case in both Slovenia and Austria. Employees cannot be approached officially. If a visit is announced beforehand, a great deal can be made to disappear.

**Chairman Heinrich Kern** pointed out that the term “works council” has a different meaning in Austria than in Slovenia. To make progress at the international level, it is necessary to put all the problems honestly on the table, and then discuss them to determine what we can do together for our workers.

In his capacity of the Styrie-Podravje-Pomurje IRTUC, he hoped to succeed in getting the ball rolling together. He thanked Albert Stranzl for his interesting explanations on developments at European level, and concluded by referring to the next cross-border event, namely the hike to the memorial stone on Sunday, 27 April 2013.

**Albert Stranzl, member of the European Works Council,** thanked the participants for their attention and hoped that he had managed to provide an overview of what was currently happening in Europe.

**Chairman Heinrich Kern** brought the session to a close and thanked one and all for their participation.



## Draft “Contribution of the ITUC to the implementation of ETUC’s priorities and work programme for coordinating collective bargaining agreements”

### Conclusions of the seminar held in Kőszeg, Hungary, on 25 March 2013

The Interregional Trade Union Council of Burgenland – West Hungary, was registered as the 39<sup>th</sup> interregional trade union council in 1999. It is an ETUC committee for trade union cooperation with the participation of the regional representations of the Austrian (ÖGB) and Hungarian trade union organisations (MSZOSZ, SZEFE, ÉSZT, Liga, Autonómok, Munkástanácsok).

#### Cross-border labour market

The area of the Interregional Trade Union Council of Burgenland – West Hungary comprises the state of Burgenland on the Austrian side, and the region of West Hungary (on the Hungarian side) consisting of three counties: Győr-Moson-Sopron, Vas and Zala.

#### Demographic comparison

	Burgenland / Austria	West Hungary
Surface area (km <sup>2</sup> )	3,966	11,329
Population	286,000	1,000,000
Workers	91,000	460,000

#### Economic comparison

	Burgenland / Austria	West Hungary
Average gross pay (in €)	2,050	700
GDP (in € million)	6,609	8,058
Per capita GDP	23,200	8,100
Unemployment rate	Austria: 4.8%	Hungary: 11.8%

The border region of Burgenland-West Hungary is marked by economic and social disparities even years after Hungary’s accession to the EU. In Burgenland, there are currently 91,000 workers; in West Hungary 460,000.

The unemployment rates of the regions are uneven, as are the national rates; there is, however, a great difference concerning the unemployment figures in the two regions: in Burgenland there are currently 10,000 registered unemployed workers; in West Hungary ca. 42,000.

The wage difference is between 1:3 and 1:5. Unemployment has risen in both countries because of the economic crisis and the situation of the people in West Hungary in particular has got worse.



Since the end of the Communist era in Hungary, the number of Hungarian frontier workers has risen constantly. Milestones have included the opening of the border in 1989, Hungary's accession to the European Union in 2004, and the complete opening of the labour market (expiry of the transition regulations in Austria) in 2011. At this time, ca. 55,000 Hungarians work in Austria, of whom more than 15,000 alone from West Hungary commute daily to their place of employment in Burgenland. Because of the enormous wage differences, this commuting movement is unilateral: A couple of hundred Austrians work in all of Hungary, mostly in managerial positions of subsidiaries of Austrian and international companies.

Since Hungary's accession to the EU and because of the economic crisis, Hungarian workers are increasingly prepared to come to work in Burgenland, thanks to the short distances. This is often accompanied with the drawbacks of jobs for which they are overqualified and earn up to 40% less in wages than an employee from Burgenland.

### **Effects: Wage dumping in Burgenland – Lack of skilled workers in West Hungary**

Burgenland has been particularly affected by the gradual liberalisation of the labour market as a border region. The result has been increased pressure on the labour market in Burgenland because of wage dumping and cutthroat competition. The West Hungarian labour market, on the other hand is faced with the problem that skilled workers are "siphoned off" abroad to the detriment of economic development in Hungary.

It is clear for the trade unions in both countries, that the situation in the border region requires trade union policy negotiations as well as measures to ensure targeted efficient development of the labour market in the border region of Burgenland – West Hungary. The interregional trade union council, and the cross-border cooperation by and between the trade unions should constitute an essential step towards a positive input for the complete liberalisation of the labour market.

### **Wage negotiations among railway undertakings**

#### **In Austria– ÖBB (Österreichische Bundesbahnen) [Austrian Federal Railways]**

##### **Collective bargaining agreement of railway undertakings:**

In Austria, there are several labour contract basics for employees of railway undertakings:

1. General terms and conditions for service agreements at the ÖBB: applicable to ÖBB employees whose employment relationship commenced before 2004.
2. Service and remuneration system for Austrian private railways: applicable to workers of private railways until 2011 or to ÖBB employees from 2004 to 2011.
3. Collective bargaining agreement for employees of Austrian undertakings: applicable since 2011 for all railway undertakings.

It becomes apparent from the foregoing, that different legal bases apply to labour agreements in the different railway undertakings. This means that labour agreements in a company are subject to more than just one regulation.

In the case of the ÖBB, for instance, there are employees who fall under the old collective bargaining agreement from 2004. Then there is a group whose members joined the company during the period 2004-2011; and then there are those who joined the ranks of the company's workforce after 2011. These collective bargaining regulations naturally differ from each other only in part, primarily as regards remuneration.



### **Negotiating partners**

The different labour legal bases also mean different negotiating partners: the general contractual terms and conditions for employees of the ÖBB are negotiated internally between the ÖBB executive committee and the works council, the other two by the WKÖ (Austrian Chamber of Commerce) and the trade unions (ÖGB/vida).

### **To what extent do the aforementioned collective bargaining agreements differ?**

First of all, as regards wage rates: The individual wage scales are arranged completely differently. Whereas in the old system – under the general contractual terms and conditions of the ÖBB – the wage scale has the character of the public service, which means that the younger employees earn relatively little, but that pay increases gradually with their growing age: Many earn nearly double as much at the end of their career than they earned when they started. They have to go 12-14 steps up the wage scale before they reach this high level of pay.

Conversely, there are now only five steps in the pay scale from the initial pay to the pay received at the end of one's career, i.e. the difference between the pay that employees receive when they are young and when they are old is only 30-35%. This is because the wages and salaries are higher at the beginning, i.e. people join the company with a higher pay and, provided the job has not changed, they earn the highest level of pay within 15 years.

For the negotiations of all these collective bargaining agreements, the ÖGB/vida unions represent about 34,000 workers.

### **Results of the negotiations in 2012**

The results of the wage negotiations in 2012 are as follows: A real pay rise of 2.4% + €25 was obtained. This means an average monthly pay of €2500. In the lower segments, the pay rise amounted to 3.4%-3.5%; in the top position only 3%.

As a second step, we would like to reduce the working time from 40 to 38.5 hours this year. Our company also can also force a shorter standard working time here. We can then try to fill the positions created by reducing the working time by 1.5 hours with young workers. We are also hoping for a certain economic recovery which creates more opportunities to increase the number of workers.

### **In Hungary– MÁV (Magyar Államvasutak – Hungarian national railways)**

#### **Labour legal basis in the MÁV group**

The first element is the collective bargaining agreement. One such agreement exists in all MÁV companies. All of them were concluded according to the same value system in terms of size and scope. What is characteristic of and fortunate for all of them is that they were concluded for an unspecified term, with a period of notice of four months, and that issues relating to local situations are settled in what are known as local annexes.

What influenced the collective bargaining negotiations at company level last year and is also having an effect this year, is the new labour legislation and its amendments.

#### **Negotiating partners**

The actors of the collective bargaining agreements (the employer and the trade unions) negotiate within the framework of institutionalised panels. These institutionalised panels are enshrined in the collective bargaining agreement.



On the one hand, there are interest reconciliation advisory boards in the companies, whose task consists of concluding the collective bargaining agreement or other agreements that have a similar effect, and of dealing with or settling labour disputes that concern the entire company.

On the other hand, local interest reconciliation advisory boards operate at the local level – which means the area headquarters of the MÁV groups – with the participation of the employer and the local trade unions. This is where the local annexes to the collective bargaining agreement have to be negotiated. In this connection, departing regulations may be laid down in the collective bargaining agreement at said territory, or labour disputes are settled in the entire territory by pointing out that if they do not manage to settle them at that level, there is the possibility that they will be presented to the company panel.

### **Amendments to the Labour Code and their effects on the negotiations**

The new Labour Code has entailed various disadvantageous regulations for workers in the public domain, which are also decidedly unfavourable for the railway employees.

One of these rules has to do with working time: Until now, the railway was the only area, where the working time was shorter than 8 hours. This was not the case at other companies, and that is the reason why we were unable to secure with the political and national lobby that it remains unchanged. The answer was: this amendment affects only railway employees and no one else. According to the new code, employers in the public domain are prohibited from departing from the 8-hour working time.

Another very important regulation, which concerns the interests of railway employees, is the question of breaks. According to the new Labour Code, the collective bargaining agreement may not provide that the breaks are seen as part of the working time. This was previously the case, however. This means, that the new Labour Code has not only drastically increased the working time for railway employees, but has also generated additional presence time through the breaks – normally 20 minutes; for more than 8 hours of working time, 45 minutes. Even more serious, however, was that the elongation of the working time was not combined with any increase in pay.

As regards the period of notice and the amount of severance pay, it is not possible to depart from the rules laid down in the Labour Code; nor from the rules relating to the function of the trade union and the works council. It is not authorised to agree to more working time reduction or other allocations in a special agreement, than what is provided purely by the law.

Where MÁV was really fortunate was the period of notice for dismissal. The new law provides the possibility that those collective bargaining agreements which were concluded before the new law came into force, may not be amended.

This means, that we were able to preserve the additional allocations regarding the period of notice and severance pay, which we had fought to earn in the last decades.

An aggravating change, which affected the wallet of railway employees considerably was that in future, the absence fee is to be used for the various calculations instead of the average pay.

Rules relating to vacation have also changed: For employees, who normally do not work standard working times, the vacation is to be based, per working time schedule, on demonstrable hours worked, which has led to some confusion among engine drivers.



Another serious change entails that incapacity for work that exceeds 30 days reduces the annual vacation framework, which constitutes a violation of an EU directive. The European Court of Justice has already handed down several decisions to the effect that the vacation of workers may not be reduced because of incapacity for work.

### **Results of the negotiations of 2012**

The priority goal of the trade unions in the course of their collective bargaining negotiations, is to attenuate as much as possible the negative effects of the regulations of the new Labour Code, as well as to retain former achievements at their level.

In concrete terms, we wanted to amend only the most vital regulations. It can be said that when the amendments were concluded, we had managed to achieve those objectives.

It cannot be said that we conducted successful collective bargaining negotiations in the classic meaning of the term; such issues as allocations being increased, or that something should exceed the inflation rate, that we could get a little more for the workers, were not even raised. We had to choose the least adverse of the many unfavourable alternatives, which meant that nothing should change. It was a matter of preserving the status quo for the people concerned. The increase of the living standard did not come up.

The most important changes in the collective bargaining agreements are as follows:

- We managed to secure that measures planned by the employers which concern a larger group of workers, should henceforth be sent also to the trade unions, which means that employers would hear the opinion of the trade unions and negotiate with them.
- With regard to the new calculations based on the absence fee, we have managed to ensure that allocations will also continue to be calculated according to the previous methods, on the basis of the average pay.
- The regulations enshrined in the statute book are not applied to the calculation of the basic, 1-hour pay, but the earlier regulation remains in force.
- In case of employment not under a contract of employment, the rules of the previous statute book must be retained. Such cases are to be treated and remunerated as previously.

### **Agreements with collective bargaining agreement effect**

Another peculiarity of Hungarian labour law is that in addition to collective bargaining agreements, there are also agreements with collective bargaining effect. Since these agreements are concluded by the same people who are also entitled to conclude collective agreements, they can only be amended jointly.

There is such an agreement at this time, which is important but which will still be in force only until March 31<sup>st</sup>. It concerns what is known as a cooperation agreement geared to attenuating the negative effects of personnel cutting measures. The most important elements are MÁV „Évek“ (MÁV Years) and MÁV „Esélyprogramok“ (MÁV-Programme of opportunities).

“MÁV Évek“ is a programme to guide those who are up for retirement, in that their contract of employment runs until they can retire.



The persons concerned are exempted from work during this period, while their wages continue to be paid. Under MÁV „Esélyprogramok,” employees who have spent a certain time at the state railways have an opportunity to join the labour market. To this end, all companies of the MÁV Group provide what is known as training support of up to HUF 200,000.

The other agreements with collective bargaining agreement effect are wage rate agreements. There is no uniform wage rate system in the MÁV Group at this time. Three agreements have been concluded which have collective bargaining agreement effect, but currently regulate only the sums of the cafeteria allocation and the minimum remuneration of academics when starting working life. There is no agreement relating to pay rise, since at the beginning of the negotiations, the offer concerning all employees of the MÁV Group amounted to 0%, from which it is not possible to depart now.

### **Examples and possibilities for cross-border coordination of wage negotiations**

Austria and Hungary are situated in the centre of Europe: this location means challenges for the railway sector and at the same time risks for the workers:

Challenges for the railway sector:

- Bolster competition with other traffic carriers
- Enhance modal split to the benefit of rail
- Create jobs as a result

Risks for the workers:

- Wage dumping
- Training dumping
- Social dumping

### **The “Prague Agreement” was drawn up in October 2011 with engine driver representatives from the Czech Republic, Slovakia, Hungary, Slovenia and Poland**

1. The representatives of the engine drivers from the participating concerns are worried about the trends, that companies in cross-border traffic will exploit engine drivers from all countries by making clever use the European liberalisation of rail traffic.
2. The representatives of engine drivers from the participating countries decided to work together to fight against this wage dumping.
3. They agreed to verify and to demand compliance with the European social partners’ agreement on certain aspects of the working conditions of mobile workers engaged in interoperable cross-border services (EU Document L195/18 of 27 July 2005).
4. They agreed not to take any action that would be conducive to breaking or rendering ineffective strikes and industrial actions.
5. They agreed to pay more attention to the topic of wage and social dumping in the future. For this reason, the trade union representatives of the signatory countries agreed, to claim for all workers engaged in interoperable cross-border services (according to Council Directive 2005/47/EC) at least the pay of the country, in which the services are rendered, if this is not lower than in the country of origin.



A study, a legal expert assessment, was conducted by Dr Michaela Windischgrätz on the employment of foreign workers. Experience has shown that the law on temporary work must be applied. If a Hungarian colleague is posted to RAIL CARGO HUNGARIA (RCH) by RAIL CARGO AUSTRIA (RCA), and is also employed in Austria, s/he is to be remunerated in accordance with Austrian working conditions. Otherwise, a punishable violation of the law is committed. Negotiations ensued with Rail Cargo Hungaria on the correct remuneration. The last such negotiations took place in May and June 2012.

The most important potential lies in the field of international relations in the current state of the standardisation of rules relating to working conditions, work requirements and occupational safety.

The different economic situation in Hungary and Austria makes a standardised wage rate system almost impossible.

The new Labour Code has not only transformed the system of collective bargaining negotiations, but has also brought about a fundamental change in the approach. The new Labour Code assumes, for instance, that the parties in the labour relationship (the employer and employee) are on equal footing. It is therefore assumed that if the employer and the employee meet to negotiate, they can conclude a very good agreement under the same terms and conditions from an adequate bargaining position. That is unfortunately not the case in practice.

Another very important change is that the emphasis among the actors of collective bargaining negotiations has also shifted: The rights, which were hitherto conceded to the trade unions, have now been shifted to the works council. The most important, to which the trade union side was particularly susceptible, is the abolition of the requirement that the opinion of the trade union must be heard on measures planned by the employer.

In future, the trade union can only ask for more information on this matter. Another change is that failure to comply with the foregoing requirement is not subject to any sanctions. This was previously the case, so that measures taken by the employer where the opinion of the trade unions was not obtained, were invalid.

**The most important goals aimed at by the cooperation and the various measures:**

- Information for workers in the Region of Burgenland – West Hungary on questions of cross-border employment
- Measures to cushion the lack of skilled labour in Burgenland and West Hungary
- Securing the social minimum standard of workers
- Development of orderly and consistent employment relationships
- Cross-border training measures
- Building of sustainable cooperation and coordination networks
- Elimination of prejudices

**The goals of the ITUC and the trade unions for workers in rail undertakings**

- Minimum wage in cross-border traffic
- Minimum period of training in cross-border traffic
- Social minimum standard

25 March 2013, Kőszeg.

Csaba Horváth



European Trade Union Confederation (ETUC)  
Confédération européenne des syndicats (CES)



Burgenland – Nyugat-Magyarország Régióközi  
Szakszervezeti Tanács (RSZT)  
Interregionaler Gewerkschaftsrat Burgenland-  
Westungarn (IGR)

**ITUC President**

## ***San Marino/Emilia Romagna/ Marche IRTUC***

### **GOOD COLLECTIVE BARGAINING PRACTICES:**

#### **THE CASE OF SAN MARINO**

##### Report

Last April, the Inter-Regional Trade Union Council of San Marino / Emilia Romagna / Marche organised a seminar in Rimini for trade union representatives from the main economic sectors of San Marino. The purpose of this meeting was to exchange good practices on collective bargaining and, more generally, on topics relating to the status of cross-border workers in the Republic of San Marino.

In addition to Michele Berti, chairman of the IRTUC Coordinating Committee, who brought the evening deliberations of the seminar to a close, this seminar was attended by the members of the IRTUC, Claudio Pozzetti (former national head of “cross-border work” of the CGIL), Raimondo Pancrazio (national head of “cross-border work” at the UIL), and through a message of greetings by Gian Marco Giraltoni (former national head of “cross-border work” at the CISL), who was unable to attend in person.

In his opening address, President Massimo Fossati reiterated that, in this particular moment in history and economic situation, during which all of Europe was going through difficulties, the rights and guarantees of workers constituted an inalienable principle that has to be reinforced.

Dialogue and consultation, as antidotes to the aggravation of tensions and daily discrimination, enable us to tackle existing problems so as to solve them better and to ward off other, even more serious problems, being aware that at stake is the well-being of all, and not the interests of a limited number of people.

That is why it is important not to focus solely on contingent questions and particular circumstances, but to tackle with strength, determination and commitment old problems linked to the universality of rights and to rights of a fiscal nature.

The major steps which led to the stabilisation of the situation of cross-border workers in San Marino were accordingly evoked. This effort took ten years and was achieved only after 2005, with the renewal of the collective bargaining agreement in the industrial sector. This success spread and led to the development of a collective bargaining practice which, after years and a few moments of tensions, nonetheless produced undeniable and tangible results that have a direct impact on people’s daily lives.

As Gian Luca Montanari, former President and current officer of the IRTUC, pointed out: it is worth bearing in mind all the efforts made by the IRTUC and by the trade unions, in Italy as well as in San Marino, to improve the conditions of cross-border workers.

The serious difficulties experienced by the San Marino economy since 2008 have weighed heavily on all workers, particular on the employment front – cross-border workers being the hardest hit, from this perspective.

In the last five years in fact, the number of redundancies has risen exponentially. Today, the number of cross-border workers who have lost their job has largely exceeded the thousand people mark. To this is added, as can be expected, the discontinuation of the process of perpetuating contracts for an unspecified period.

These numbers would not seem so significant, if there had not been a growing trend of some eight hundred units per year before the crisis hit.

Today, these people who have lost their job, are in a certain way stuck in a non-man's land between the two countries.

In fact, the bilateral agreements that exist between the two countries (the good neighbourliness agreement of 1939 and the agreement on healthcare assistance of 1974) do not spell out procedures for reintegration in the labour market, in either of the countries, and even less so in a period of crisis such as they one we are currently going through.

In concrete terms, a cross-border worker who loses his job in San Marino is entitled to the social "shock absorbers" in place, but does not benefit from any inducement to find a job, whether in Italy or in San Marino, unlike resident workers – and is thereby de facto excluded from the labour market of both countries.

Unfortunately, this is not the only discrimination that such workers face. For instance, in 2010, in a totally arbitrary and unilateral manner, the State of San Marino introduced a differentiated taxation system that penalises massively and exclusively cross-border workers: a real "ethnic tax."

More specifically, workers who do not reside in San Marino are no longer entitled to the tax deduction for occupational expenses, i.e. 9% of their pay, which comes down to a tax. This decision introduces a wage discrimination between workers, which is absolutely unacceptable and incomprehensible in a modern society.

It was precisely in order to denounce and to deal with this aberrance that in 2011, in addition to a series of trade union policy initiatives, the IRTUC launched an awareness raising campaign, whereby more than 3,000 petitions were signed and sent to the President of the Italian Republic, Giorgio Napolitano.

Ivan Toni, IRTUC treasurer and coordinator of the seminar, then turned the floor over to the persons concerned, namely the workers who are bearing the full brunt of these problems.

Agostino D'Antonio and Paride Neri, cross-border workers who work as trade union officials in San Marino, went over the history of cross-border work, pointing out the importance of this phenomenon in the development of the economy of San Marino and neighbouring Italian territories.

They also reported on a climate of increasing tension that is developing in the small republic – a tension that is amplified dangerously by the uncertainty about the economic situation, the rise in unemployment and populist simplifications.

That the small system of San Marino must evidently see to its own development and secure its sustainability, including in terms of internal employment, is a well-rooted and widely shared idea. Nevertheless no form of gratuitous discrimination can be justified. In this respect, fiscal discrimination is certainly the most visible form, if only for the high number of people concerned and the difficulties that have hit some 5,500 households.

And yet, there are worst types of discrimination: In San Marino, as everywhere else in Europe, the legislator has provided for a system of paid leave to enable parents of children with disabilities to provide assistance to their offspring. But in San Marino, cross-border workers are expressly excluded from this right. In spite of numerous calls from trade unions, this provision has never been amended and thus, never acquired the humanitarian dimension that should nonetheless be an intrinsic part thereof.

The national coordinators then insisted on the importance of putting in perspective and reconciling the different situations in Italy, based on the necessity to broach and treat themes common to all cross-border workers in the same framework.

Concrete proposals have been tabled in this regard, ranging from involving members of parliament elected in constituencies abroad to address known problems, to establishing a real status of cross-border workers, stipulating rights and obligations for them on the legal and practical front.

The geographic dispersion of the territories concerned by cross-border work is clearly not necessarily conducive to grouping and broaching all the issues from the same angle (an Italian worker employed in France will not be confronted with the same problems as a fellow countryman working in San Marino). Nevertheless, some aspects, such as the fundamental principles, concern everyone.

How does the Italian State consider these people? Is the fact of working abroad a matter of free choice or rather forced by a lack of growth prospects in the territory of origin? Is it right for these workers to continue to be thrashed between bilateral agreements, legal voids and volatile fiscal provisions? Would it not be more appropriate for an Italian law to untangle the mess and fix a clear framework once and for all?

A status for cross-border workers on a European – not only Italian – scale would undoubtedly be a good start on the road to find a solution to all these problems.

The presentation by the national coordinators was followed by an extensive discussion, where the Chairman of the IRTUC Coordination Committee, Michele Berti, took the floor to answer the questions raised.

Speaking in his own name and on behalf of ETUC, Michele Berti reiterated that he was strongly opposed to any difference in treatment of workers in terms of pay or on the legal front, thereby reaffirming the principle of “equal pay for equal work.”

To that end, and given the globalisation of society, the participants considered the possibility of extending – in certain cases and through specific agreements -- the content

of collective bargaining agreements in force in certain countries to other territories concerned by particular projects or phenomena.

One thing is certain: such practices could have a beneficial impact, including on the development of trade union organisations which would thus have to deal with the realities in neighbouring territories and no longer only with their own situations. This practice could moreover lead to a reconciliation of the conditions of treatment for all workers by favouring positive contamination.

Through such an approach, tried and tested national collective bargaining practices could prove to be excellent negotiating instruments on a territorial scale, going beyond the concept of border and in so doing reaffirming the primacy of the concept of law.

April 2013

## CONCLUSIONS

The 7 IRTUCs concerned by the project have organized, in the border regions concerned, a seminar during which they have presented and discussions examples of negotiations and/or cross border agreements in a specific sector and/or enterprise.

Afterwards, on 12 June 2013, the ETUC secretariat organized a Final Seminar in order to present the results of the different seminars, to exchange good practices and to define the follow-up of the project.

The Final Seminar gathered representatives of all the IRTUCs as well as national coordinators of the IRTUCs, including representatives of industry federations.

As a matter of fact the activities presented during the Final seminar represent axes of action for the future, as well as the basis of the ETUC trade union strategy concerning the IRTUCs.

The specific sectors covered by the different regional seminars are as follows : wood (office furniture), trade, transport, metal, automobile and textile.

The follow-up of the activity is double.

Concerning the follow-up of the seminars, different decisions have been taken such as :

- To set up a European works council
- To set up/strengthen a network of contacts
- To set up data banks
- To ensure long-term coordination
- To establish a cooperation between the IRTUC and the respective European Trade Union Federation

Concerning the role of the IRTUCs, the follow-up will be discussed in the IRTUCs Coordinating Committee and more particularly on :

- The necessity to develop the cooperation between the IRTUCs and the national/European industry federations
- The IRTUCs' role to point out the (possible) problems
- The IRTUCs' role to reach a "European" membership (cfr the Declaration of Helsinki)

The project has also developed the participation and the role of the regional trade union organizations in the setting up of an inter trade union cooperation throughout

the European Union in order to face the increasing integration of economies and services between enterprises, more particularly in border regions.

It is also important to underline that the IRTUCs enable the setting up of permanent tools to intervene on both sides of the border when it is necessary.

As a matter of fact, the project has also demonstrated that in the border regions where they are active, the IRTUCs represent an ideal platform to spread the ETUC strategy which has been defined at European level.



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