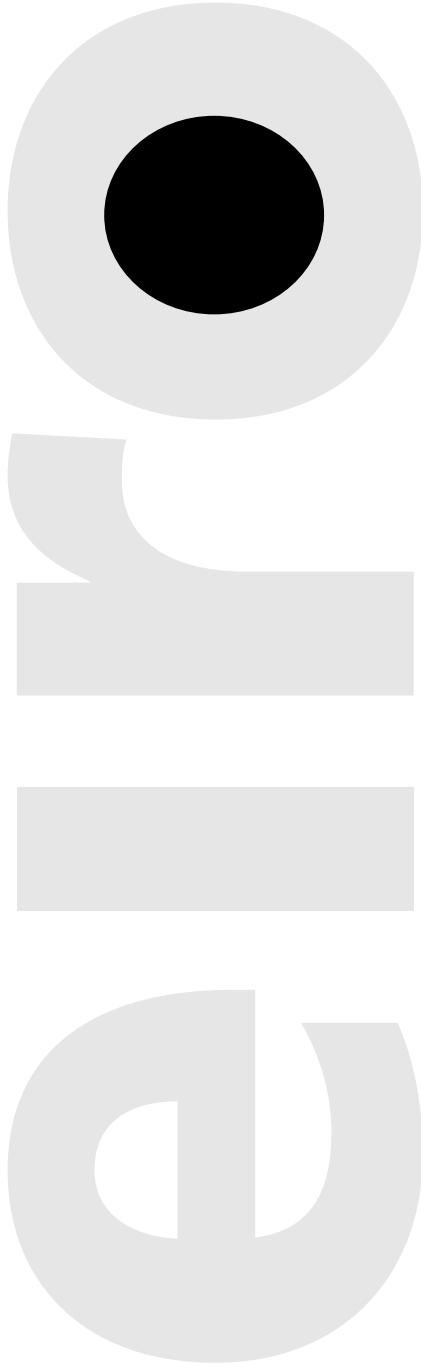


1999

eiro

ANNUAL REVIEW



A review of developments in
European industrial relations



EUROPEAN FOUNDATION
for the Improvement of Living and Working Conditions

European Industrial Relations Observatory (EIRO)
1999 Annual Review

Dedicated to Norman W. Wood (1939-1999),
in recognition of his contribution to EIRO and the Foundation

European Industrial Relations Observatory (EIRO) 1999 Annual Review

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



EUROPEAN FOUNDATION
for the Improvement of Living and Working Conditions

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Foreword

The European Industrial Relations Observatory (EIRO) completed its third year of operation in 1999. It is now a well-established resource, providing accurate and up-to-date information and analysis on developments in industrial relations to its target audience of practitioners and policy-makers in EU institutions, trade union and employers' organisations and government departments. The Foundation is convinced that this kind of information is of vital importance in today's European Union, and the evidence suggests that EIRO is finding an increasingly receptive audience - for example, the number of visits to the *EIROOnline* website doubled during 1999. However, we are keen to make sure that EIRO meets its users' needs as fully as possible, and 1999 was thus a year when EIRO was reviewed and developed, with a focus on improving and refining the quality of its infrastructure, content, presentation and access. These efforts will continue into 2000. This development work has been carried out with the full involvement of the EIRO Steering Committee, made up of representatives of the Foundation's Administrative Board and of the main EIRO target user groups.

EIRO is a major project for the Foundation and it is being increasingly integrated into our wider work, making contributions to the various key challenges set out in the 1997-2000 rolling programme, and thus to the major

policy concerns and initiatives of the EU - notably in the areas of employment, participation and equal opportunities. In 2000, the Foundation celebrates its 25th anniversary and launches its new four-year rolling programme for 2001-2004. EIRO will continue to be a main plank of the Foundation's work into the new century. A challenge facing EIRO, and indeed the whole Foundation, is the forthcoming enlargement of the EU to the east and south-east, and the coming years will see efforts to expand the Observatory's coverage to the accession states.

This EIRO *Annual Review* provides an overview and summary of western Europe's main industrial relations developments in 1999, drawing on the *EIROOnline* database records entered during the year. The Review also provides a guide to using *EIROOnline*. We hope that the Review will both be of use and interest to those who are already familiar with EIRO, and introduce new users to the value of *EIROOnline*.

Raymond-Pierre Bodin, Director
Eric Verborgh, Deputy Director

European Foundation for the Improvement of Living and Working Conditions

Introduction

Welcome to the 1999 *Annual Review* of the European Industrial Relations Observatory (EIRO). 1999 was a year of relative quiet and continuity in industrial relations across Europe, with bargaining generally proceeding fairly smoothly — and usually producing moderate outcomes in pay terms — industrial action at low and falling levels in many countries, and few examples of radical structural change. The issues which dominated industrial relations were largely those which had been prominent throughout the second half of the 1990s - including the duration and flexibility of working time, the creation and preservation of employment, the regulation of new 'atypical' forms of employment, equal opportunities, and training and other issues related to the 'employability' of the workforce. However, this is not to say that little of interest happened in 1999. On the contrary, some countries saw major new legislation and agreements — not least the introduction of the statutory 35-hour week which dominated the entire industrial relations debate in France throughout 1999, and (along with other developments) raised the possibility of a thorough-going overhaul of the country's system of industrial relations. The seeds of change in areas such as bargaining levels and procedures continued to grow in some countries in 1999. With the launch of the euro single currency, the year also saw a further development of tendencies towards a certain Europeanisation of industrial relations. Finally, at the EU level, 1999 witnessed events such as the further development of the European employment strategy, a major social partners' agreement on fixed-term contracts, and the proposal of important new anti-discrimination legislation.

This third EIRO *Annual Review* presents a snapshot of these and other developments in European industrial relations in 1999. It provides a brief comparative overview of developments across the EU Member States and Norway, followed by a summary of the main events and issues at the EU level and in each of the individual countries concerned.

EIRO is a major project of the European Foundation for the Improvement of Living and Working Conditions. The Observatory initiates, collects, stores, disseminates and provides access to information and analysis on developments in industrial relations in the 15 EU Member States, plus Norway, and at European level. EIRO is a network, made up of 16 National Centres and an EU-level centre (see pp. 143-144), from which information and analysis flows in to a central unit at the Foundation. This information is then processed and entered into a database, *EIROOnline*, which is made available through the World-Wide Web (at

<http://www.eiro.eurofound.ie/>) as the main means of dissemination, alongside printed products — the bi-monthly *EIROObserver* and this *Annual Review*. EIRO exists primarily to serve the needs of a core audience of national and European-level organisations of the social partners, governmental organisations and EU institutions. Fuller information on the aims and operations of EIRO is provided on pp. 136-141.

Most EIRO information is currently available in English only. However, in 1999 we started translating comparative studies into French and German. Furthermore, in many cases an original-language text is also available for *EIROOnline* records in the language of the country in question. Every month since February 1997 has seen a delivery of records on the most important events and issues in industrial relations across the EU (plus Norway), and their entry into the *EIROOnline* database. By the end of 1999, *EIROOnline* contained some 2,800 such records, with an average of 75 new records being delivered every month. Over the course of 1999, there were around 90,000 individual 'user sessions' (separate visits) recorded on the *EIROOnline* website - over double the level recorded in 1998. These and other figures indicate that *EIROOnline* is gaining ever-increasing acceptance as a useful information source, both for its target audience and more widely.

The *Annual Review* has, we hope, a value and interest of its own. However, it is also a guide to the contents of the *EIROOnline* database for 1999, and its usefulness is enhanced greatly if read in conjunction with the database. The text of the *Annual Review* contains numerous references to database records which provide fuller information on the issues in question, and all *EIROOnline* records for the year referring to each country are listed at the end of the individual national reviews. On pp. 137-140, we provide a guide to accessing and using the *EIROOnline* database. As well as in this paper version, the *Annual Review* can also be found in electronic form on the *EIROOnline* database, where the references to database records are direct hypertext links.

The *Annual Review* is based on individual country reviews of 1999 submitted by the EIRO National Centres. These reviews were coordinated and synthesised into a comparative overview by the EU-level centre — Industrial Relations Services — which also provided the EU-level review. The whole was then edited by the EIRO chief editor and assembled by the EIRO technical consultant. Special thanks are thus due to each of the National Centres, and especially Andrea Broughton at Industrial Relations Services.

Mark Carley, Chief Editor

Comparative overview and EU-level developments

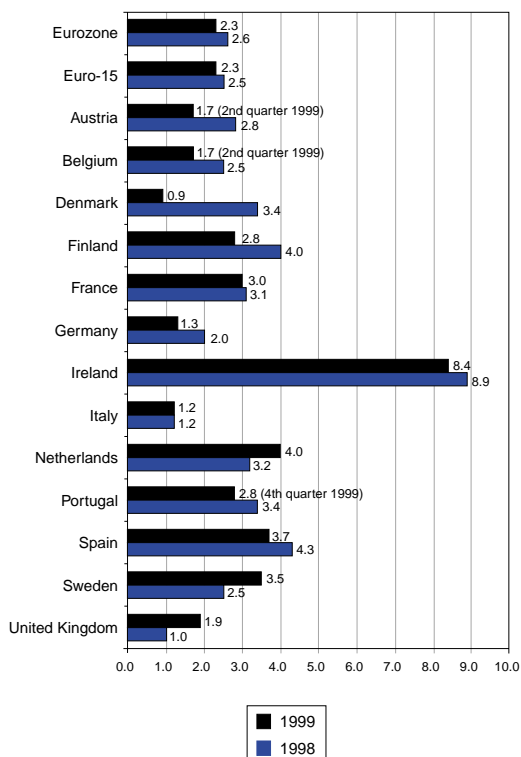
COMPARATIVE OVERVIEW

Economic developments

Following the launch of the third stage of Economic and Monetary Union (EMU) and the euro single currency on 1 January 1999, the economic performance of EU Member States is being kept within the parameters set by the Stability Pact. Thus, the economies of the 11 'euro-zone' countries are falling into step with each other and the four countries outside the euro-zone (Denmark, Greece, Sweden and the UK) are following a policy of pegging their economic performance to the euro-zone countries.

Economic growth slowed slightly across most of western Europe in 1999, with the annual rate of GDP growth standing at 2.3% for the whole EU (and the euro-zone) in the third quarter of 1999, compared with 2.5% (2.6% for the euro-zone) a year earlier. Notable increases in GDP were recorded in France (3.0% in the year to the third quarter of 1999), Spain (3.7%), the Netherlands (4.0%), Sweden (3.5%) and especially Ireland (8.4%), where the economic boom continues virtually unabated. However, in all these cases, apart from the Netherlands and Sweden, the 1999 increases were below the 1998 level. Relatively major falls in growth figures were recorded in Austria, Denmark, Finland and Norway.

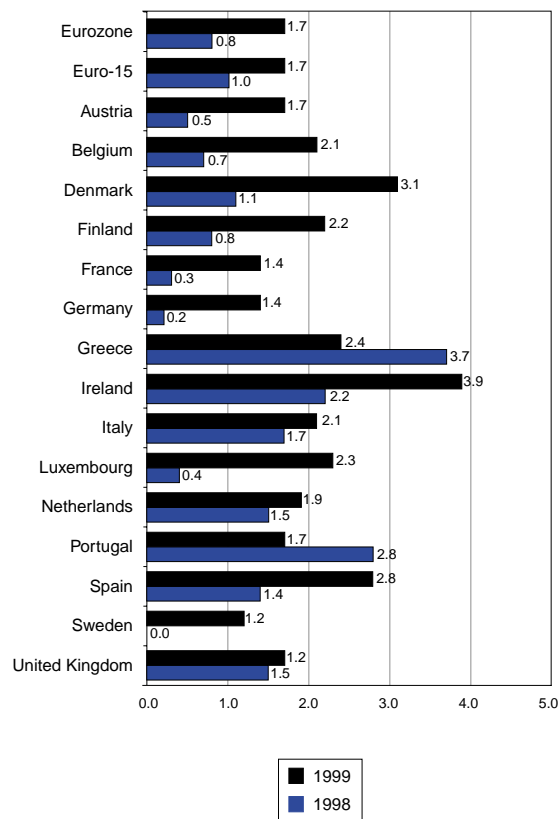
Figure 1. GDP growth in the EU, 3rd quarter 1999 and 1998 (% change compared to the same period in the previous year)



Source: Eurostat

Inflation remained low across the EU, with an average rate of 1.8% over the year to January 2000, according to Eurostat. According to information relating to the year to December 1999, inflation rose during the year in all EU Member States apart from Greece, Portugal and the UK. The biggest rises were recorded in Denmark, Ireland and Luxembourg.

Figure 2. Inflation in the EU, annual % increase, to December 1999 and December 1998

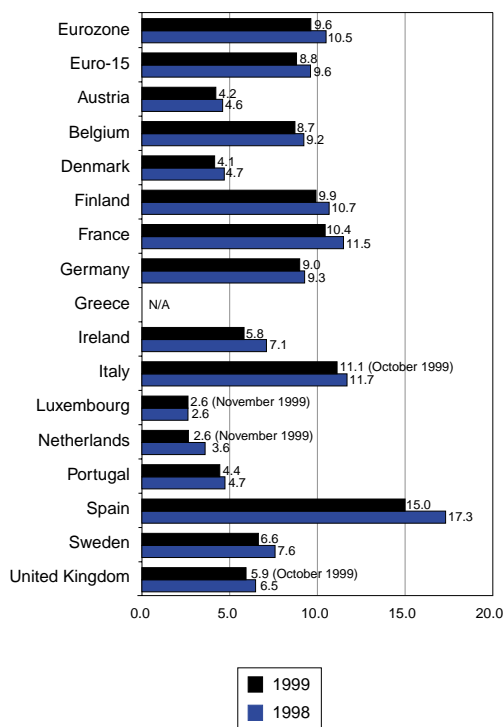


Source: Eurostat

Unemployment in the EU remains higher than political leaders would wish, although improvements in labour market performance in some countries were experienced during 1999. The average unemployment rate was 8.8% in the EU as at December 1999 and 9.6% in the euro-zone, according to Eurostat. In Sweden, unemployment fell to 6.6% in 1999 from 7.6% in 1998 and 9.1% the year before. However, there are still significant differences between the labour market performances of individual Member States. Spain is still experiencing high unemployment, at 15% in 1999. However, high unemployment levels in France seem to be noticeably falling, from 12.6% in 1997 to 11.5% in 1998 and 10.4% in 1999. Germany is still experiencing labour market difficulties in the east, which have a knock-on effect across the whole economy. Thus, unemployment in Germany is still relatively high, at 9%

in 1999, although this represents a fall compared with figures of 9.3% in 1998 and 9.8% in 1997. At the other end of the spectrum, unemployment is significantly below the EU average in Luxembourg, at 2.6% as at the end of November 1999, the Netherlands at 2.6%, Norway at 3.2% and Austria at 4.2%.

Figure 3. Unemployment in the EU, % of workforce in December 1998 and 1999



Source: Eurostat

Political developments

Arguably the most high-profile political event in the EU during 1999 (see table 1 on pp. 12-13) was the October general election in Austria, and its subsequent outcome. The election resulted in heavy losses of support for the social democrat/conservative SPÖ/ÖVP coalition and gains for the far-right Freedom Party (FPÖ). A hiatus of some four months followed, during which the SPÖ and the ÖVP tried and failed to conclude a coalition agreement. Following the collapse of these talks in January 2000, the ÖVP entered into talks with the FPÖ and agreed on a coalition text in early February. The resulting new right-wing coalition government has attracted considerable controversy, both within Austria and amongst its fellow EU Member States, which are uncomfortable about their relations with a government which contains members of a far-right political party (AT0002212F).

General elections also took place in Finland, where the existing 'rainbow' coalition government was re-elected in March 1999 (FI9904101F). In Belgium, elections were

held at both the federal and regional level in June 1999. The federal elections resulted in a loss of support for the christian democrat and socialist parties, which up until then had formed the coalition government. Subsequently, a 'rainbow' coalition made up of liberals, socialists and environmentalists was formed. The federal results were mirrored at regional level, with the christian democrat and socialist parties losing support to the liberals and environmentalists.

General elections were held in June 1999 in Luxembourg (LU9909111N), resulting in the formation of a new coalition government between the Social Christian Party (CSV) and the Democratic Party (DV). This replaces the previous coalition between the CSV and the Socialist Party (LSAP), which had been in office for 15 years.

1999 also saw a general election in Portugal, with the Socialist Party remaining in government, but losing its parliamentary majority.

In Spain, municipal and regional elections took place during 1999 throughout the whole country, resulting in gains for the Socialist Party. Regional elections also took place in Germany, resulting in losses for the Social Democratic Party (SPD) which, together with the Greens, forms the current 'red/green' coalition government. The SPD losses at regional level were to the gain of the Christian Democrat Party (CDU), together with its Bavarian associated party, the CSU. However, although these elections represented a significant blow for the SPD, opinion polls in late 1999 showed that this party appeared to be regaining public support.

In Italy, the coalition government fell in December 1999 following a political crisis caused by disagreement amongst the coalition parties. However, a new centre-left coalition government, made up of seven parties, was formed a few days later. The new government is still headed by Prime Minister Massimo D'Alema, but has a reduced parliamentary majority.

Collective bargaining developments

General

1999 saw significant changes in the level at which collective bargaining is carried out in Finland. Here, bargaining in 1999 was covered by national, intersectoral provisions agreed at the beginning of 1998. However, preparations for a further national intersectoral bargaining round, to take place upon the expiry of the 1998/9 agreement in January 2000, fell apart in the autumn of 1999 following the decision by trade unions affiliated to the Central Organisation of Finish Trade Unions (Suomen Ammattiliittojen Keskusjärjestö, SAK)

Table 1. Political situation in the EU Member States and Norway

Country	Political situation
Austria	General elections in October 1999 resulted in heavy loss of support for the coalition government made up of the Social Democratic Party (Sozialdemokratische Partei Österreichs, SPÖ) and the christian democratic Austrian People's Party (Österreichische Volkspartei, ÖVP) and gains for the far-right Freedom Party (Freiheitliche Partei Österreichs, FPÖ). Following the breakdown of coalition talks between the SPÖ and the ÖVP in January 2000, the ÖVP and FPÖ concluded a coalition agreement in February 2000. This government is seen as controversial internationally, with many EU Member State governments reluctant to continue international relations with a government which contains a far-right element.
Belgium	Elections were held at federal and regional level in June 1999. At the federal level, the christian democrat parties (Christelijke Volkspartij, CVP, and Parti Social Chrétien, PSC) and socialist parties (Parti Socialiste, PS, and Socialistische Partij, SP), which made up the coalition government, sustained losses of support. A 'rainbow' coalition of liberals, socialists and environmentalists was subsequently formed. These results were mirrored at regional level, with the socialists and christian democrats losing support to the liberals and environmentalists.
Denmark	The coalition government elected in March 1998 and consisting of the Social Democratic Party (Socialdemokratiet) and the Social Liberal Party (Det Radikale Venstre) managed to remain in office during 1999 despite crises over issues such as the reform of the voluntary early retirement scheme (DK9902111N). The next election is scheduled for 2002.
Finland	A general election was held in March 1999 and resulted in the re-election of the 'rainbow' coalition government made up of the Social Democratic Party (Suomen Sosialidemokraattinen Puolue), the conservative National Coalition Party (Kansallinen Kokoomus), the Left-Wing Alliance (Vasemmistoliitto), the Greens (Vihreä liitto) and the Swedish People's Party (Svenska folkpartiet).
France	The 'cohabitation' between the conservative President Jacques Chirac and the left-wing coalition government led by socialist Prime Minister Lionel Jospin continued during 1999. However, the political landscape on the right wing changed somewhat during 1999, due to the elections to the European Parliament which saw the emergence of a 'sovereignist' movement opposed to the Amsterdam Treaty - the Rally of the French People (Rassemblement du Peuple Français, RPF)
Germany	The 'red-green' coalition government, composed of the Social Democratic Party (Sozialdemokratische Partei Deutschlands, SPD) and Alliance 90/The Greens (Bündnis 90/Die Grünen), which was elected in September 1998, ran into considerable difficulties during 1999. All important regional elections were won by the Christian Democratic Party (Christlich Demokratische Union, CDU) and the SPD lost its majority in the Bundesrat, the second legislative chamber. However, opinion polls at the end of 1999 indicated that the government appeared to be regaining popular support.
Greece	The Pan-Hellenic Socialist Movement (Panellino Sosialistiko Kinima, PASOK) continued to hold office during 1999. The next general election is expected in mid-2000.
Ireland	The current government, which was elected in June 1997 and consists of a coalition between the majority centrist Fianna Fail party and the small right-of-centre party, the Progressive Democrats (PDs), remained in office during 1999. The next general election is not expected before 2002.

not to take part in central talks (FI9910124N). Thus, after four years of regulation by intersectoral agreement, collective bargaining in Finland, at least during 2000, is taking place at sectoral level.

In Ireland, which was also covered by an intersectoral agreement on pay and other matters (*Partnership 2000*) during 1999, preparations for tripartite talks aimed at concluding a further national deal got underway in the autumn of 1999 and formal talks between employers,

unions and the government began in November 1999 (IE9911146F) (A further draft national deal was agreed in February 2000 (IE0002205N), continuing a consecutive tradition of such agreements which dates back to 1987.)

In Italy, a total of 32 sectoral agreements were renewed up to November 1999, out of the 80 major settlements covered by a survey from the Istat statistical office, including the important metalworking agreement (IT9907249F). In Germany, a new agreement in the

Country	Political situation
Italy	A political crisis in December 1999 led to the fall of the coalition government which consisted of the Ulivo centre-left grouping - which included the Democratic Left (Democratici di Sinistra, Ds), the centrist Democratic Union for the Republic (Unione Democratica per la Repubblica, Udr) and the Party of Italian Communists (Partito dei Comunisti Italiani, Pdc). A few days later, a new centre-left coalition government, supported by seven parties - Ds, the Italian People's Party (Partito Popolare Italiano, Ppi), the Democrats (Democratici), Udeur, Pdc, the Greens (Verdi) and Rinnovamento - came to power, albeit with a reduced parliamentary majority.
Luxembourg	A general election was held on 13 June 1999 which brought to power a new coalition government made up of the Social Christian Party (Chrëslech Sozial Vollekspartei, CSV) and the Democratic Party (Demokratesch Partei, DP). This replaced the former coalition between the CSV and the Luxembourg Socialist Party (Lëtzebuergesch Sozialistesche Arbechterpartei, LSAP), which had been in office for 15 years.
Netherlands	The second 'purple' coalition government, made up of the Labour Party (Partij van de Arbeid, PvdA), the liberal People's Party for Freedom and Democracy (Volkspartij voor Vrijheid en Democratie, VVD) and the social democratic Democraten 66 (D66), disbanded on 19 May 1999, but the breach was healed over the summer and the coalition was reformed.
Norway	The political situation during 1999 was stable. There has been a minority coalition government in office since 1997, comprising the three centre parties: the Christian Democratic Party (Kristelig Folkeparti, KRF); the Liberal Party (Venstre); and the Centre Party (Senterpartiet, SP). The coalition operates on the basis of case-by-case cooperation with the parties to the right and left of centre.
Portugal	Elections to the National Assembly were held in 1999. Although the Socialist Party (Partido Socialista, PS) won a majority of votes and remained in government, it did not achieve an absolute majority of representatives in the Assembly. Thus, the PS now has 115 seats, with the remaining 115 seats split between four other parties - the Social Democratic Party (Partido Social Democrata, PSD), the Unitarian Democratic Coalition (Coligação Democrática Unitária) - comprising the Communist Party (Partido Comunista, PCP) and the Greens (Os Verdes) - the People's Party (Partido Popular, PP) and the Left Bloc (Bloco de Esquerda).
Spain	The current government, made up of the conservative People's Party (Partido Popular, PP), with support from conservative nationalist parties from Catalonia and the Basque Country, finishes its term of office in March 2000. During 1999, municipal elections were held in the whole of Spain and autonomous regional elections were held in Catalonia. The Socialist Party (Partido Socialista Obrero Español, PSOE) increased its support in both sets of elections.
Sweden	The minority Social Democratic Party (Socialdemokratiska Arbetarepartiet) government elected in September 1998, which governs with the cooperation of the Left Party (Vänsterpartiet) and the Green Party (Miljöpartiet de Gröna), continued in office during 1999.
United Kingdom	The Labour Party government elected in May 1997 continued in office during 1999. The next general election is due by May 2002 but is widely expected in the spring of 2001. 1999 also saw some devolution of power to Scotland, Wales and Northern Ireland.

Source: EIRO.

influential metalworking sector was concluded in February 1999 (DE9903295F), setting the trend for bargaining in most other sectors. Belgium was covered by the first year of a two-year deal concluded at the end of 1998 and the social partners in Norway negotiated an 'intermediate' bargaining round in the private sector (NO9904126F) and the public sector (NO9905131F), following the 'main' round of 1998. The social partners in Sweden were operating within the framework of three-year sectoral deals, mostly concluded in the spring

of 1998. In Greece, the two-year national general collective agreement entered its second year in 1999.

Pay

Throughout the EU, there was considerable pressure on wage negotiators to keep pay increases down to moderate levels in 1999 in order to maintain the competitiveness of their country in an international

Table 2. Trends in collective bargaining in the EU Member States plus Norway in 1999

Country	Trends
Austria	1999 round remained dominated by sectoral bargaining, with a focus on pay. Settlements were moderate and some agreements included a 'distribution' option, allowing companies to award the pay increase more flexibly.
Belgium	Bargaining in 1999 was dominated by sectoral-level accords, within the framework of the two-year intersectoral agreement covering 1999 and 2000.
Denmark	Bargaining in 1999 took place in the public sector, the finance sector and the agriculture and forestry sector. The public sector and agriculture/forestry agreements provided for a three-day extension of annual holiday entitlement. Bargaining generally passed off peacefully, in contrast to the widespread strike and imposed settlement in the main DA/LO private sector bargaining area in 1998.
Finland	The two-year central incomes policy agreement, covering 1998 and 1999, remained in force during 1999. Under this agreement, a number of small working groups had been set up to examine areas such as working time, equal opportunities and local bargaining. These groups continued their work during the year.
France	Bargaining in 1999 focused on the issue of reducing working time, within the framework of the 35-hour week legislation. Bargaining on this issue took place at both sectoral and company level. In many cases, there was a formal link between working time reduction and a reorganisation of working time, including practices such as flexitime, limits on overtime, individual time accounts, additional rest days and part-time working.
Germany	The 1999 round, conducted as usual at sectoral level, focused on pay. Increases were relatively high, following the metalworking settlement which provided for an increase of 3.2% plus a further flat-rate one-off 1%. In addition, talks within the tripartite national Alliance for Jobs forum continued during 1999, ending the year with a joint declaration to conduct the 2000 bargaining round in the spirit of a long-term employment-oriented policy.
Greece	The national general collective agreement entered its second year in force in 1999. Within this framework, bargaining was carried out at all levels during 1999, with the emphasis on pay and working time - in particular the reduction of working time.
Ireland	The national incomes policy agreement, <i>Partnership 2000</i> , remained in force during 1999. It is estimated that over 80% of companies have adhered to its provisions on pay despite the continuing economic boom which has put upward pressure on pay. <i>Partnership 2000</i> formally expires at national level on 31 March 2000 and the social partners began negotiations for a new accord in November 1999 (reaching a draft agreement in February 2000).

context. There was also an increasing trend for negotiators to aim to keep pay demands, offers and bargaining outcomes within the framework of trends in neighbouring and competitor countries (see below under 'The impact of EMU on collective bargaining and industrial relations'). Overall, as indicated by figure 4 on p. 16, there was a degree of moderation of collectively agreed nominal pay increases from 1998 to 1999, with the average collectively agreed increase in the EU plus Norway (as calculated by EIRO - TN0002401U) falling from 3.1% to 2.8%. Taking just the countries of the euro-zone, collectively agreed nominal pay increases in 1999 were lower, at an average of 2.5%, than in the EU/EEA more widely, and converged more. This may be evidence of the effects of EMU. Notable national

developments in pay bargaining in 1999 included the following:

- in Germany, which is arguably one of the main motors in terms of European pay trends, trade unions were concerned to win relatively high increases after some years of pay moderation. Following the settlement in the important metalworking industry, which provided for a 3.2% increase plus a further non-consolidated 1% (DE9903295F), most other sectors followed suit and agreed increases of between 2.9% and 3.3% in 1999. The average pay increase in Germany in 1999 is estimated at 3.0%;
- in Austria, which is directly influenced by events in Germany, but enjoys lower rates of inflation, the

Country	Trends
Italy	A number of important sectoral agreements were renewed in 1999, including those in metalworking, commerce and banking. Public sector agreements concluded in 1999 included those covering schoolteachers and national health service workers. Although there was pressure from employers to decentralise bargaining, the current two-tier system (sectoral and company level) remained firm during the year.
Luxembourg	Pay was the focus of the 1999 bargaining round, with an estimated 100 agreements renewed out of a total of between 250 and 300. The most significant event of the 1999 round was the conclusion of a three-year deal in banking which was subsequently refused registration by the Ministry of Labour on the grounds that the unions which signed it do not have nationally representative status. The unions and employers' association involved have appealed against this decision.
Netherlands	The 1999 round was perceived to be relatively difficult, involving the suspension of negotiations more than once in sectors such as construction, metalworking and banking. Tensions were largely caused by increasing labour market shortages, the result of a continuing economic boom. Trade unions pushed for higher wage increases while employers attempted to increase the flexibility of bargaining and pay.
Norway	1999 was an 'intermediate' bargaining round, in which adjustments were made to the 'main' settlement of 1998. The 1999 round focused on pay adjustments for low-paid employees and on continuing vocational training, with few general increases awarded. The joint public committee establishing the basis for 1999's pay round published a report in the spring recommending that pay growth should be kept down to 4.5% in 1999 (including the 'carryover' from the 1998 settlements). The next main bargaining round takes place in 2000.
Portugal	The 1999 round was relatively stable in terms of the number of collective agreements concluded. However, the proportion of company-level accords rose from 26.4% of the total in 1998 to 30.9% in 1999, whereas the proportion of sectoral-level agreements fell slightly. Pay was one of the main focuses of the 1999 round, with the average increase during the first 11 months of the year estimated at 3.6%.
Spain	The bargaining system remained relatively uncoordinated during 1999, despite trade union calls for greater coordination at sectoral level. Bargaining focused on pay - with the main union confederations agreeing a joint position of moderation - employment (conversion of temporary jobs into permanent jobs) and working time (annual reduction and irregular distribution over the year). There was also some activity in the area of job security. Trade unions made demands for increased use of wage revision clauses, following the realisation at the end of the year that actual inflation considerably exceeded forecast inflation in 1999.
Sweden	Many sectors remained covered by three-year deals negotiated in 1998, which are not due for renewal until 2001. Nevertheless, there were some agreements in 1999, notably those covering bus drivers, taxi drivers, electricians and the construction sector. Generally, wage drift appears to have been marginal during 1999.
United Kingdom	Bargaining in 1999 was, as usual, highly decentralised, with the majority of bargaining carried out at workplace or company level and little multi-employer bargaining, with the exception of the public sector. Above-inflation pay increases were awarded by the government to public sector employees, whereas in the private sector, average earnings rose by more than inflation, at an estimated 4.9%.

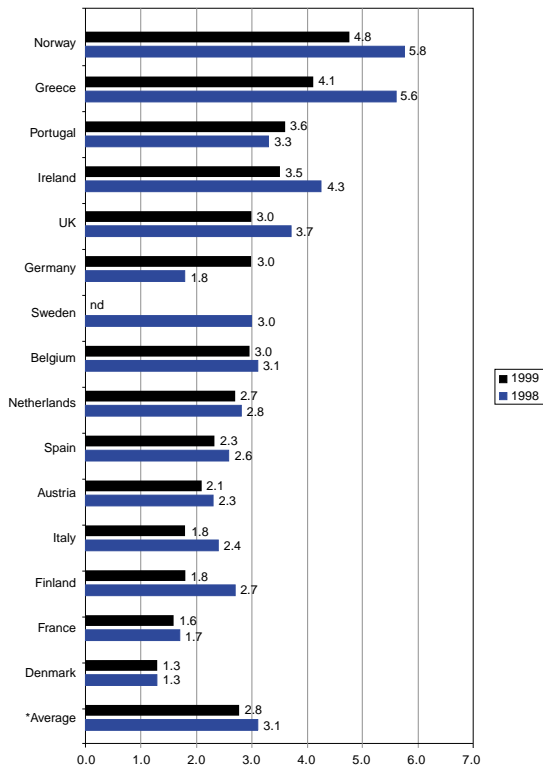
Source: EIRO

leading settlement (in metalworking) provided for a 2.4% increase in minimum pay rates (AT9911203N), which is well above Austrian inflation of around 1%. This settlement was emulated in most other industries;

- the 1999 bargaining round in the Netherlands was marked by a number of industrial conflicts, within the context of a booming economy and labour market shortages. Average collectively agreed pay increases in 1999 are estimated at 2.7%, a figure which represents a slight decrease on the 1998 figure of 2.8%;
- in Spain, pay bargaining is based on official inflation forecasts. In 1999, the official inflation forecast of 1.8% severely misjudged actual inflation trends, which resulted in inflation of 2.7% for the year.

Consequently, many employees actually experienced a loss of purchasing power, as the average 1999 increase was 2.3%. This development has rekindled the debate over the inclusion of wage revision clauses in collective agreements;

- a similar development took place in Portugal in 1999, where inflation, which was predicted to be 2%, was actually 2.3%. As settlements take forecast inflation as one of their reference points, trade unions claim that employees have been disadvantaged and have demanded extra compensation. Average collectively agreed increases in 1999 were between 3.5% and 5%;
- in the UK, where negotiations take place predominantly at company level, collectively-agreed basic pay rose by an average of 3% during 1999.

Figure 4. Average collectively agreed pay increases, 1998 and 1999 (%)

Source: EIRO; * average of 15 countries; ** average of 14 countries

Average earnings increased by 4.9%. In the public sector, above-inflation awards were implemented by the government (UK9903188F); and

- in France, 1999 was marked by pay moderation, as a variety of agreements were concluded which traded lower increases or pay freezes for job security or job creation, within the context of the government incentives for the introduction of the 35-hour week (see below under 'Working time').

A number of countries were covered in 1999 by multi-annual deals concluded in previous years:

- in Ireland, under the terms of the *Partnership 2000* national accord agreed at the beginning of 1997 (IE9702103F), pay bargaining was conducted within the framework of increases of 1.5% for the first nine months of 1999 plus 1% for the last three months of 1999 and first three months of 2000. It is estimated that some 88% of companies in Ireland adhered to the terms of *Partnership 2000* in 1999, despite a variety of upward pressures on pay, such as the continuing economic boom;
- similarly, Finland was covered by the second year of a two-year central agreement providing for fixed-amount increases in 1999 (FI9801145F). It is estimated that pay rose by an average of 2.6% in 1999, a figure which is made up of a 1.8% increase in collectively agreed pay, in addition to wage drift of 0.8%;
- in Sweden, collective bargaining in 1999 took place within the framework of sectoral three-year deals

agreed in the majority of sectors at the beginning of 1998. Estimates for pay growth in 1999 suggest that it will be within the norm of 3% set for the year by these three-year deals;

- Greece too was covered by the second year of a two-year national deal, signed in May 1998 (GR9805171N). Although this agreement sets out minimum increases, actual increases are usually only slightly higher. Figures for 1999 suggest pay increases of 4.1% in current prices; and
- in 1999, Belgium was covered by the first year of an intersectoral agreement concluded at the end of 1998 (BE9811252F). This agreement provides for an explicit link with neighbouring countries, stating that hourly labour costs should not rise any faster than those in Germany, France and the Netherlands and that labour costs relating to full-time workers should not increase by more than a suggested benchmark of 5.9% over the two years of the agreement.

Working time

There were few major changes in the basic duration of working time in 1999. As figure 5 indicates, average collectively agreed normal weekly hours (as calculated by EIRO - TN0002402U) stood at 38.6 hours in 1999 - the same level as in 1998. It appears that major working time reductions through collective bargaining stalled across the EU in 1999. However, the issue of the 35-hour working week dominated the debate over working time in a number of EU Member States, with the debate reaching a climax in France. The government's measures to encourage companies to negotiate on the introduction of the 35-hour week during 1999 (FR9806113F), prior to the coming into force of legislation in 2000 (FR0001137F), dominated collective bargaining activity during the year (FR9907100N). At sectoral level, a total of 117 agreements on this subject were concluded in 1999, reflecting unprecedented activity in this area. At company level, agreements were concluded at, for example, the Peugeot Citroën motor manufacturing group (FR9902157N), the state railways organisation SNCF (FR9906193N) and the Parisian regional transport network RATP (FR9907199N). In total, agreements negotiated by the end of the year covered more than 9 million workers and made a formal link between the establishment of the 35-hour week and the reorganisation of working time, using tools such as flexible working time arrangements, limits on overtime working, individual time savings accounts, additional rest days and part-time working. Although the ultimate aim of the 35-hour week is to stimulate job creation, one incontrovertible effect so far has been the negotiation of a plethora of flexible and innovative working time arrangements.

Developments in France have had a knock-on effect in some other countries, with trade unions especially attempting to stimulate a similar debate in their country. In Greece, this issue was at the forefront of social partner debate throughout much of 1999 (GR9901110N).

National-level social partner negotiations on this issue ended inconclusively, although at sector level, agreements in sectors such as banking (GR9906135F), telecommunications and energy included some commitments to introduce a 35-hour week. A draft bill on the introduction of the 35-hour week was discussed in the Greek parliament in 1999, but was not adopted (GR9910154F).

In Italy, the trade unions have been attempting to stimulate debate on the issue for some years, aiming to introduce a model along the lines of the French system. Initiatives at national level were not in evidence in 1999, although a number of sectoral agreements provided for working time reductions, commonly linked to working time flexibility.

In the UK, the debate concerning working time centred on this country's legislation implementing the EU Directive (93/104/EC) on certain aspects of the organisation of working time. The UK legislation came into force on 1 October 1998 (UK9810154F), but was criticised strongly by employers. The UK government therefore proposed amendments which, although bitterly opposed by trade unions (UK9907117N), were implemented in December 1999.

Beyond the duration of weekly working hours, the issue of working time also of course covers matters such as early retirement, part-time work (see below under 'New forms of work'), and leave entitlements, and is closely linked to matters such as job security (see below). For example, in 1999, the issue of restricting early retirement was high on the social partners' agenda in countries such as Austria (AT9903135F), Belgium (BE9905271F and BE9905273N), Finland (FI9908114F) and the Netherlands (NL9912175F). By contrast, initiatives to extend early retirement were seen in, for example, the French automobile industry (FR9908103N), while Germany's powerful IG Metall trade union proposed a new form of early retirement at the age of 60 (DE9910217F).

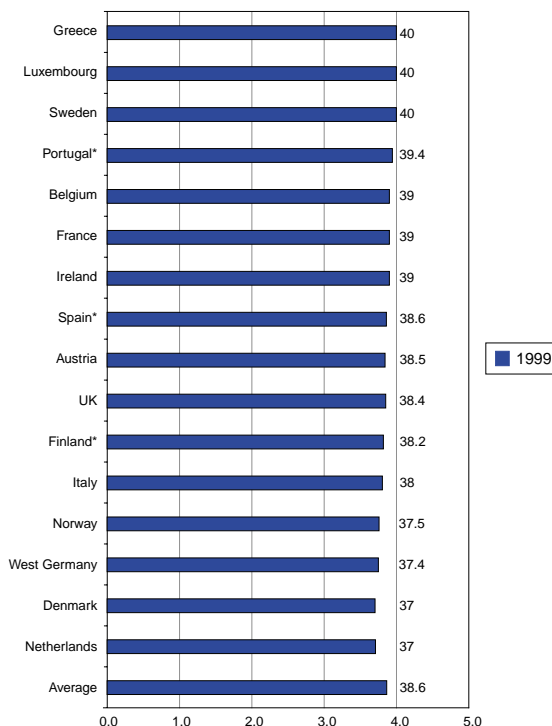
Equal opportunities

The issue of equal opportunities featured in collective bargaining in some Member States during the 1999 round, largely in the form of clauses aiming to promote the employment of women and eliminate discrimination based on gender. In some countries, a designated amount of money was earmarked in bargaining for local distribution amongst low-wage sectors or occupations, which are often traditionally female-dominated.

At national level, the Belgian social partners have, within the framework of the current 1999-2000 national intersectoral agreement (BE9811252F), requested that sectoral job classification systems be fully revised by joint committees in order to eliminate any potential discrimination between men and women. In Finland, the central agreement which expired at the end of 1999

(FI9801145F) contained a variety of equality provisions, relating to issues such as the implementation of the principle of equal pay for equal work, the removal of obstacles to female entrepreneurship and the promotion of the reconciliation of work and family life for male and female employees.

Figure 5. Average collectively agreed normal weekly hours, 1999



Source: EIRO; * 1998 figure.

In Spain, special clauses relating to equal opportunities were found in over 14% of agreements concluded at sectoral and company level up to May 1999. These agreements covered over 32% of the workforce. In the UK, where legislation rather than bargaining traditionally sets the context for equal opportunities, the 1999 parental leave Regulations (UK9912144F), which implement the EU Directive (96/34/EC) on parental leave, facilitate collective or 'workforce' agreements on this issue. In addition, an innovative agreement concerning the elimination of race discrimination was agreed in the autumn of 1999 at the Ford motor manufacturing company following an employment tribunal case over racial abuse of an Asian employee (UK9911139N). In Italy, within the framework of some sectoral accords, such as that in metalworking, joint committees have been set up to monitor female employment conditions in the sector and to promote campaigns to combat sex discrimination. The Danish Employers' Confederation (Dansk Arbejdsgiverforening, DA) and the Danish Confederation of Trade Unions (Landsorganisationen i Danmark, LO) issued a joint declaration to Danish enterprises in 1999 urging them to recruit refugees and

immigrants on equal terms with Danish citizens, following the high-profile case of a young Lebanese woman who was refused employment because she wore a headscarf (DK9908141N).

In Portugal, many agreements contain positive action clauses, which aim to promote the employment of women. In addition, the 1999 agreement covering private hospital administration includes a general non-discrimination clause, which is thought to be the first of its kind in Portugal.

Incidences of enhanced pay increases awarded to low-income groups of employees such as women and young people occurred in Austria in 1999, through the 'distribution clauses' contained in sectoral agreements. These clauses allow for more flexible pay structures within the overall parameters of the sectoral accord, to be implemented at company level according to the individual situation of the company.

Job security

The issue of job security continues to be of paramount importance to employee representatives, in times of business reorganisation and consolidation. In many countries, agreements were concluded at a variety of levels in 1999 providing for job security in return for wage moderation and concessions such as enhanced working time flexibility. Less explicitly, a concern to maintain or increase employment levels can also be said to have informed the general tendency towards pay moderation seen in many countries (see above under 'Pay').

In France, a significant number of job security agreements have been concluded at sectoral and company level, under the 'defensive' provisions of the first 'Aubry law' on the 35-hour week, adopted in 1998. According to estimates from the French Ministry of Labour, as at 28 January 2000, 35-hour week agreements had been concluded at 23,275 companies, covering 2.7 million workers (23% of the workforce). A total of 6% of these agreements are of the 'defensive', job-safeguarding variety, and it is estimated that so far a total of 22,276 jobs have been saved.

The number of collectively agreed clauses concerning employment - such as the conversion of temporary jobs into permanent jobs or, less commonly, net job creation or regulating aspects of temporary recruitment - continued to increase in Spain. In the UK, the latest Workplace Employee Relations Survey shows that 8% of private sector and 21% of public sector workplaces are covered by either a job security or 'no compulsory redundancy' clause. Employees in almost 40% of workplaces in the financial services sector are covered by such clauses, with job security in this sector being elevated to the main concern of employees and their representatives during the 1990s.

In Germany, job security provisions often take the form of 'special clauses' included in some sectoral agreements which allow companies to deviate on a temporary basis from some of the sectorally-agreement provisions, such as Christmas bonus payments or, in some cases, agreed pay increases. These types of clauses are in particular taken up by companies in the eastern part of the country. Not all sectoral agreements provide for such practices however - a 1999 job security deal at the construction group Holzmann (DE0001226F) earned the widespread condemnation of the sectoral employers' organisation by undercutting the sectoral accord. Another notable phenomenon in Germany is the growing number of 'employment pacts' concluded at establishment level between management and works council, whereby employees generally make concessions on working conditions, while employers give limited job guarantees (DE9902293F).

At national level in Germany, the tripartite Alliance for Jobs, Training and Competitiveness (Bündnis für Arbeit, Ausbildung und Wettbewerbsfähigkeit) forum focuses specifically on job creation and job security. This forum was established in late 1998 (DE9812286N) in order to devise ways to reduce unemployment and stimulate job creation. During 1999, three top-level meetings of the Alliance took place, along with numerous meetings of its 10 topic-related working groups. One of the main declarations to be issued in 1999 was the July consensus on career training, which aimed to ensure that every young person receives a vocational training place (DE9907219F). It is as yet difficult to quantify the success of this forum in terms of improvements in the labour market. However, it is set to continue its work during 2000 and has recently made more progress in the form of a joint declaration in January 2000 that the coming bargaining round should consist of 'employment-oriented' wage agreements.

The various bipartite and tripartite employment pacts which exist at regional level in countries such as Germany (DE9905107F) and Spain by and large continued their work in 1999, with a few new additions (ES9903100F).

Training and skills development

Clauses providing for the training and skills development of employees are included in agreements at all levels in many countries, in recognition that employee skills must not become outdated and that commitments on training are one of the issues covered in the EU Employment Guidelines to Member States, implemented through the National Action Plans (NAPs) for employment (EU9909187F) (see below under 'National Action Plans for employment').

At national level, in late 1999, the Swedish government presented proposals for a reform of individual skills development (SE0001118N). These proposals will be examined by a commissioner, who is expected to propose a new individual skills development system on the basis

of the government's outline. A report on the subject is expected during the spring of 2000, in time for the social partners to incorporate this issue into their 2001 bargaining demands. The Swedish parliament has set aside a specific amount of money for the funding of the new individual skills development system.

The central agreement which was in force in Finland during 1999 contained a commitment to match educational policy to the needs of working life and thus to improve vocational education. Within this framework, periods of on-the-job training are being introduced, in cooperation with the social partners.

The 1999-2000 Belgian intersectoral agreement contains a commitment to increase employers' contributions to training from 1.2% to 1.4% of the total paybill (BE9912312F), in keeping with efforts to bring the country in line with developments in three of its neighbouring countries (where between 1.2% and 1.9% of the paybill is spent on training). At sectoral level, around 80% of branches are covered by agreements which include some training-related provisions.

In Spain, training plans are found in just over 20% of collective agreements, covering over 27% of workers, according to the most recent figures. In the UK, although the issue of training has not traditionally formed part of collective bargaining, the incidence of this topic now appears to be increasing as trade unions attempt to incorporate training into the bargaining agenda through initiatives such as the Trades Union Congress's *Bargaining for skills* project (UK9906109F).

The issue of continuing vocational training is likely to be high on the bargaining agenda in 2000 in Norway, as this is an issue which the social partners have been looking at for some time. Proposed action in this area includes the establishment of a statutory right to educational leave, a restructuring of the existing arrangements for educational funding (such as the State Education Loan Fund) and the introduction of a statutory right for those without secondary education to re-enter the educational system (NO9904126F). At present, the proposed reforms have stalled over the issue of their financing, although it is hoped that this can be resolved during the 2000 bargaining round.

Legislative developments

As indicated by table 3 on pp. 20-21, new legislation on some aspects of social and employment policy was introduced in most EU Member States during the course

of 1999. Issues such as flexible working and certain 'atypical' forms of employment - eg temporary work, fixed-term contracts and part-time work - featured strongly in new legislative initiatives, as did a variety of initiatives aimed at transposing - with some delay in a number of cases - EU Directives into national legislation.

In Germany, a raft of new legislative provisions came into force at the beginning of 1999 (DE9901291N), as the Social Democrat/Green coalition government sought to reverse some of the changes made under the previous Christian Democrat-led government. These changes mainly concerned sick pay, protection against dismissal and posted workers.

1999 saw a veritable mountain of legislation enacted in Portugal, partly in response to EU Directives and partly in an attempt to modernise the legislative framework in that country. Thus, legislation transposing the Directives on parental leave (96/34/EC) (PT9905147F), young workers (94/33/EC) (PT9807185F), part-time work (97/81/EC) (PT9803170F) and European Works Councils (94/45/EC) (PT9912176F) all came into force in 1999. Despite this, there are still plans for further legislative reform in 2000, mainly in the area of health and safety.

Similarly, 1999 saw an ambitious legislative programme in the UK, as the Labour government's commitments in the industrial relations sphere were translated into practice. Thus, a national minimum wage was introduced for the first time in the UK on 1 April 1999 (UK9904196F), in addition to the introduction of a wide range of individual and collective employment rights (including trade union recognition) contained in the Employment Relations Act 1999 (UK9902180F). The provisions of this Act are being phased in. Other legislative reforms included new legislation to transpose the EU parental leave Directive (UK9912144F) and European Works Councils (EWCs) Directive (UK0001146N).

The parental leave Directive was also transposed into national legislation in Luxembourg (LU9903195F) in 1999, and a law to this effect was approved by Italy's Chamber of Deputies (IT9910347F) (subsequently adopted in February 2000). The transposition of the EWCs Directive in Luxembourg remains outstanding, despite the preparation of draft legislation and a European Court of Justice (ECJ) judgment against the Grand Duchy (EU9911209N).

Equality featured prominently in some countries, notably Ireland, where the Employment Equality Act 1998 finally

Table 3. Main legislative developments in 1999

Subject	New legislation
'Atypical' work	In the <i>Netherlands</i> , the Flexibility and Security Act took effect on 1 January 1999, aiming to make employment more flexible while increasing the security of flexible employees. In <i>Norway</i> , new provisions abolishing the ban on the hiring out of labour were adopted in December 1999. In <i>Portugal</i> , new legislation enacted in September 1999 broadens the potential use of temporary agency workers. In <i>Spain</i> , legislation governing temporary work agencies was amended on 1 July 1999, bringing pay for temporary agency workers in line with that for employees of user companies. <i>Italy</i> also amended its legislation on temporary agency work.
Collective bargaining	In <i>Greece</i> , Law 2738/1999 was passed in November 1999, allowing public servants the right to negotiate terms and conditions of employment, with the exclusion of pay and pensions. The new <i>UK</i> Employment Relations Act 1999, the phased implementation of which began in autumn 1999, provides for new trade union recognition rights.
Equality	In <i>Ireland</i> , the Employment Equality Act 1998 came into force in October 1999, introducing seven new grounds on which discrimination is outlawed. In <i>Italy</i> , new legislation on parental leave was approved by the Chamber of Deputies in October 1999 (and subsequently adopted in early 2000). <i>Luxembourg</i> legislation on parental leave was adopted in February 1999 as part of the country's 1998 NAP. In the <i>Netherlands</i> a bill for a new framework law on work and care was introduced in February 1999, entitling employees to paid leave in order to care for sick relatives. In <i>Portugal</i> , new legislation was adopted in 1999 transposing the EU parental leave Directive. In <i>Spain</i> the Law on Combining Family Life and Work was passed in November 1999, completing the transposition of EU Directives on maternity protection and parental leave. In <i>Sweden</i> , three new anti-discrimination Acts were approved in March 1999, outlawing discrimination on grounds of ethnic origin, disability and sexual orientation. In the <i>UK</i> , new statutory parental leave entitlements came into force in December 1999.
Employment, labour market and job creation	In <i>Belgium</i> new provisions (the 'Rosetta plan') were adopted in September 1999 which aim to improve the employability of young people by offering increased training opportunities. In <i>Finland</i> , the Act on Posted Workers came into force in December 1999, transposing the EU Directive - similar legislation was approved in <i>Sweden</i> in May and <i>Norway</i> in December. In <i>Germany</i> new legislation regulating posted workers came into force on 1 January 1999, extending the Posted Workers Act beyond its original expiry date of August 1999. In <i>Portugal</i> , Decree-Law No. 51/99 of 20 February 1999 established a job rotation scheme to allow workers to participate in training initiatives. In <i>Spain</i> , the Foreign Persons Law was passed in December 1999, aiming to improve the rights of immigrants on the labour market, among other aspects.

entered into force in October 1999 (IE9909144F) following delays and redrafting subsequent to constitutional challenges. This is arguably one of the most significant pieces of equality legislation in Europe, as it prohibits discrimination on a total of nine separate grounds. In Sweden, three new anti-discrimination laws - covering discrimination on grounds of ethnic origin, sexual orientation and disability - were approved in 1999 (SE9903148F) and came into force in May. The issue of wage formation occupied both legislators and the social partners in Sweden during 1999 - a bill to create a new Mediation Authority was finally presented by the government in December 1999, following the breakdown of social partner talks in this area (SE9912110F).

Spanish legislative initiatives during 1999 also concentrated on equality and 'atypical' working. New legislation regulating temporary work agencies was

passed in July (ES99071140F), serving to improve the rights of workers employed by these agencies. In addition, legislation concerning the reconciliation of work and family life was passed in November (ES9911165F), also serving to transpose the EU Directives on parental leave and maternity protection (92/85/EEC).

The regulation of collective redundancies and the proper implementation of the EU Directives in this area (now consolidated in Directive 98/59/EC) also featured in several Member States' legislative programmes during 1999. Countries enacting legislative amendments in this area included the UK (UK9910134F) and Portugal (PT9907151N).

In some countries, notably the Netherlands and France, the legislative focus during 1999 was very much on the organisation of working time. In the Netherlands, 1 January 1999 saw the enactment of the Flexibility and

Subject	New legislation
European Works Councils	In the <i>UK</i> new legislation transposing the EWCs Directive came into force on 15 January 2000, while in <i>Austria, Denmark, Finland, Ireland, the Netherlands and Spain</i> , legislation amending existing legislation governing EWCs was adopted in 1999 following the extension of the Directive to the UK. In <i>Portugal</i> Law No. 40/99 of 9 June 1999 transposed the original 1994 EWCs Directive.
Industrial relations	In <i>Denmark</i> , the Conciliation Act was amended in the autumn of 1999 in order to enact new provisions governing the settlement of industrial disputes. This new legislation was based on a joint DA/LO proposal. In <i>Sweden</i> , the government issued a bill in November 1999 creating a new Mediation Authority which is intended to start work in June 2000.
Pay and benefits	In <i>Germany</i> , new legislation came into force on 1 January 1999 increasing statutory sick pay entitlement from 80% to 100% of former pay, thus reversing an amendment introduced by the previous government. In addition, new regulations governing bad weather payments in the construction industry came into force from 1 November 1999. All countries with existing national minimum wages (<i>Belgium, France, Greece, Luxembourg, the Netherlands, Portugal and Spain</i>) increased their rates in 1999, while in <i>Luxembourg</i> all wages, pensions and benefits rose by 2.5% from 1 August 1999 under the automatic indexation system. In the <i>UK</i> , the country's first-ever national minimum wage came into force on 1 April 1999.
Termination of contract	In <i>Greece</i> , legislation governing collective redundancies (Law 1387/1983) was amended in July 1999 and Presidential Decree No. 151 was enacted in August 1999, providing protection to workers in the event of their employer's insolvency. In <i>Portugal</i> , Law 32/99 of 18 May 1999 completed transposition of the EU Directive regulating collective redundancies. In the <i>UK</i> , statutory consultation procedures in the case of redundancies and transfers were reformed in July 1999.
Working time	In <i>France</i> the second item of legislation introducing the 35-hour working week was approved in December 1999 and came into force on 1 February 2000. In the <i>Netherlands</i> the working hours adjustment bill, granting employees the right to adjust their working hours upwards or downwards, was approved by the lower house of parliament in October 1999. In <i>Portugal</i> , legislation on part-time work, which was hotly debated during 1998, was finally adopted in 1999, along with Decree-Law 96/99 of 23 March 1999 regulating night work. In the <i>UK</i> , working time legislation which came into force in October 1998 was amended in December 1999.

Source: EIRO

Security Act (NL9901117F) which aims to make work organisation more flexible whilst slightly increasing security for employees engaged in more flexible forms of work. Another aim of this legislation was increased deregulation of temporary work through agencies. In addition, legislation allowing employees to adjust their working hours either upwards or downwards was passed by the lower house of parliament in October 1999 (NL9910170N), and a bill setting out a new framework for combining work with care responsibilities was proposed in February (NL9902126N).

In France, in addition to the collective bargaining agenda, the legislative programme was also dominated by the introduction of the 35-hour working week. The second item of legislation on the issue came into force on 1 February 2000 (FR0001137F) following its passage through the upper and lower houses of parliament during the latter part of 1999 and a review by the Constitutional Council.

The organisation and role of the social partners

1999 saw notable changes in the organisation of trade unions in some countries, as unions contemplated mergers and forms of enhanced cooperation in order to deal with issues such as globalisation and the emergence of new sectors, in addition to falling membership in some areas.

A restructuring of Norway's various trade union confederations has been ongoing for some years now, notably since a number of member unions left the Confederation of Norwegian Professional Associations (Akademikernes Fellesorganisasjon, AF) in 1997-8 to form a new organisation for academically qualified staff, Akademikerne. In January 1999, the Norwegian Society of Engineers (Norges Ingeniørforbund, NITO) also decided

to leave AF (NO9901111N), while the two largest teaching unions - the AF-affiliated Teachers' Union Norway (Lærerforbundet) and the independent Norwegian Union of Teachers (Norsk Lærerlag, NL) - are discussing a possible merger (NO9904127N). Finally, during 1999 the leaders of AF and the Norwegian Confederation of Vocational Unions (Yrkesorganisasjonenes Sentralforbund, YS) confederations made public their intentions to merge (NO9907140F), an initiative later joined by the Norwegian Police Federation (Politiets Fellesforbund, PF).

In Germany, five service sector unions trade decided in 1999 in favour of merging to form one large general services union, known as the United Service Sector Union (Vereinigte Dienstleistungsgewerkschaft, Verdi) (DE9911225F). This merger, to take place in 2001, will create the world's largest single union, with some 3.2 million members. In the UK, the financial services sector saw the merger of three unions in May 1999, to form UNIFI (UK9903193N). In addition, two major unions - Manufacturing Science Finance (MSF) and the Amalgamated Engineering and Electrical Union (AEEU) - held talks during 1999 on a possible merger, which, if it went ahead, would create the second-largest union in the UK (UK9912142N). A similar debate concerning the possible merger of a number of trade unions took place in Sweden, as a result of the increasingly blurred distinction between white-collar and university-educated employees, and between blue- and white-collar workers.

In terms of union cooperation, a number of Austrian unions signed a joint agreement in October 1999 in order to improve their presence in newly-established sectors such as information technology, telecommunications and data-processing (AT0001209N). In France, 1999 saw enhanced cooperation between some union confederations - including a joint declaration on the 35-hour week for managers by four confederations (FR9904176N) - and especially the strengthening of contacts between the two largest confederations, the General Confederation of Labour (Confédération générale du travail, CGT) and the French Democratic Confederation of Labour (Confédération française démocratique du travail, CFDT) (FR9902154F).

In some countries, a degree of disunity appeared between the main trade union confederations. In Italy, for example, a split opened up between the General Confederation of Italian Workers (Confederazione Generale Italiana del Lavoro, Cgil) and the Italian Confederation of Workers' Unions (Confederazione Italiana Sindacati dei Lavoratori, Cisl) which has hampered cooperation between these two confederations (IT9912137F).

The emergence of new sectors and decline of old sectors has resulted in trade union competition in some cases - in Denmark, for example, a dispute occurred in 1999 between the General Workers' Union

(Specialarbejderforbundet i Danmark, SiD) and the the Danish Postal Service Union (Dansk Postforbund) concerning the right to organise workers in the privatised postal service (DK9909146N).

Debate concerning the organisation and role of the social partners in Luxembourg has centred almost exclusively on the issue of nationally representative status, which a trade union must have if the agreements it signs are to be accepted by the Ministry of Labour. Support for the Federation of Private Sector White-Collar Employees (Fédération des Employés Privés, FEP) declined considerably during 1999, bringing its nationally representative status into question (LU9812185N). Furthermore, the Luxembourg Association of Bank Staffs (Association luxembourgeoise des employés de banque, ALEBA) and the Union of Private Sector White-Collar Employees (Union des Employés Privés, UEP) joined forces and signed a new collective agreement with employers in the banking sector in April 1999 (LU9905104F). However, the agreement was not accepted by the Minister of Labour on the grounds that ALEBA-UEP does not have nationally representative status (LU9912117N).

A number of changes also took place in 1999 regarding the organisation and role of employers' organisations. Since 1998, France's main employers' organisation has: changed its name - from CNPF to the Movement of French Enterprises (Mouvement des entreprises de France, MEDEF) - and overhauled its structure (FR9811140F); increased consultation with its grassroots and continued its campaign against the 35-hour week (FR9909109N); and launched a campaign for a 'new social constitution' (FR9912122F). On this last point, MEDEF is opposing what it perceives as state encroachment into trade union and employer jurisdictions, notably in the area of the management of social security funds. MEDEF threatened to pull out of these jointly-managed funds throughout 1999 and stated that it was not prepared to renegotiate the agreements on which the UNEDIC unemployment insurance system and the ARPE 'job substitution allowance' scheme are based. Nevertheless, both accords were extended for six months in December 1999, pending talks on MEDEF's proposals for reform (FR0001134F). In Norway, employers' organisations are experiencing increasing competition for members and there is also a trend towards broader representation of the social partners, on both the employer and the union side, in various forums - as witnessed by the establishment of a range of new committees in late 1998 and 1999 (NO9908145F). In the UK, 1999 saw press reports that the Confederation of British Industry (CBI) was discussing a possible organisational link-up with the British Chambers of Commerce.

A number of important employers' organisation congresses were held in 1999, such as the 25th anniversary congress of the Confederation of Portuguese Industry (Confederação da Industria Portuguesa, CIP) at which it outlined its future strategy (PT9905146F).

Industrial action

At European level, 1999 saw a number of transnational strike and protest actions as trade unions increased their international coordination. On 5 October, unions organised Europe-wide demonstrations of lorry and bus drivers in protest against the deadlock in the extension of the EU working time Directive to mobile workers and self-employed drivers in road transport (EU9910203F). In addition, the European Metalworkers' Federation (EMF) organised a European day of action in the shipbuilding industry on 5 November 1999 (EU9911208N), calling for measures to safeguard the sector and protesting against the perceived unfair competition from countries such as South Korea.

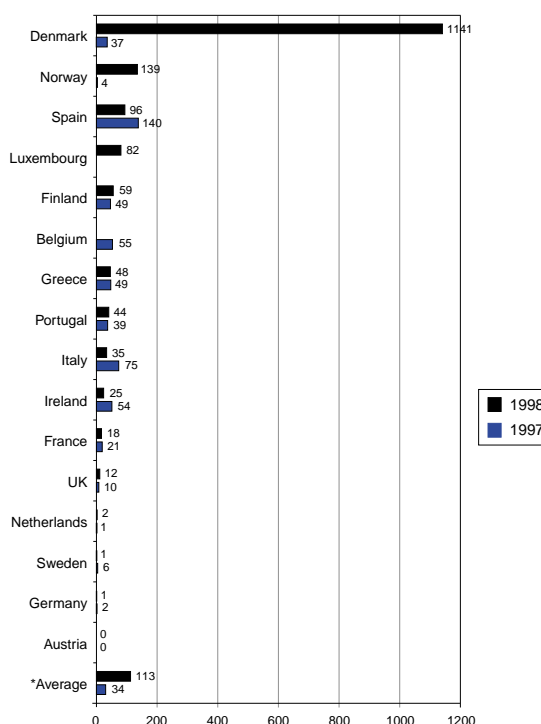
The incidence of industrial action decreased in 1999 in many EU Member States, although a number of countries experienced large conflicts confined to particular sectors. Countries where no days were lost due to industrial action included Luxembourg and Austria, although in the latter case, a number of warning actions took place which are not included in the official statistics. In the UK, available statistics show that strike action was at historically low levels during 1999, following the official figures for 1998 which had shown the lowest level of strike activity since records began in 1891. However, the UK did see some disputes, such as those involving university teaching staff and at Lufthansa (UK9907121N) and British Telecom (BT) (UK9912143N), in addition to threatened action by teachers (UK9904199N) and junior doctors (UK9910136N).

1999 was also a quiet year in terms of industrial action in Germany, although warning strikes accompanied collective bargaining in a number of sectors, including metalworking, public services, steel, printing, private transport and insurance. In addition, a number of actions were carried out at company level, within the context of bargaining or restructuring.

The social partners in Denmark were arguably still recovering from the major strike staged in the private sector in 1998 (DK9804166N) - 1999 recorded the lowest level of strikes since 1981 and the two major strikes of the year involved a one-week action by nurses (DK9905126N) and industrial action by midwives (DK9907135N).

In some countries, such as Spain, although there was a decrease in the overall number of days lost due to industrial action in 1999, the number of participants increased. High-profile disputes in Spain in 1999 took place in the shipbuilding (ES9912268F) and mining (ES9911263F) sectors, both of which are in the process of restructuring, with disputes centring on subsidy levels and employment. In addition, a general strike took place in the Basque Country over the issue of the 35-hour week (ES9905129N).

Figure 6. Working days lost through industrial action per 1,000 employees, 1997-8



Source: EIRO

Some countries experienced significant industrial actions during 1999. In Ireland, although the total number of days lost to industrial action decreased in 1999, compared with 1998, the year was marked by a national strike staged by some 27,000 nurses over pay and professional status (IE9910297N). The strike was called off after nine days and a settlement was subsequently accepted (IE9912202N). In Belgium, industrial action took place in 1999 in the banking sector (BE9911310N) over the issue of working time, seen by commentators as indicative of reactions to new demands made on employees as a result of mergers and acquisitions in that sector. In France, industrial action was largely linked to negotiations concerning the introduction of the 35-hour week (FR9912125F) and to specific issues, such as the renewal of the banking sector agreement (FR0001133F) or the tyre manufacturer Michelin's decision to reduce its workforce (EU9911210N). In Sweden, three major strikes took place during 1999 - the first staged by bus drivers over working time (SE9906175N), the second by taxi drivers over guaranteed pay increases (SE991003N), and the third by electricians over health and safety issues (SE9911104N).

Finland also had a relatively quiet year, although a significant one-month strike was staged in early 1999 by air traffic controllers, which accounted for 41% of the total number of days lost during the first half of the year (FI9902194F).

Table 4. Main features of the social partners' involvement in Member States' NAPs in 1999

Country	Involvement
Austria	In keeping with national decision-making traditions, the social partners were fully involved in drawing up all aspects of the NAP (AT9910201F) and commented on the government's final draft text. The social partners are also involved in the implementation of the Plan, by means of their representation on the governing board of the public employment service, AMS.
Belgium	Active social partner participation in drawing up and implementing the NAP is enshrined in the 1999-2000 intersectoral agreement, while texts with a social partner input form the basis for the Flemish, Walloon and Brussels regional contributions to the Belgian NAP
Denmark	The social partners were involved in drawing up the NAP at both central and regional level, with tripartite negotiations at central level on most NAP issues. The participation of the social partners in the NAP is perceived as reflecting their wish to strengthen tripartite negotiations. In particular, the LO union confederation believes that itself and the DA employers' confederation should take greater financial responsibility for continuing adult vocational training.
Finland	All the main social partner organisations appointed members of the working group charged with preparing the 1999 NAP. All basic elements of the NAP, such as economic development, strategic alignments and guidelines for lifelong learning, were discussed with the social partners.
France	The social partners felt in 1999 that they were better informed and more widely involved by the government concerning the NAP than in the previous year. However, they also noted that short timescales prevented a detailed input (FR9906189F).
Germany	The content of the 1999 NAP was based on the discussions between the social partners within the tripartite Alliance for Jobs forum (which debates and draws up measures designed to reduce unemployment) and the government discussed the resulting text with the social partners before forwarding it to the European Commission.
Greece	The government drew up the NAP with the help of the social partners (GR9906133F), although there are differences between the unions and the employers with regard to the Plan's objectives - the employers see it as a way of achieving lower labour costs and increasing competitiveness, while unions are anxious that it should not weaken the existing employee protection framework (GR9906134F).
Ireland	Trade unions have expressed dissatisfaction with their involvement in the 1999 NAP (IE9905137F), with the ICTU confederation maintaining that its input was limited to commenting on a draft prepared by the government rather than involvement in actually drawing up the text, even though the current national agreement, P2000, refers specifically to social partner involvement in drawing up the Plan. ICTU would like the social partners to be involved in the drafting of a text at least three months before the deadline for its completion.

The country with the largest increase in industrial action in 1999 was Italy, with a 24.6% rise over the first 11 months of the year, compared with 1998 figures. This increase was related to the renewal of a large number of sectoral collective agreements in 1999. In addition, there was a high incidence of industrial action in public transport, notably in the railways and air traffic sectors. Portugal also experienced an increase in the number of working days lost to industrial action in 1999, although the rise was relatively slight: strikes here are less often related specifically to pay and more often to issues such as working time and health and safety.

Comprehensive figures for industrial action in 1999 are not yet available in early 2000. Figure 6 provides data on the number of working days lost due to industrial action per 1,000 employees in 1998 and 1997 in the EU and Norway, as calculated by EIRO (with the caveat that many

figures are estimates and that industrial action statistics are notoriously difficult to compare - TN0003401U). Although the table indicates that there are considerable differences between the levels of industrial action in the various countries, it should be noted that levels of industrial action throughout the EU are generally at a low level, when compared with previous years (the 1980s, for example).

National Action Plans for employment

Following the adoption of the Amsterdam Treaty, with its new title on employment (EU9707135F), it was agreed at the European Council's special 'jobs summit' in Luxembourg in November 1997 (EU9711168F) that a European employment strategy should be built on the four main 'pillars' of employability, entrepreneurship,

Country	Involvement
Italy	The NAP, approved by the government in May 1999 (IT9905115N), stresses the importance of concertation between the government and the social partners at both national and local level.
Luxembourg	Luxembourg is the country which has had the most difficulty in drawing up its NAP. The 1998 NAP was discussed within a tripartite forum, which encountered severe difficulties mainly over the proposed amendment of working time legislation. Negotiations were so difficult and the resulting proposals came in for so much criticism during the year, that the 1998 NAP was not approved until 3 February 1999 (LU9902194N) and did not come into force until 1 March 1999. Meetings took place during 1999 concerning that year's NAP, although no concrete proposals had been approved by the end of the year - as the 1998 NAP came into effect so late, it is expected that the differences between the two years' NAPs will be minimal. In May 1999, a national conference discussed the possibility of implementing the NAP through collective agreements (LU9906108N).
Netherlands	No significant developments in the role of the social partners in the NAP were reported in 1999.
Portugal	The NAP was developed through interministerial cooperation, and with the participation of the social partners (PT9904137F). While the NAP is being hailed as a success, in that some 30% of unemployed workers have so far benefited from its measures, long-term unemployment remains a problem and trade unions have expressed doubt about the value of the NAP, arguing that the type of employment which has been created so far is of a temporary or precarious nature.
Spain	The 1999 NAP (ES9907239F) caused some controversy amongst the social partners - the text was rejected by the trade unions on the grounds that, in their view, the NAP places too much onus on unemployed people to improve their skills and find work, rather than concentrating on improving the structure of the labour market. The unions also claimed that the government had not fully involved them in drawing up the text (they state that only one meeting with the social partners was called by the government, one month before the NAP was passed, and that this was merely an information meeting).
Sweden	The 1999 NAP states that it is necessary to improve the wage formation process. Thus, in December 1999, the government proposed that a new Mediation Authority should be formed (SE9903150N). This announcement followed the inconclusive outcome of 'exploratory talks' on this issue between the social partners during 1998.
United Kingdom	The government consulted the CBI employers' confederation and TUC union confederation on the content of its 1999 NAP, following the practice adopted in 1998. Officials of the two organisations then drew up a joint contribution to the NAP covering issues such as employability, the modernisation of work organisation and the development of equal opportunities policies (UK9904198N).

Source: EIRO

adaptability and equal opportunities. Since 1998, a set of annual Employment Guidelines has been adopted by the Council covering the four pillars and setting out a number of specific targets for Member States to achieve in their employment policies. The Guidelines must be transposed into concrete measures by the Member States, through their National Action Plans (NAPs) for employment. Following 1998's first set of NAPs (EU9805107N) responding to the 1998 Employment Guidelines, Member States submitted NAPs for 1999 during summer 1999, analysing implementation of the 1998 Plans and describing the policy adjustments made to incorporate the changes introduced by the 1999 Employment Guidelines (EU9810130F). The Member States are asked to give the social partners the opportunity to make a specific input into the Plans on those aspects of the employability and adaptability guidelines which give them a direct role. National governments are also expected to consult the social

partners about the NAP as a whole and make appropriate arrangements for their views to be incorporated. However, this objective appears to be more fully realised in some Member States than in others, arguably largely due to the differing national industrial relations traditions. Further, some differences in attitudes towards the NAPs exist between employee and employer representatives. Table 4 above outlines the main features of the social partners' involvement in the NAPs in the 15 EU Member States in 1999.

Impact of EMU on bargaining and industrial relations

This issue has engendered a great deal of debate in recent years, particularly within the trade union community. While it is as yet difficult to foresee the real practical implications of the single currency, which was

launched as recently as 1 January 1999 and will not take the form of notes and coins in the 11 euro-zone countries until the first half of 2002, a variety of trade union initiatives took place in 1999, aimed at closer cooperation and coordination in order to avoid downward pressure on pay within the context of greater pay transparency. In addition, it appears to be becoming more commonplace for unions, within the context of their domestic bargaining, to link, implicitly or expressly, demands and outcomes to developments in neighbouring and competitor countries. This practice will arguably become more widespread as EMU becomes more concrete over the coming years.

A 1999 EIRO comparative study on the 'Europeanisation' of collective bargaining (TN9907201S) found a growing deployment of cross-country comparisons of pay, working conditions and employment practice in established bargaining arrangements at sector and enterprise levels within each country, and the development of forms of bargaining coordination across European borders (though with sectoral and national differences). So far the emphasis has been on *implicit* forms of coordination - that is the use by employers and unions of international comparisons, or developments in other countries, as benchmarks in sector and enterprise-level collective bargaining. Whereas implicit forms of coordination appear to be reasonably widespread, there are as yet relatively few instances of *explicit* coordination. Explicit coordination includes formal coordination of the bargaining agenda across borders and/or collective agreements whose terms are expressly contingent on developments in other countries. Reflecting this distinction, bargaining cooperation in the shape of exchange of information between, respectively, employers' associations and trade unions is rather more widespread than bargaining coordination as such.

At European level, coordination initiatives on the part of trade unions include developments such as the adoption by the European Metalworkers' Federation (EMF) of a 'coordination rule' in December 1998, under which the wage policy of affiliated unions must be to offset inflation and reflect productivity gains (DE9812283F). In June 1999, the European Regional Organisation of the International Federation of Commercial, Clerical, Professional and Technical Employees (Euro-FIET) - now part of UNI-Europa - adopted an action plan for a euro bargaining network which foresees the promotion of a coordinated bargaining strategy at the level of its trade sections. This builds on a strategy paper adopted in March 1998 (EU9809128F). Other initiatives in 1999 included: the adoption of an internal sectoral protocol on collective bargaining coordination strategy by the European Trade Union Federation - Textiles, Clothing and Leather (ETUF-TCL) in September (EU9910205N); the adoption of a declaration on coordinating bargaining at EU level by the European Graphical Federation (EGF) (now part of UNI-Europa); and an initiative by the

scaffolding sector of the European Federation of Building and Woodworkers (EFBWW) to improve coordination of union demands and strategies in order to prevent a deterioration of social standards (DE9911224N).

Concrete initiatives involving a number of individual countries include the 'Doorn declaration' made in 1998 by trade unions from Germany, the Netherlands, Luxembourg and Belgium, which sought to keep bargaining outcomes at a level corresponding to the development of prices and labour productivity increases (DE9810278F). These parties met in September 1999 in order to review the operation of this declaration (DE9909215N), maintaining that it has been successful, in that the outcomes of the 1999 round have fulfilled the criteria set out in the declaration.

At sectoral level, in March 1999 metalworking unions from Austria, the Czech Republic, Germany, Hungary, Slovakia and Slovenia adopted a joint memorandum on interregional collective bargaining policy (DE9904298F), stating their will to prevent possible 'wage dumping' strategies through closer coordination of bargaining (in line with an EMF strategy of establishing regional cross-border bargaining networks among its affiliates). Also in this sector, the Norwegian United Federation of Trade Unions (Fellesforbundet) called for greater European coordination of bargaining and, along with other metalworkers' unions in other Nordic countries, invited representatives from these unions to participate as observers in the run-up to Norway's spring 2000 wage settlements (NO9909152N).

Unions in Germany have in general been active in establishing cross-border contacts with other unions - for example: in the metalworking industry, IG Metall has invited union representatives from neighbouring countries to observe the bargaining round in some regions; in the construction industry, cooperation initiatives took place in 1999 between German and Polish trade unions (DE9911223N); in woodworking, German and Italian unions called for the establishment of a European collective bargaining committee aimed at defining common bargaining objectives (IT9907123N); and in chemicals, German and French unions signed a cooperation agreement covering areas including bargaining policy (DE9905201N).

Linking of actual bargaining demands and outcomes to those in other European countries appears to be gathering pace. In Belgium the current two-year intersectoral collective agreement states explicitly that hourly labour costs for full-time workers may not increase by more than the average of its three main neighbouring countries. In Sweden, commentators note that although this country is outside the euro-zone, most of the collective agreements concluded during 1999 kept pay increases within average levels agreed in other European countries.

In countries such as the Netherlands, debate concerning EMU has so far largely taken the form of warnings from employers to keep pay increases down. In Luxembourg too, the debate is as yet in its infancy, although the social partners realise that EMU will have significant implications for the country's banking sector, an industry which is of key national importance.

In some countries, particularly those which are currently outside the euro-zone, trade unions have drafted a variety of position papers concerning the potential consequences of EMU. In the UK, EMU was actively debated within TUC during the year (UK9905102F), culminating in TUC's 1999 annual congress voting for a resolution favouring UK entry early in the new decade, even though this position was not supported by the TUC's two largest affiliates (UK9909129N). Similarly, in Greece, trade unions published a study on the expected impact of EMU on pay and employment if Greece were to join the single currency (GR9812101F), followed by a report in May 1999 on the potential effects in the banking sector (GR9905127F). In Denmark, LO issued a report in September 1999 recommending that Denmark should join the third stage of EMU and foreseeing that EMU could in the long term force a European harmonisation and coordination of collective bargaining demands, a development which has already started (DK9909144F).

Finally, the new European employment pact, which was adopted at the European Council summit in Cologne in June 1999 (EU9906180N), might exert a certain influence on bargaining at national and sectoral level. The new European 'macroeconomic dialogue' between representatives from social partners' organisations, Member States, and European institutions including the European Central Bank, established by the pact, aims to create 'to the greatest possible extent, a mutually supportive interaction within EMU between wage developments, fiscal policy and monetary policy'. Although it is stated that this new 'macroeconomic dialogue' will not be 'questioning the autonomy of the social partners in collective bargaining', it can be assumed that more intensified debates on, for example, wage policy at European level, will have their influence on national collective bargaining.

Employee representation

Developments in the area of employee representation in 1999 largely concerned European Works Councils (EWCs) and the transposition of the EU Directive on this issue. In some countries, national EWCs legislation has only just been enacted, while in others, the establishment of individual EWCs was the main development in 1999 (some 69 new EWC agreements were concluded during the year, according to the European Trade Union Institute). In some countries, however, new national legislation on employee representation was either enacted or debated and 'social elections' of employee representatives were also held in some Member States.

EWCs legislation was published in December 1999 in the UK and came into force on 15 January 2000 (UK0001146N). This country was not covered by the original 1994 Directive by virtue of its 'opt-out' from the Maastricht Treaty's Agreement on Social Policy. Once the new Labour government had decided to opt in, an 'extension' Directive (97/74/EC) was adopted in December 1997, applying the 1994 Directive's provisions to the UK. The implementation date for this Directive was 15 December 1999. The inclusion of the UK within the scope of the EWCs Directive has meant that many countries are obliged to amend their national implementing legislation. For example, Austria, Denmark, Finland, Ireland, the Netherlands and Spain amended their legislation during 1999.

Portugal also enacted national legislation implementing the original EWCs Directive in 1999 (PT9912176F), somewhat belatedly. In Luxembourg, implementing legislation is still not in place, despite a ruling from the ECJ in 1999 (EU9911209N) and the existence of draft legislation. During the ECJ hearing, the Luxembourg government had argued that the majority of companies in Luxembourg which are covered by the Directive already have voluntary agreements in place. However, the ECJ still ruled that Luxembourg had failed in its obligations to implement Community legislation in this area. The enactment of Luxembourg's implementing legislation is expected in 2000.

National-level employee representation developments include the drawing up of new statutory trade union recognition procedures in the UK, within the context of that country's new Employment Relations Act. Although the union recognition provisions are not scheduled to enter into force until after Easter 2000, there is evidence that they are already affecting employer attitudes, resulting in an increase in union recognition agreements (UK9902183N). The issue of trade union recognition also featured strongly in Ireland, where a high-level group debated the subject and reached an agreement in 1999 which was accepted by all social partners (IE9903135F). Under the agreement, the voluntarist approach to recognition will be retained, although there is provision for the Irish Labour Court to issue a binding recommendation if employers reject or abuse the voluntary procedures. The Court's recommendation would not oblige companies to recognise trade unions, but it may issue binding determinations on issues such as pay and employment conditions.

In Germany, the debate centred on this country's co-determination system, with unions demanding its protection in the context of developments such as the merger of Hoechst and Rhône-Poulenc (FR9812146F) and Vodafone's hostile takeover bid for Mannesmann (DE9911220F). In the Netherlands, trade unions concentrated their efforts on an attempt to reform company law with a view to allowing genuine 'worker directors' to sit on the supervisory board of companies.

However, employers are calling for the proposed legislation to be postponed and incorporated with other proposals concerning issues such as defensive measures against hostile takeovers (NL9910166F).

Developments relating to employee representation at national level included the first elections to Rsu representative bodies at the national post office in Italy, which took place in November 1999 (IT9911348F) and which resulted in federations affiliated to Cgil, Cisl and Uil receiving a total of around 80% of the votes. In France, elections were held in December 1999 for employee representatives on joint committees in the public education, teaching and vocational guidance sector: the United Union Federation (Fédération syndicale unitaire, FSU), which is opposed to current education reforms, maintained its leading position (FR0001128N). Also in France, the introduction of the 35-hour week has had consequences in terms of employee representation, and debate during 1999 focused on the issue of the representative status of trade unions, within the context of signing 35-hour week agreements (FR9909104F).

New forms of work

The social partners and legislators in the majority of countries recognise that new ways of working should be encouraged for a variety of reasons, including helping employees to balance work and life more effectively and helping employers to be more flexible in the way they conduct their business. While employers are keen to create a framework which allows a great deal of flexibility to companies, unions are anxious to limit any potential employer abuse of increased flexibility and to provide as much security as possible for employees working in more flexible ways - notably those with part-time, fixed-term and temporary contracts, teleworkers and those who work very flexible hours, including those with 'zero-hours' contracts. The proportion of the workforce which is employed on an 'atypical' basis is increasing in the majority of countries. In particular, the number of part-time workers is reaching significant proportions - 25% in the UK, for example. In the Netherlands, the proportion of part-timers, at around 37%, is the highest in the EU. Other forms of atypical working - notably temporary agency work as regulations governing temporary employment agencies are being relaxed (TN9901201S), and teleworking as the advance of new technology continues - are growing, engendering social partner debate concerning the potential consequences.

Much has been accomplished at EU level to create a balance between flexibility and security, in the form of the social partner agreements and subsequent Directives on part-time work (97/81/EC) and fixed-term contracts (99/70/EC). In individual countries, much of the activity in this area in 1999 concerned the drawing up of legislation to implement these Directives (see above under 'Legislative developments'), in addition to the drafting of

laws which regulate temporary work agencies, the operation of which is still comparatively recent in some countries.

In Spain, for example, temporary employment agencies have been operating only since 1994. Due to concerns about terms and conditions for the employees of these agencies, new legislation was enacted in 1999 providing for increased protection for these workers, particularly in the area of pay (ES9907140F). Many countries still have tight restrictions on practices such as the use of fixed-term contracts and the use of temporary employment agency employees, and are in the process of relaxing these rules. This is the case in Norway, where a relaxation of legislation covering temporary work agencies was debated in parliament in the autumn of 1999 (NO9912168F).

In Finland, the new government's policy programme included a large number of measures aimed at introducing more flexibility into working life, with the aim of developing labour legislation into a 'balanced entity' which meets both companies' needs for flexibility and employees' needs for security (FI9904101F). In Portugal, although non-standard forms of working are increasing and fixed-term contracts accounted for over 16% of all contracts signed in the second quarter of 1999, part-time and temporary work is not widespread. However, a number of trade union and government initiatives to debate new forms of working took place during 1999. In the Netherlands, significant new legislation on flexibility and security came into force on 1 January 1999 (NL9901117F), along with legislation allowing employees to adjust working hours (NL9910170N).

The social partners in Italy have been actively involved in the amendment of legislation governing temporary work agencies - in November 1999 the social partners in the temporary employment sector concluded an agreement relaxing the regulation of agency work (IT9912135N), which then formed the basis for legislative amendments. Thus, temporary agency employees can now be used in agriculture and in the construction sector and in the case of low-skilled and unskilled workers.

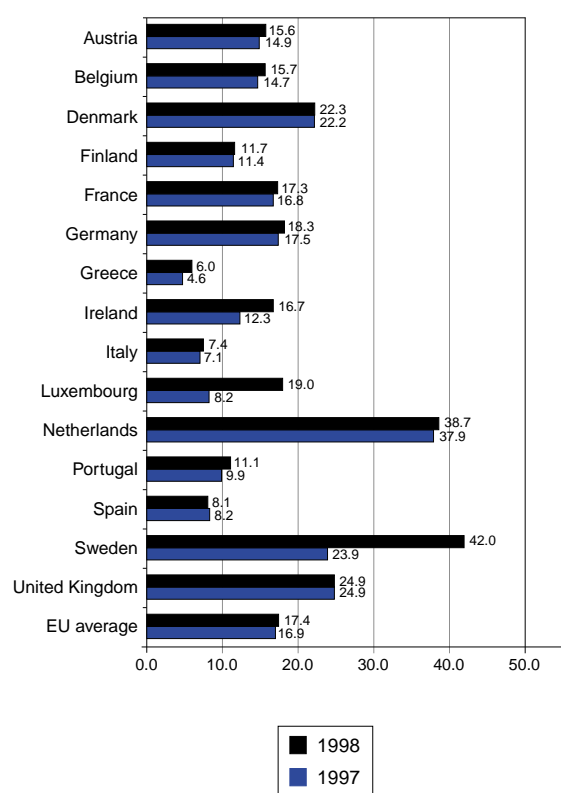
The debate on new forms of work in Germany largely took place within the Alliance for Jobs forum during 1999 (DE9907219F), which called for the creation of more part-time work - around 14% of the workforce is estimated to work on a part-time basis in Germany.

In Austria, as in many other countries, the proportion of the workforce which is employed 'atypically' is rising, although the use of temporary employment agencies is comparative low. Trade unions are demanding amendments to existing legislation in order to provide for adequate protection for atypical employees and are endeavouring to include within the scope of collective bargaining part-time workers and people on very low pay

as a consequence of working very few hours, in order to extend to them some form of collectively-agreed protection.

The French debate concerning new forms of work is, as with almost all issues in France, linked to the introduction of the 35-hour week. The government hopes that companies will restructure working time organisation within the context of hours reductions, thus introducing more flexibility. There is evidence that this is happening - see above under 'Collective bargaining'. In addition, the government has been encouraging the introduction of part-time working since 1992 by means of state subsidies in the form of reduced social security contributions, although this will be phased out by February 2001.

Figure 7. Part-time work in EU member states, % of total employment, 2nd quarter 1997 and 1998



Source: Eurostat

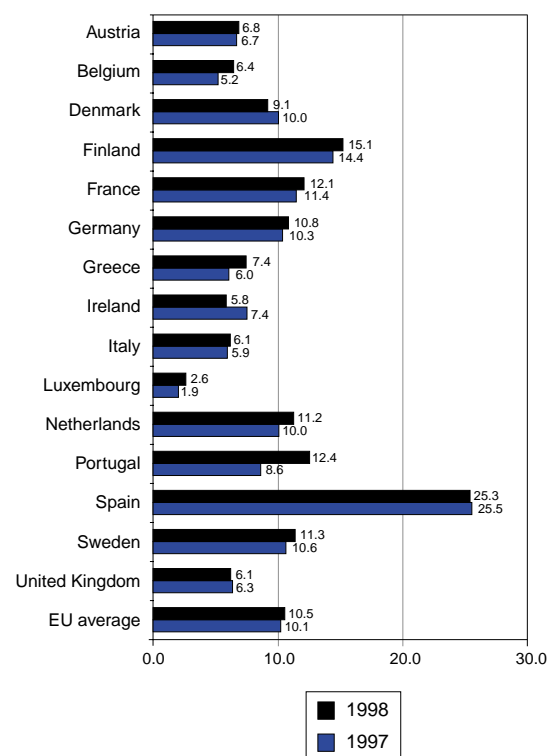
Outlook

Many of the issues which have dominated industrial relations throughout 1999 are set to occupy the social partners further during 2000. In terms of collective bargaining, the social partners in Ireland were occupied during the first few months of the year with the negotiation of a new national-level agreement, which was concluded in draft form in February 2000. Subject to endorsement by the members of ICTU and IBEC, it will take over from the current accord, which expires at the end of March 2000. Similarly, in Greece, the social partners will be engaged in negotiating a new national accord, and in Sweden unions will begin to draw up their

bargaining platforms in advance of the renegotiation of the sectoral agreements which expire in the spring of 2001. The 2000 bargaining round will be a 'main' round in Norway and will no doubt prove to be interesting, given the tensions in 1999 between the unions involved, and the question of whether pay moderation can be maintained in an environment of low unemployment and labour shortages in some sectors. In Finland, the social partners will have to make a decision during 2000 regarding whether or not to return to national-level bargaining. The 2000 round is being conducted on a sectoral basis, although if one-year agreements are negotiated, scope remains for a return to centralised bargaining in 2001. Similarly, the first months of 2000 in Denmark were dominated by the renegotiation of agreements in the DA/LO area (which concluded successfully in February 2000) - commentators note that all parties were anxious to avoid a repetition of the major strike in 1998.

In terms of pay, much will depend on the outcome of the German metalworking round. If IG Metall succeeds in securing a relatively high increase, other sectors in Germany are likely to follow suit and this will also have a knock-on effect in the rest of the EU. Nevertheless, there are pressures for pay moderation from unions in some countries - the union confederations in Norway are committed to pay moderation (though disagreeing on the distribution of the moderate pay rises), as is LO in Sweden.

Figure 8. Temporary work in EU member states, % of total employment, 2nd quarter 1997 and 1998



Source: Eurostat. Includes seasonal work, fixed-term contracts, temporary agency work, fixed-term training contracts and fixed-term probationary contracts.

Debates on working time and the organisation of work will no doubt continue during 2000, particularly in France, where the second 35-hour week law will be in its first year of operation - in this country, there will be much interest in whether this initiative is having any success in creating employment. In Sweden, commentators expect that the government may introduce a bill during 2000 on the reduction of working time. The introduction of an extra week of annual holiday entitlement is likely to feature prominently in this year's main bargaining round in Norway (as has occurred in Denmark).

In terms of the structure of the labour market, many countries will be continuing with the privatisation measures initiated in recent years. In Greece, for example, the privatisation programme initiated in September 1999 will be continued and commentators expect this to cause a certain amount of social tension, related particularly to wage freezes.

In political terms, Austria has a controversial new government which will no doubt have an impact on this country's social and employment policy. General elections are expected in 2000 in Spain and in Greece.

Labour market policy will also continue to dominate social policy discussions, as Member States draw up and implement their 2000 NAPs within the framework of the Employment Guidelines. The emphasis in 2000 will, according to the new Guidelines, be on issues such as access to the internet, 'active ageing', the preventative approach to unemployment, involving the social partners in the modernisation of work organisation, and the role of the public employment services in local-level job creation. In this regard, the Netherlands appears to be one of the few countries which is in the position of suffering from labour market shortages (the same problem also exists in Sweden to some extent) and this will be the issue on which the social partners in this country will be focusing during 2000.

Social security is another issue which will be under discussion in 2000 in some Member States. In Spain, the

renewal of the 1995 'Toledo Pact' on this issue is expected to dominate discussions following the March 2000 general elections. Debate is likely to cover pension provision, the separation of sources of social security income and the extension of subsidies and unemployment cover - the negotiations are expected to be difficult. In France too, there is likely to be heated debate amongst the social partners concerning their joint regulation of social security funds. The current agreement governing unemployment insurance has been extended until mid-2000 and so must be renegotiated. The talks are expected to be difficult as the central employers' organisation, MEDEF, had throughout 1999 been threatening to withdraw from the joint regulation of social protection funds. In Denmark, a debate on the reform of social insurance is expected during 2000, particularly with regard to increased tripartite regulation. Social security will also retain its high profile in Dutch industrial relations.

Finally, 2000 is likely to be a key year in countries outside the euro-zone in terms of decisions about whether to participate in the single currency. In Denmark, the debate is expected to enter into a decisive phase in 2000, with a referendum to be held in September. In Sweden, 2000 is also expected to be a crucial year in terms of this debate, although no referendum date has been forecast. In the UK, preparations have been made, in the form of the publication of a government national changeover plan in the event of the UK's participation in the single currency. However, the debate in the UK is as yet inconclusive. Both CBI and TUC favour EMU entry, though some major unions and elements of the UK business community continue to take a more 'euro-sceptic' stance. The Labour government supports the principle of EMU, but is committed to holding a referendum on the issue. The prospects for and timing of UK entry therefore remain uncertain and will depend on favourable economic and political conditions. In Greece, the government is aiming to bring this country's economic indicators into line with the requirements for EMU before any decisions concerning a referendum can be made.

Transnational: 1999 Records

January	<i>Studies</i>	Temporary agency work in Europe	TN9901201S
March	<i>Studies</i>	A new organisation of work: the EU Green Paper and national developments	TN9903201S
May	<i>Studies</i>	Industrial relations in SMEs	TN9905201S
July	<i>Studies</i>	The 'Europeanisation' of collective bargaining	TN9907201S
September	<i>Studies</i>	Posted workers and the implementation of the Directive	TN9909201S
December	<i>Studies</i>	Privatisation and industrial relations	TN9912201S

EU-LEVEL DEVELOPMENTS

Economic developments

1999 was characterised by a number of important developments which will have a significant impact on both the economic and political functioning of the European Union. The most far-reaching economic event of 1999 was the successful launch, on 1 January 1999, of the third stage of Economic and Monetary Union (EMU) and the European single currency, the euro. The single currency covers 11 of the 15 EU Member States (the excluded countries are Denmark, Greece, Sweden and the UK). The launch went smoothly and although the euro fell somewhat in value against other currencies in the year following its launch, the currency is stable. The value of one euro was USD 1.0094, GBP 0.618 and JPY 105.81 on 17 January 2000. The next important date in the single European currency calendar is 1 January 2002, when the process of introducing euro notes and coins will begin, to be completed by 1 July 2002.

According to Eurostat figures, GDP growth in the 15 EU Member States was 2.2% in the fourth quarter of 1999 (2.25% in the 'euro-zone' countries) and the inflation rate was 1.7% (also 1.7% in the euro-zone countries). In terms of employment, general employment growth was 1.5% in the third quarter of 1999 (1.6% in the euro-zone countries) and the unemployment rate as at December 1999 was 9.6%. Labour costs increased by a total of 2.7% in the year to the third quarter of 1999 (2.2% in the euro-zone).

Political developments

Key political events in 1999 centred on the appointment of a new European Commission and the election of a new European Parliament (EP). The Presidency of the European Council was held by Germany in the first half of 1999 and by Finland in the second half of the year.

All members of the European Commission resigned in March 1999 following the publication of a report into mismanagement. However, the former Commission continued in office for the subsequent six months until a new Commission, containing some of the previous Commissioners, was appointed. The new Commission, under its new President Romano Prodi (EU9907185N), took office in September 1999. It includes a new Employment and Social Affairs Commissioner, Anna Diamantopoulou, who takes over from the previous incumbent, Pádraig Flynn.

The fifth elections to the European Parliament took place in June 1999, with a total of 10,000 candidates contesting the EP's 626 seats. The elections resulted in an increase in support for the European People's Party and

European Democrats (EPP/ED) group within the EP, which groups representatives from conservative, christian democrat and centre-right parties in the Member States. This group now holds 233 seats (up from 201 before the elections), making it the largest political grouping within the EP. The EPP/ED group's gains were largely at the expense of the Party of European Socialists (PES), which saw its share of seats fall from 214 to 180.

This swing to the centre-right in the EP may have important implications for legislative initiatives in the social policy field, particularly as, under the Amsterdam Treaty (which is now in force – see below) the EP has increased powers by virtue of the fact that the co-decision procedure for legislative decision-making has been extended to a number of new legal bases.

1999 also saw the entry into force of the Amsterdam Treaty on 1 May 1999 (EU9905175N), almost two years after its initial conclusion (EU9707135F). The new Treaty introduces a number of innovations, including: the extension of co-decision to a wide range of social policy areas; the inclusion of an anti-discrimination article (Article 13); the inclusion of a new chapter dedicated to employment; the inclusion in the main text of the Treaty of the provisions formerly contained in the social policy Agreement, which was annexed to the Maastricht Treaty, thus putting a formal end to the UK's exclusion from social policy initiatives based on these provisions; and a complete renumbering of Treaty Articles.

However, a number of what are seen as key institutional reform issues in preparation for the next wave of enlargement were not dealt with by the Amsterdam Treaty, notably:

- the recalculation of the number of Commissioners allotted to each Member State;
- the reweighting of votes in the Council of Ministers; and
- the extension of qualified majority voting in order to avoid a complete stagnation of the decision-making process once the EU is enlarged to 20 or more members.

In the light of this, a new Intergovernmental Conference (IGC) has been convened in 2000 in order to resolve these issues (EU0002229F).

Legislative developments

As indicated by table 1, a number of legislative developments took place in 1999, comprising new proposals from the Commission, progress of existing proposals through the EU decision-making machinery, including the adoption of some, and statements of intent to issue new proposals.

The year saw a number of significant developments in the area of working time, especially in relation to the

extension of the 1993 Directive (93/104/EC) on certain aspects of the organisation of working time to previously excluded sectors and activities (road, air, sea, inland waterway and lake transport, sea fishing, other work at sea and doctors in training). Following a White Paper in July 1997 (EU9707138N) - stating that social partner agreements were the best method of extending the Directive's provisions - and further consultations launched in March 1998 (EU9804102N), the Commission in November 1998 (EU9901144F) issued a package of legislative proposals designed to extend some or all of the protection afforded by the Directive to those excluded workers and sectors which had not been the subject of social partner agreements (agreements on the organisation of working time have been concluded in the maritime sector and the rail sector). The various proposals met differing fates during 1999:

- the proposal for a 'horizontal' Directive to extend Directive 93/104/EC to non-mobile workers in excluded sectors and to provide some basic protection for mobile workers, was debated in Council throughout 1999. The Council reached a common position in July 1999 (EU9906178F) and the EP (under the co-decision procedure) proposed a number of amendments, not all of which have been accepted by the Council. A conciliation committee has now been convened to try to broker an agreement;
- the proposal for a Directive on the organisation of working time for mobile workers in the road transport sector (following the breakdown of social partner talks in this sector on 30 September 1998 – EU9809127F) was also debated throughout 1999

(EU9910203F). Agreement remains elusive so far in Council, largely due to disagreement over whether or not the proposal should include self-employed drivers;

- the Directive giving legal effect to the 30 September 1998 sectoral social partners' agreement on the organisation of working time in the maritime sector (EU9802182F) was adopted in June 1999 (EU9906178F); and
- the Directive concerning the enforcement of seafarers' hours of work on board ships using Community ports was adopted in December 1999.

Proposals for equality legislation also figured prominently in 1999, with the Commission proposing a broadening of EU legislation in this area, moving away from the narrow focus on sex equality. The inclusion of a new anti-discrimination Article in the Amsterdam Treaty (Article 13) provides a legal base for Community legislative initiatives designed to combat discrimination on a wide range of grounds – sex, racial or ethnic origin, religion or belief, disability, age and sexual orientation. On 25 November 1999, the Commission issued its first set of proposals based on Article 13 (EU9912218F). As well as a Communication and a proposed Council Decision establishing a 2001-6 Community Action Programme to combat discrimination, this package included two proposed Directives: one establishing a general framework for equal treatment in employment and occupation; and one implementing the principle of equal treatment between persons irrespective of racial or ethnic origin. These proposals have been hailed as innovative and, if adopted, will considerably widen the field of existing EU anti-discrimination legislation. They

Table 1. Main EU social policy legislation adopted and proposed in 1999

Atypical work	The intersectoral social partners at European level (CEEP, ETUC and UNICE) concluded a framework agreement on fixed-term work on 14 January 1999, which was formally signed by the parties on 18 March 1999. Council Directive 1999/70/EC concerning the framework agreement on fixed-term work, giving the accord legal effect, was issued on 1 May 1999 and adopted on 28 June 1999.
Employment	Council Directive 1999/85/EC amending Directive 77/388/EEC as regards the possibility of applying on an experimental basis a reduced VAT rate on labour-intensive services was adopted on 22 October 1999.
Equality	Draft Directives on establishing a general framework for equal treatment in employment and occupation and on implementing the principle of equal treatment between persons irrespective of racial or ethnic origin were issued on 25 November 1999.
Health and safety	Directive 1999/38/EC amending for the second time Directive 90/394/EEC on the protection of workers from the risks related to exposure to carcinogens at work and extending it to mutagens was adopted on 29 April 1999.
Working time	Directive 1999/63/EC concerning the agreement on the organisation of working time of seafarers concluded by the European Community Shipowners' Association (ECSA) and the Federation of Transport Workers' Unions in the European Union (FST) was adopted on 21 June 1999. Directive 99/95/EC concerning the enforcement of seafarers' hours of work on board ships using Community ports was approved (as a common position) by the Council in July 1999, approved by the EP at second reading in November, and adopted on 13 December.

were presented briefly to the 29 November 1999 Labour and Social Affairs Council of Ministers (EU9912215N) but have yet to be discussed in detail. As the legal base for these proposals is Article 13, they are subject to unanimity in Council.

Other significant legislative events in 1999 included the adoption of the Directive implementing the social partners' March 1999 agreement on fixed-term work.

The organisation and role of the social partners

The year was an active one in terms of EU-level social dialogue, at both intersectoral and sectoral level.

At intersectoral level, the main event of 1999 was the conclusion of an agreement between the European Trade Union Confederation (ETUC), the Union of Industrial and Employers' Confederations of Europe (UNICE) and the European Centre of Enterprises with Public Participation and of Enterprises of General Economic Interest (CEEP) on the regulation of fixed-term contracts. The agreement was concluded on 14 January (EU9901147F) and formally signed on 18 March (EU9903162N), thus forming the third social partner agreement of this nature - following the 1995 agreement on parental leave and the 1997 agreement on part-time work (EU9706131F). As with the two previous social partner agreements, the fixed-term contracts accord has, as mentioned above under 'Legislative developments', been given legal effect by a Directive, which must be implemented in Member States by 10 July 2001. Other intersectoral dialogue activities during 1999 included work on a joint social partners' study of 'best practice' and 'factors for success' in the area of agreements balancing flexibility and security, as promoted by the EU Employment Guidelines, and joint seminars on telework and complementary social protection. Finally, the new macroeconomic dialogue established by the European employment pact approved by the European Council in June 1999 (see below under 'European employment strategy') adds a new facet to the role of the social partners.

The future development of the intersectoral dialogue was subject to debate in 1999 (EU0001224F). In March, ETUC made proposals to UNICE and CEEP for a social dialogue work programme involving the negotiation of framework agreements on issues such as temporary agency work, telework, access to life-long learning and complementary social protection. For their part, the employers' organisations are reported to want a more limited work programme. It was not clear at the end of 1999 which issues would be addressed next in the intersectoral dialogue.

The social dialogue at European sectoral level gained momentum during 1999. The sectoral dialogue was overhauled following a Commission Decision (98/500/EC) adopted in May 1998 (EU9806110F), which replaced

existing social dialogue structures with new sectoral dialogue committees. By February 1999, social partners in almost all recognised sectors had submitted applications for the establishment of new committees and new sectors were applying to join the dialogue (EU9902150F).

The sectoral dialogue in the commerce sector between EuroCommerce and the European Regional Organisation of the International Federation of Commercial, Clerical, Professional and Technical Employees (Euro-FIET) (now part of UNI-Europa - see below) was particularly fruitful in 1999, with the establishment of working groups in areas such as: employment; education and vocational training; electronic commerce; racism and xenophobia; child labour; and wholesale trade and commercial sales agents. On 6 August, the sectoral social partners signed an agreement on fundamental rights and principles at work (EU9911213F), which covers the elimination of forced labour, a ban on child labour, the elimination of discrimination, freedom of association and the right to collective bargaining. Late in the year, a draft agreement on combating racism and xenophobia was reportedly sent out to members for ratification. The partners' work on electronic commerce included launching a new training project aimed at helping the retail and wholesale trade to adapt to the new form of commerce (EU9905172F). Furthermore, in September, the social partners agreed to pursue a series of further objectives, and agreed to negotiate European framework accords on 'distance work with computers' - telework - and on protecting older workers in the context of structural and technological changes.

Other significant sectoral dialogue developments during 1999 included: a joint declaration on equal opportunities in the local government sector, signed on 8 March 1999 (EU9903158F) by the Council of European Municipalities and Regions Employers' Platform (CEMR-EP) and the European Federation of Public Service Trade Unions (EPSU); and pledges of closer cooperation in the public administration sector, made at a conference held in November (EU9911212F).

With regard to the structure of social partner organisations, the main event of 1999 was the decision of four International Trade Secretariats - the International Federation of Commercial, Clerical, Professional and Technical Employees (FIET), the Communications International (CI), the Media and Entertainment International (MEI) and the International Graphical Federation (IGF) - to merge, forming one 'super-union', Union Network International (UNI) (OEU9909192N). The decision was taken at the four organisations' congresses in September and October 1999 and UNI was formed at the start of 2000. The European regional organisations of the four international bodies have also merged, to form UNI-Europa, which has affiliated with ETUC.

Another important development in European-level trade union organisation was the conclusion of a 'protocol of

cooperation for the European social dialogue' between the two principal organisations which seek to represent the specific interests of managerial and professional staff at European level - the ETUC-linked Council of European Professional and Managerial Staff (EUROCADRES) and the European Managers' Confederation (Confédération Européenne des Cadres, CEC). The protocol provides for the establishment of a liaison committee, the future participation of the two organisations in the institutions and processes of the social dialogue, and greater cooperation (EU9908186F).

ETUC held its ninth statutory congress in Helsinki in June-July 1999 (EU9907182F). The congress emphasised the importance of the development of a European system of industrial relations and the greater coordination of economic and social policies in the EU. The congress also adopted a new plan to promote equality in ETUC, which aims to increase the representation of women in collective bargaining and trade union decision-making bodies, and to tackle persistent pay inequalities.

On the employers' side, the main organisational development to come to light in 1999 was an agreement between the presidents of UNICE and of the European Association of Craft and Small and Medium-sized Enterprises (UEAPME) to strengthen collaboration between the two organisations within the social dialogue (EU9903159F)

Industrial action

1999 saw a number of strikes and other protest actions at EU level, often linked to particular Community policies, as trade unions continued to increase their international coordination. On 5 October, an EU-wide demonstration of lorry and bus drivers was organised in protest against the continuing deadlock in moves to include within the scope of the EU working time Directive mobile workers in this sector and self-employed drivers (EU9910203F) - see above under 'Legislative developments'. This campaign was coordinated by the European Transport Workers' Federation (ETF) and timed to coincide with a meeting of the EU Transport Council of Ministers. Although this European-wide demonstration did much to highlight the problems in this sector, agreement on the inclusion of these workers within the scope of the Directive remains outstanding.

In the shipbuilding industry, a day of action took place on 5 November (EU9911208N), coordinated by the European Metalworkers' Federation (EMF) and carried out by affiliated trade unions in the Member States. EMF presented a package of demands to the November Industry Council of Ministers, including a request for the EU institutions to draw up an active policy for the European shipbuilding industry, the opening of negotiations aimed at curbing competitive practices between the EU and South Korea, and the conclusion of

an Organisation for Economic Cooperation and Development (OECD) agreement aimed at eliminating global distortions in competition.

The European Mine, Chemical and Energy Workers' Federation (EMCEF) organised an 'action day' on 11 May 1999 to coincide with a meeting of the EU Energy Council. The initiative sought to highlight the perceived negative impact of the liberalisation of gas and electricity markets on employment (EU9903163N).

There were also a number of cross-border European actions and protests within multinational companies in 1999, usually reacting to restructuring and cutbacks. For example, a European day of action was organised at the anglo-dutch Unilever in February 1999 by trade unions protesting against an alleged lack of information and consultation prior to the closure of various of a number of European sites (EU9902153N), while Michelin's large-scale redundancy plans also drew cross-border protests (EU9911210N).

European employment strategy

Average levels of unemployment in the EU remain relatively high, at around 9% in 1999. In order to try to tackle this problem, the EU has developed an employment strategy, launched at the special European Council jobs summit held in Luxembourg in November 1997 (EU9711168F), following the conclusion of the Amsterdam Treaty, and its new employment chapter (EU9707135F). This strategy is based on the issuing of annual Employment Guidelines, implemented through Member States' National Action Programmes (NAPs) on employment. The strategy gained momentum during 1999, the year in which it completed its second annual cycle. Member States' NAPs for 1999, drawn up on the basis of the 1999 Employment Guidelines which were issued by the Commission in the autumn of the previous year (EU9810130F) and subsequently adopted by the Council, were presented to the Commission for assessment in 1999. As in the previous year, the 1999 Guidelines were based on four 'pillars':

- employability;
- entrepreneurship;
- adaptability; and
- equal opportunities.

The Commission's assessment of Member States' 1999 NAPs was issued on 8 September 1999 (EU9909187F). The evaluation of performance varied according to Member State, but in general, the Commission identified nine key areas where it believes that extra effort is required on the part of Member States:

- tackling youth unemployment;
- preventing long-term unemployment;

- reforming tax and benefit systems, with a particular focus on older workers and women;
- promoting lifelong learning;
- creating job opportunities in services;
- reducing the fiscal pressure on labour;
- modernising work organisation;
- tackling gender issues in the labour market; and
- improving labour market indicators and statistics.

On the basis of these priorities, the Commission also, for the first time, proposed that the Council issue (non-binding) recommendations to Member States on how they could improve the implementation of their NAPs. This move caused a certain degree of controversy amongst some Member States, which took the view that it was too early in the process to issue such recommendations and that this move (provided for in the Treaty's employment chapter) was intended to be used as a last resort rather than a regular occurrence. Nevertheless, the majority of the recommendations were approved by the Labour and Social Affairs Council (EU9912215N) and subsequently endorsed (along with the 2000 Employment Guidelines - see below) by the European Council meeting in Helsinki in December 1999 (EU0001219N).

The Commission's guidelines to Member States for 2000 retain much of the format of the guidelines for the two previous years. The four-pillar structure remains, as the Commission notes that it has so far served the process well. The main amendments to the guidelines for 2000 are as follows:

- making the preventative approach to unemployment more concrete, by urging Member States to intervene early in the case of each individual;
- developing computer literacy, equipping schools with computers and facilitating access to the internet;
- involving the social partners in the modernisation of work organisation, by urging Member States to encourage social partners to agree on a process to modernise the organisation of work and to help with its implementation;
- emphasising the role of the public employment services in local-level job creation; and
- supporting 'active ageing' and reintegration into the labour market.

The process of annual Guidelines and NAPs is known as the 'Luxembourg process'. It is seen as one 'leg' of the overall European employment strategy, with the second leg provided by the Cardiff process - the comprehensive programme of structural reform and modernisation to improve the innovative capacity and efficiency of the

labour market and the markets in goods, services and capital, launched at the European Council meeting in June 1998 (EU9806109F). In 1999, a third leg was added to the strategy, the European employment pact approved at the Cologne Council in June (EU9906180N). The pact aims to facilitate enhanced dialogue and confidence-building between all actors concerned with macroeconomic policy, in order to strengthen Europe's ability to boost growth and employment. The macroeconomic dialogue launched by the pact involves the social partners, Member States, and European institutions including the European Central Bank in the technical and political preparation of the Commission's economic forecasts twice a year, in spring and autumn, as well as of the EU's annual Broad Economic Policy Guidelines. The dialogue should, however, respect the independence and autonomy of all actors responsible for wage negotiations and monetary, budget and fiscal policies. A new aspect has thus been added to the EU social dialogue, as well as to the employment strategy.

The Commission is attempting to support job creation initiatives in Member States by providing a favourable legislative framework. On 17 February 1999, it issued a proposal for a Directive allowing Member States to reduce, on a voluntary basis, VAT on certain labour-intensive services (EU9904168N). The passage of this proposal through the EU decision-making machinery was rapid, and it was approved by EU Economic and Financial Affairs Ministers on 8 October 1999 (EU9909194N) and adopted by Employment and Social Affairs Ministers on 22 October (EU9911207N). It is hoped that many Member States will take advantage of this opportunity.

Finally, the Labour and Social Affairs Council held on 29 November 1999 (EU9912215N) reached political agreement on the text of a Decision establishing the Employment Committee (provided for by the Amsterdam Treaty's employment chapter) to replace the existing Employment and Labour Market Committee. The Employment Committee will focus on: monitoring the employment situation and employment policies in Member States and at Community level; promoting the exchange of information and experience; participating in the macroeconomic dialogue (see above); and formulating opinions and contributing to the proceedings of the Council.

Impact of EMU on bargaining and industrial relations

With the launch of the third stage of EMU and the single currency in January 1999, the year saw a range of trade union initiatives aimed at greater coordination of collective bargaining across Europe, as well as increasing use of cross-country comparisons in bargaining. These are examined in the 'Comparative overview' chapter (p. 25).

Employee representation

The most recent EU-level legislative proposal in the area of employee representation is the Commission's proposal for a Directive establishing a general framework for informing and consulting employees in the European Community. Although this proposal was issued in November 1998 (EU9812135F), it did not feature in any of the Council deliberations during 1999, even though the EP gave it a first reading on 14 April, proposing a number of amendments (EU9905173N). However, early 2000 may see some progress, with Commissioner for Employment and Social Affairs Anna Diamantopoulou assuring the EP in November 1999 (EU9911211F) that a new strategy with regard to this proposal would be adopted under the Portuguese Presidency of the Council, which runs until the end of June 2000.

Similarly, there was no definitive movement on proposals for worker involvement in the proposed European Company Statute. Although there is a willingness on the part of all Member States to adopt these proposals, particularly now that the European single currency has been launched, unanimous agreement remained elusive under both the German and Finnish Presidencies of 1999, despite the drawing up of further compromise texts. Efforts under the Finnish Presidency foundered on the refusal of the Spanish delegation to accept the proposals (EU9812143N). Work on this dossier is set to continue during 2000.

The European Works Councils (EWCs) Directive (94/45/EC) has now been in force for over five years, from 22 September 1994. It is estimated that around 450 'Article 13' EWC agreements were concluded before 22 September 1996, while recent research, commissioned by the European Foundation for the Improvement of Living and Working Conditions and relating to the end of 1999, found a total of 111 'Article 6' agreements concluded since that date.

The issue which dominated 1999 was that of a possible review of the Directive (EU9911211F). Article 15 of the Directive states that the Commission should, not later than 22 September 1999, in consultation with the Member States and with management and labour at European level, review the operation of the Directive, looking particularly at workforce-size thresholds, 'with a view to proposing suitable amendments to the Council, where necessary'.

A number of debates on this issue were held during 1999. The EP's Social Affairs Committee held a hearing on the operation of the Directive in January. In addition, a large conference organised by the social partners to discuss this issue took place at the end of April, at which delegates presented their experiences and social partner representatives made their views known.

ETUC would like to see a range of amendments to the original text of the Directive, including issues such as

lowering the EEA-wide workforce threshold for application of the Directive from 1,000 to 500, strengthening the definitions of information and consultation, clarifying the rights of EWCs and strengthening sanctions in the event of contravention. In December 1999, ETUC adopted a resolution containing its proposed amendments (EU0001221N).

However, UNICE, in addition to a number of other employer representative organisations, takes the view that it is too early to tell how successful the operation of the Directive has been and that, given that little more than a third of companies falling within the scope of the Directive have as yet concluded EWC agreements, coupled with the fact that the Directive only came into force in the UK on 15 January 2000, any amendment at this stage would be impractical.

A draft Commission report on the legal and practical implementation of the Directive was discussed with Member State representatives in November 1999 and a formal report is expected in the first half of 2000. However, the focus of the report is likely to be more on the evaluation of the Directive's operation rather than its possible review.

New forms of work

This is an issue which has featured prominently in terms of EU-level regulation in recent years. Aware that the changing context of employment is leading to ever-increasing numbers of so-called 'atypical' workers, the Commission decided in 1995 to consult the social partners on the issue of regulating the employment of these types of workers. The end result of this has been the part-time work and fixed-term contracts agreements, which have since both formed the basis of Directives. The outstanding issue here is therefore the regulation of temporary agency work – an agreement regulating this area of atypical work would complete the subjects covered under the Commission's 1995 consultation exercise. However, although ETUC stated in 1999 that it was willing to negotiate on this subject (see above under 'The organisation and role of the social partners'), no negotiations have as yet been initiated between ETUC, UNICE and CEEP. In December 1999, UNICE deferred a decision until March 2000, pending further internal discussions.

Teleworking is another new form of work on which ETUC would like to open social partner negotiations, possibly within the context of the modernisation of work organisation, which was the subject of a Commission Communication to the social partners in November 1998 (EU9901146F). In its 2000 work programme, the Commission stated its intention to launch the first stage of consultation with the social partners on the issue of adaptability and modernisation of work organisation and working conditions (EU0002228F).

However, the extent to which UNICE would be willing to enter into future social partner negotiations remains to

be seen. In a paper on the future of EU social policy, published in September 1999 (EU9909191N), UNICE advocates a qualitative rather than a quantitative approach to social policy and notes its willingness to play a general role in social dialogue, which is not necessarily restricted to the negotiation of European-level agreements.

Another important development in the field of work organisation was the launch in March 1999 of the European Work Organisation Network (EWON), involving the Commission, expert national institutes from the Member States and the European Foundation for the Improvement of Living and Working Conditions. The main aim of the network is to support and speed up the modernisation of work organisation across European enterprises (EU9904167N).

Other matters

A number of other initiatives took place in 1999 which do not strictly fall under the above headings. These important developments included the following.

- the European Council meeting in Tampere, Finland in October 1999 launched work on drafting a charter of fundamental rights in the European Union (EU9910202F). This is the latest development in a long-running debate concerning fundamental rights and a direct result of the conclusions of the June 1999 Cologne Council, which called for the incorporation into a charter of all the fundamental rights currently applicable in the EU;
- in May, the Commission published a Communication entitled *Towards a Europe for all ages - promoting prosperity and intergenerational solidarity*, examining demographic trends and outlining the policies that the Commission feels need to be adopted in order to deal with the ageing of the European population - including equal opportunities measures (EU9909189N);
- in July 1999, the Commission published a Communication on *A concerted strategy for modernising social protection*. This follows on from the 1997 Communication on modernising social protection and outlines key challenges to EU social protection systems and the Commission's proposals for how Member States should address these issues (EU9909190N); and
- with the forthcoming enlargement of the EU to the east and south-east, 1999 saw a number of social partner initiatives in this area. Notably, at the initiative of the European-level social partners, a major conference on enlargement was held in Warsaw in March. The conference brought together social partner organisations from the EU and from the countries which have applied for membership, and

prompted a wide-ranging debate on the role of the partners in the enlargement process. At the end of the conference, the social partners signed a joint declaration aimed at demonstrating their commitment and cooperation in furthering the process of enlargement (EU9904166F).

Outlook

2000 looks set to be a comparatively active year in terms of social policy, with the new Commissioner for Employment and Social Affairs expected to progress a number of issues and introduce new proposals. In particular, equality is an area which is set to increase its EU-level profile in the short to medium term, as the Commission's anti-discrimination proposals begin to make their way through the EU decision-making machinery. Initiatives promoting equality between men and women currently operate within the framework of the Commission's 1996–2000 action programme on equal opportunities between men and women. At the end of 1998, the Commission published an interim report on the functioning of this programme, noting that it is having success in developing a common strategy for gender equality in Europe, although it highlighted some areas as in need of action. Commissioner Diamantopoulou has stated that she intends to work on a new equality action programme, which will be issued during 2000 with the aim of achieving adoption in Council by the end of the year.

Regarding social partner negotiations, following the success of the fixed-term contracts negotiations, it would seem that the next likely candidate subject for negotiation is temporary agency work. The preamble to the fixed-term contract accord states that the social partners will examine the need for an agreement on the subject of temporary agency work and ETUC is keen to open negotiations on this topic. Any accord in this area would complete the range of subjects covered by the Commission's 1995 consultation of the social partners on the subject of atypical work (see above under 'New forms of work'). Furthermore, the Commission is planning consultations on adaptability and modernisation of work organisation and working conditions.

2000 will also see a further IGC in order to deal with issues of institutional reform which were not tackled by the IGC which culminated in the Amsterdam Treaty. This new IGC was convened in mid-February 2000 and aims to complete its work by the end of the year. The Commission has recently issued detailed proposals for the reforms which it considers to be necessary (EU0001225F). If its suggested reforms concerning the extension of qualified majority voting, supported by the EP and some Member States, were approved, this form of voting would be extended to many new areas of social policy.

EU Level: 1999 Records

January	<i>Features</i>	Commission proposes Directives to end exclusion of sectors from working time Directive	EU9901144F
		Economic and Social Committee introduces work programme for 1999-2000	EU9901145F
		Commission invites social partners to take the lead in modernising work organisation	EU9901146F
	<i>In briefs</i>	Social partners reach draft framework agreement on fixed-term contracts	EU9901147F
		Social partners issue joint declaration on 1999 Employment Guidelines	EU9901148N
		ETUC calls for amendments to European Works Council Directive	EU9901149N
February	<i>Features</i>	New era in sectoral social dialogue takes shape	EU9902150F
		Social partners assess implications of internal electricity market	EU9902151F
	<i>In briefs</i>	Commission proposes experimental job creation initiative through VAT cuts	EU9902152N
		European trade union 'action day' at Unilever	EU9902153N
		Commission assesses impact of abolition of duty-free on employment	EU9902154N
		Uncertainty over definition of 'European employment pact'	EU9902156N
March	<i>Features</i>	Local government social partners sign joint declaration on equal opportunities	EU9903158F
		European employers' organisations forge closer links within social dialogue	EU9903159F
	<i>In briefs</i>	Labour and Social Affairs Council discusses 'European employment pact'	EU9903160N
		Commission adopts third Annual Report on equal opportunities	EU9903161N
		Social partners sign fixed-term contracts agreement	EU9903162N
		Energy unions express concern over liberalisation of markets	EU9903163N
April	<i>Features</i>	New report assesses economic impact of health and safety measures	EU9904164F
		Commission reviews implementation of pregnant workers Directive	EU9904165F
		Conference explores role of social partners in the enlargement process	EU9904166F
	<i>In briefs</i>	European Work Organisation Network launched	EU9904167N
		Proposed VAT cuts for job creation welcomed by construction industry	EU9904168N
		ETUC anticipates 'green job creation' under Kyoto protocol	EU9904169N
May	<i>Features</i>	Commission adopts draft Directive to implement fixed-term contract agreement	EU9905170F
		Communication emphasises need to coordinate economic and employment policies	EU9905171F
		Social partners assess impact of electronic commerce on employment	EU9905172F
	<i>In briefs</i>	European Parliament adopts resolution on draft information and consultation Directive	EU9905173N
		German Presidency presents draft employment pact	EU9905174N
		Amsterdam Treaty enters into force	EU9905175N
		Focus on greater women's representation in decision-making	EU9905176N
June	<i>Features</i>	Commission report assesses potential impact of cutting non-wage labour costs	EU9906177F
		Council agrees to extend working time Directive to excluded sectors	EU9906178F
		Joint social partner conference highlights challenges facing European private security industry	EU9906179F
	<i>In briefs</i>	Expectations and outcomes of the Cologne European Council	EU9906180N
July	<i>Features</i>	New Directive set to improve rights of fixed-term contract workers	EU9907181F
		Ninth ETUC Congress calls for a European system of industrial relations	EU9907182F
	<i>In briefs</i>	Commission Communication urges coordinated modernisation of social security systems	EU9907183N
		Informal Social Affairs Council addresses problems of older workers	EU9907184N
		Commission President presents new team	EU9907185N
August	<i>Features</i>	Managerial and professional unions agree to cooperate in European social dialogue	EU9908186F
September	<i>Features</i>	Commission assesses progress of employment strategy	EU9909187F
		Social dialogue takes shape in the European hairdressing sector	EU9909188F
	<i>In briefs</i>	Commission publishes its strategy for a 'Europe for all ages'	EU9909189N
		Commission publishes concerted strategy for modernising social protection	EU9909190N
		UNICE outlines its vision for social Europe beyond 2000	EU9909191N
		International 'super-union' on the way	EU9909192N
		Transport unions organise day of action to underline lack of progress in working time debate	EU9909193N
Reduction of VAT on labour-intensive services agreed	EU9909194N		
Commission takes legal proceedings against seven Member States	EU9909195N		

October	<i>Features</i>	ETUC adopts equality action plan	EU9910201F
		Tampere Council initiates drafting of a charter of fundamental rights	EU9910202F
		Drivers demand shorter working hours	EU9910203F
<i>In briefs</i>		Commission launches anti-discrimination initiative	EU9910204N
		Collective bargaining coordination agreed in textiles, clothing and leather	EU9910205N
		Ministerial conference calls for improved gender equality	EU9910206N
November	<i>Features</i>	Current EU information and consultation initiatives reviewed	EU9911211F
		Public sector social dialogue conference agrees on closer cooperation	EU9911212F
		Commerce social dialogue agrees on fundamental workers' rights	EU9911213F
<i>In briefs</i>		Labour and Social Affairs Council debates employment issues	EU9911207N
		European day of action in shipbuilding	EU9911208N
		ECJ rules against Luxembourg for non-transposition of EWCs Directive	EU9911209N
		Michelin redundancies stir unrest	EU9911210N
		European Works Council agreements online	EU9911311N
December	<i>Features</i>	New anti-discrimination Directives proposed by Commission	EU9912318F
	<i>In briefs</i>	Some progress at November Labour and Social Affairs Council	EU9912215N
		Commission issues anti-discrimination proposals	EU9912216N
		Seattle WTO talks fail	EU9912217N

National reviews

AUSTRIA

Economic developments

Austria experienced strong economic growth throughout the 1990s, with an annual average increase in GDP of nearly 2.5%. However, 1999 saw a slight decline of the growth rate, with the annual increase estimated to average 2.2%. In 2000, economic growth is expected to accelerate to 2.8%.

The public deficit amounted to ATS 54.5 billion in 1999, while the net deficit as a percentage of GDP – a major EMU convergence criterion – remained stable at 2%, resulting in a slight decrease of public debt compared with 1998 figures. From 1993-6, Austria had considerably exceeded the projected deficit level of 2.5% – an increase which was interrupted only following severe cuts in public spending in 1996.

In the 1990s, the public debt ratio (as a percentage of GDP) continued to rise, reaching nearly 70% in 1996. The sharp decrease in the following years was again attributable to severe cuts in public expenditure. However, gross debt is still rising – the ratio stabilised at 63% in 1999 and remains above the projected level of 60%. As with the public deficit, the development of public debt in percentage terms of GDP is likely to pose a problem for policymakers in the coming years. Austria faced recent criticism from the EU authorities for its rather 'loose' financial policy, with EU officials expecting its budget deficit to rise rapidly in 2000.

Throughout the 1990s, inflation was low, at around 1% per year. Average inflation during 1999 had been expected to remain stable at around 1%, but recorded rates of 0.2% in the first two quarters and 0.5% in the third quarter of the year indicate that a further overall decline would appear likely in 1999.

After years of unemployment growth, economic growth has finally been translated into more sustainable employment growth. Unemployment rates amongst nearly all age groups declined in 1999, with the sole exception of older workers. The overall unemployment rate declined from 4.6% at the end of 1998 to 4.2% (EU definition). This means that unemployment in Austria is less than half of the EU average unemployment rate of 9.1%.

Political developments

Although a number of provincial elections were held during 1999, it was the national parliamentary elections held on 3 October 1999 which were by far the most important, as they radically changed the climate of Austrian politics. The coalition government which had

been in power since 1986, made up of the Social Democratic Party (Sozialdemokratische Partei Österreichs, SPÖ) and the conservative Austrian People's Party (Österreichische Volkspartei, ÖVP), lost considerable support in this election, while the populist Freedom Party (Freiheitliche Partei Österreichs, FPÖ) obtained the second-largest share of votes. Following this outcome, the ÖVP initially announced that it would go into political opposition. However, the SPÖ strongly objected to forming a coalition with the FPÖ and therefore talks between the SPÖ and ÖVP took place during December 1999 and January 2000. However, these talks collapsed in January and the ÖVP subsequently began negotiations with the FPÖ. An agreement between these two parties on a basic text for joint government was reached in early February 2000 and subsequently approved by President Thomas Klestil. However, the inclusion of the far-right FPÖ in the Austrian government has caused international controversy, with the governments of many EU Member States indicating that they will loosen diplomatic relations with the new coalition (AT0002212F).

Collective bargaining

Collective bargaining in Austria is dominated by results reached in the metalworking industry, and the 1999 bargaining round was no exception.

Pay

The autumn 1999 round focused on wages and salaries and produced rather moderate outcomes, following larger increases achieved in recent years. The metalworking industry agreed increases of 2.4% with regard to minimum wages and salaries, an increase which was well above forecast inflation (AT9911203N). This outcome had significant repercussions for most subsequently-negotiated agreements, which largely followed the trend set by metalworking. A major exception was the collective agreement for employees in commerce, which provided for salary increases of only 1.75%. Further, collective agreements in several sectors contained a 'distribution option', which allows for more flexible pay structures tailored to individual companies. Working groups in some industrial sectors will also discuss new forms of pay systems.

Working time

Issues other than pay did not play a major role in the 1999 round, although negotiating parties in some sectors, such as metalworking, agreed on an unlimited prolongation of a working time flexibility model dating from 1997 (AT9911203N).

Equal opportunities

Equal opportunity measures were not a prime target of the 1999 bargaining round, though the 'distribution

option' (see above under 'Pay') offers companies the possibility of awarding increased payments to targeted employee groups such as female or younger workers.

Job security

Measures promoting job security were not included explicitly in collective agreements, but might be regarded as a basic element of all bargaining rounds in that wage demands were moderated in order to preserve employment, as has been the traditional approach for decades. Additionally, most employment measures are initiated through the federal government's National Action Plan (see below).

Training and skills development

Negotiators in several sectors established working groups to examine industry-related training, with the aim of improving employee qualifications.

Legislative developments

There were no major legislative development in 1999, notably due to the fact that a number of major legislative initiatives had been taken in a variety of areas in recent years, and due to the fact that the term of the SPÖ/ÖVP coalition government was coming to an end.

However, there was a lively debate within the trade union movement concerning areas of legislative change which it would like to see enacted. The key policy demands of the Austrian Trade Union Federation (Österreichischer Gewerkschaftsbund, ÖGB), which were set out at its federal congress held in October 1999 (see below under 'The organisation and role of the social partners') are: harmonisation of the status of blue- and white-collar workers (AT9910202N); and the general introduction of a 35-hour working week (AT9911204N). ÖGB would also like to see amendments to legislation covering 'atypical' forms of employment, focusing on a redefinition of employment and an extension of security provisions, in order to close some of the existing loopholes in labour regulation.

The organisation and role of the social partners

In October 1999, ÖGB held its 14th federal congress, at which new policy goals were formulated and the steering committee was re-elected (AT9911205F).

ÖGB membership stood at 1,480,000 by the end of 1998, representing a decline of 1.2% over the year. However, the decline was smaller than in previous years (AT9812122F), and membership among young people has increased after years of decline. In response, ÖGB intends to improve the quality of membership services.

Furthermore, a number of unions intensified cooperation in 1999, a development which might result in mergers of affiliates with neighbouring domains. As in recent years, closer cooperation between affiliates has mainly been discussed within the context of declining membership.

In October 1999, a cooperation agreement between the Union of Salaried Employees (Gewerkschaft der Privatangestellten, GPA), the Postal and Telegraph Workers' Union (Post- und Fernmeldegewerkschaft, GPF), the Union of Arts, Media and Professional Personnel (Gewerkschaft Kunst-Medien-freie Berufe, KMfB) and the Union of Printing and Paper (Gewerkschaft Druck-Papier, DUP) was signed in response to the difficult situation of these unions in newly established sectors (AT0001209N). The prime objective of the agreement is to strengthen union presence in those parts of service sectors characterised by low union density, such as the information technology sector, telecommunications and data-processing. This includes concerted recruitment efforts.

The telecommunications sector itself has experienced some substantial changes in collective bargaining in the course of privatisation and liberalisation. Until 1998, pay and working conditions were negotiated between state authorities and GPF. However, the shift of the employers from the public to the private domain meant that the sector fell under the umbrella of the Chamber of the Economy (Wirtschaftskammer Österreichs, WKÖ), whose Federal Organisation of General Transport Activities (Allgemeiner Fachverband des Verkehrs, AFV) now represents the sector's interests. On the trade union side, there has been increased competition with regard to representation. The Union of Commerce and Transport (Gewerkschaft Handel, Transport, Verkehr, GHTV) claimed responsibility on the ground that that sector is part of the larger field of transport, but failed. The more powerful GPA successfully tried to establish itself in this sector, since its domain formally covers all white-collar employees in the private sector, to which the postal service and telecommunications have shifted. GPF and GPA have adopted a pragmatic approach of cooperation in order to cope with demarcation problems in the telecommunications sector, as their joint bargaining activities have underscored.

Industrial action

No strikes took place in 1999, in keeping with the trend experienced during 1998 (AT9908164N). Although a number of staff meetings (a common means of staging warning strikes) took place in 1999, these forms of industrial action are not covered by official statistics.

In December 1999, railway worker protests took place at several locations, primarily using staff meetings to underscore wage claims in the bargaining round. However, a conclusion was reached on the same day.

National Action Plan (NAP) for employment

The drawing up of the Austrian 1999 National Action Plan (NAP) for employment (AT9908161F), in response to the EU Employment Guidelines, followed the long-established tradition of decision-making in Austria, under which the social partners are included in all areas of economic and social policy. Four key actors hold the status of social partner in this context: ÖGB, the Federal Chamber of Labour (Bundesarbeitskammer, BAK), WKÖ and the Federation of Austrian Industry (Industriellenvereinigung, IV). Concerning the NAP, these organisations were not only involved in discussion of those guidelines that explicitly call for their participation, but were also incorporated in discussions regarding all aspects of the NAP. The ministries of economic (Bundesministerium für wirtschaftliche Angelegenheiten, BMWA) and social affairs (Bundesministerium für Arbeit, Gesundheit und Soziales, BMAGS) first contacted the social partners in mid-March 1999, after they had drafted a revised version of the 1998 NAP. The following tripartite meeting set out the basic schedule for further work. The relevant ministries elaborated drafts on the basis of the talks in the first meeting, where the institutions had the opportunity to present their positions on the 1999 NAP. In the course of the following steps of the decision-making process, the social partners were permitted to comment on the ministries' drafts in writing. Additionally, social partners are also represented in the governing board of the Public Employment Service (Arbeitsmarktservice, AMS) and in its directorates in the federal states (Länder), which implement most of the NAP projects.

Impact of EMU on bargaining and industrial relations

Austrian membership of EMU has not engendered explicit changes with regard to collective bargaining and industrial relations. Austria's social partners have a long tradition of aligning their policies with economic requirements. Maintaining the competitiveness of the Austrian economy and avoiding wage-induced inflation have been important goals which have guided and will continue to guide bargaining policy in Austria.

Employee representation

Developments in employee representation in 1999 mainly related to EU initiatives. By the end of 1999, European Works Councils (EWCs) had been established in 15 multinational companies based in Austria. It is thought that a total of 40 Austrian-owned multinationals are currently subject to the Directive.

Only one EWC was established during 1999 – in the construction company Porr AG. In the EWCs field, unions

face two main tasks: consolidating EWCs already established; and setting up new EWCs. Unions experience a specific number of difficulties in establishing EWCs, such as coordination problems with foreign unions or opposing management strategies. Negotiations which are currently underway or forthcoming might be difficult, as the management of the more cooperative companies have already agreed their EWC before September 1996 under Article 13 of the Directive.

In terms of amendments to the current text of the EWCs Directive (AT0001210F), ÖGB is demanding the extension of the Directive to workforces from central and eastern European countries, arguing that many Austrian firms are present in these countries. In addition, ÖGB wants the Directive to facilitate the establishment of EWCs in smaller international companies. The Austrian economy is dominated by small and medium-sized enterprises (SMEs), which are not covered by current EU legislation. Further, ÖGB would like to see some aspects of the information and consultation process improved.

ÖGB is also demanding the introduction of common EU-wide standards regarding information and consultation, as contained in the European Commission's proposal for a Directive establishing a general framework for informing and consulting employees in the European Community, issued in November 1998.

New forms of work

New forms of work have grown constantly over the past few decades in Austria, but their incidence is still below the European average. Part-time work has expanded mainly due to changes in demand for labour, such as prolonged opening hours. This form of work is more common in the service sector than in industry, and is primarily performed by women. During the 1980s and 1990s the number of 'minimally employed persons' (geringfügig Beschäftigte), ie those who work very few hours, has also steadily increased. In 1998, social insurance contributions were introduced for employers of minimally employed persons, who, until then, had no compulsory social insurance if their earnings were below a certain threshold. However, this introduction of contributions slowed growth rates of this type of employment only temporarily.

The number of employees leased by temporary employment agencies is still comparatively low in Austria, but has risen, in line with other 'atypical' forms of employment. Temporary agency workers are primarily engaged in industrial branches, where the majority are male blue-collar workers.

The phenomenon of 'dependently self-employed' persons is another recent development. These are people who are self-employed without employing other persons, often work for one client and whose working situation

resembles very that of dependent employees. Collective agreements and various protection laws do not apply to these people and employers using them are able to take advantage of lower labour costs. These self-employed people are a relatively heterogeneous group, comprising both highly qualified persons with a high income and low-skilled, low-paid workers.

In general, unions clearly oppose many of these 'atypical' forms of employment (see above, under 'Legislative developments'). Nevertheless, unions have begun to include some groups, such as part-time workers or minimally employed persons, in the collective bargaining process in recent years. However, many more remain outside collective bargaining and therefore face lower or non-existent employment protection and employee rights.

These 'atypical' forms of work are likely to become an increasing factor in union policies, since this type of

employment will continue to grow and is especially present in the service sector, which appears to be the only growth sector in the economy. Recent surveys suggest that many new jobs created in the course of the NAP in Austria are 'atypical', especially part-time, jobs.

Outlook

The first few months in office for the new ÖVP/FPÖ government will be crucial, not only in terms of Austria's political system and its international relations, but also in terms of employment and industrial relations. The new government is expected to draw up policy proposals in the area of social and employment policy in the early months of 2000 (AT0002212F). This change of government is likely to have profound implications for the social partners, as their role encompasses participation in public policy. As a consequence, changes in government composition may affect the influence of the social partners on public policy.

Austria: 1999 Records

January	<i>Features</i>	National Action Plan on Employment poses challenges	AT9901120F
		New issues emerge in 1999 banking bargaining round	AT9901121F
	<i>In briefs</i>	Public sector bank restructures	AT9901123N
		Works councils elections held in football clubs	AT9901124N
		Competitiveness and employment challenge banking sector	AT9901125N
		European Works Councils in Austria	AT9901126N
		Bill aims to combat organised illegal work	AT9901127N
		New rules on flexible parental leave	AT9901128N
February	<i>Features</i>	New law aims to promote labour market integration of disabled people	AT9902130F
	<i>In briefs</i>	1999 banking settlement signed	AT9902131N
		Metalworking makes little use of customised pay structures	AT9902132N
		Basic pay rises by 2.2% in 1998	AT9902133N
March	<i>Features</i>	Government proposes amendments to labour constitution	AT9903134F
		An employment pact for older workers?	AT9903135F
	<i>In briefs</i>	Compulsory training for unemployed people	AT9903136N
		Reform reduces income tax	AT9903137N
		Labour Contract Act under negotiation	AT9903138N
April	<i>Features</i>	New incentives for pension funds	AT9904140F
	<i>In briefs</i>	Sick leave continues to fall	AT9904141N
		Social partners prepare for the millennium	AT9904142N
May	<i>Features</i>	Rapid conclusion to bargaining round in construction	AT9905143F
		New collective agreement signed in tourism sector	AT9905144F
	<i>In briefs</i>	Proposed Act to Combat Undeclared Work rejected	AT9905145N
		Half-time scheme introduced for older workers	AT9905146N
		Parental leave reform slow to come	AT9905147N
		Equal treatment to be guaranteed for part-time employees	AT9905148N

June	<i>Features</i>	Austria faces summer of transport disputes	AT9906150F
		Territorial Employment Pacts in Austria: the state of play	AT9906151F
		Social partners cooperate to improve Vienna's labour market	AT9906152F
	<i>In briefs</i>	Wage and salary earners remain unequal	AT9906153N
		Women demand higher pay	AT9906154N
		Negotiations to cover temporary agency workers underway	AT9906155N
July	<i>In briefs</i>	Mixed fortunes in transport disputes	AT9907156N
		'Magna Charter' vs works council	AT9907157N
		Trade union membership declines	AT9907158N
August	<i>Features</i>	Training measures for young people continued	AT9908160F
		Entrepreneurship and the NAP	AT9908161F
		Working time in retail still under debate	AT9908162F
		ÖGB sets out programme of action	AT9908163F
	<i>In briefs</i>	Another year without strikes	AT9908164N
September	<i>Features</i>	Dispute highlights position of works councils	AT9909165F
	<i>In briefs</i>	Low-key week of action over harmonisation	AT9909166N
		Autumn 1999 pay round starts	AT9909167N
October	<i>Features</i>	Labour market developments and proposals	AT9910201F
	<i>In briefs</i>	Unions' harmonisation demands may face parliamentary opposition	AT9910202N
November	<i>Features</i>	Austrian Trade Union Federation holds 14th federal congress	AT9911205F
	<i>In briefs</i>	Autumn bargaining round underway	AT9911203N
		Further working time flexibility in commerce back on agenda	AT9911204N
December	<i>Features</i>	Structures and patterns in collective bargaining reviewed	AT9912207F
	<i>In briefs</i>	Bargaining round in commerce concluded	AT9912206N

BELGIUM

Economic developments

According to the provisional estimates of the Institute of National Accounts (Institut des Comptes Nationaux), Belgian GDP totalled BEF 9,064 billion in 1998. As such, it accounted for 1% of the OECD zone's GDP and 3% of the European Union's GDP. In 1999, GDP increased significantly – by 1.7% – between the first and the second quarter of the year. GDP also increased by 1.7% (according to the raw data) in the second quarter, in comparison with the second quarter of 1998.

Aside from a few exceptional periods during which the repercussions of serious external shocks become noticeable (due to the extreme openness of the Belgian economy) inflation is traditionally relatively moderate in Belgium. During the course of the past three years, the consumer prices index has not risen by more than an annual average of 1.5%. This price restraint mainly reflects the policy, officially implemented by the government since 1990, of anchoring the Belgian franc to the German mark, which was traditionally the most stable currency in the European Monetary System.

As at late November 1999, there were 384,889 fully unemployed job-seekers receiving unemployment benefit (chômeurs complets indemnisés demandeurs d'emploi, CCIDE), of whom 217,696 were women and 167,193 were men. The downward trend in unemployment thus stabilised at an annual fall of around 5.1%. Conversely, the number of unemployed people who are over 50 and not included in CCIDE figures continued to rise (reaching 142,645 on 30 November 1999). This means that, taking into account both the CCIDE and the figures for older unemployed people, unemployment fell by no more than 2.6% in the year to November 1999. The unemployment rate (measured by the number of registrations at unemployment offices) averaged 11.3% of the working-age population in 1999 (compared with 12.1% one year earlier): 14.4% for women and 8.9% for men. The number of unemployed people who are younger than 25 stood at 66,969 - a decrease of 5.2% compared with one year earlier.

For 1999, Belgium showed a budgetary deficit amounting to 0.9% of GDP. Belgium's public debt is falling – it is currently BEF 9,935 billion or 114.9% of GDP, some way short of the Maastricht convergence criterion, which specifies a public debt/GDP ratio of not more than 60%.

Political developments

On 13 June 1999, elections were held for the European Parliament and federal and regional governments. Overall the polls produced a new and rather diverse political scene, resulting in a 'rainbow coalition' – a combination of 'blue', 'red' and 'green' (liberals, socialists and environmentalists) - at federal and regional levels. Support for the former government parties (the socialist and social-christian parties) declined across the country, and the social-christian parties were driven into opposition everywhere, even where they won the largest share of the vote, as for example in the German-speaking community.

At the federal level, the new government is made up of six parties: Vlaamse Liberalen en Democraten (VLD) (Flemish liberals); Parti Réformateur Libéral-Front Démocratique des Francophones-Mouvement du Citoyen pour le Changement (PRL-FDF-MCC) (French-speaking liberals); Parti Socialiste (PS) (French-speaking socialists); Socialistische Partij (SP) (Flemish socialists); Ecolo (French-speaking environmentalists); and Agalev (Flemish environmentalists).

At the federal level, the fact that the social-christian parties (Christelijke Volkspartij, CVP, and Parti Social Chrétien, PSC) were forced into opposition is a development which has not been seen since 1954. The progress achieved by both liberal parties, VLD in the north and PRL-FDF-MCC in the south, makes them the strongest political force in the country for the first time. Both environmentalist parties doubled their election scores: Ecolo in the south and Agalev in the north. Finally, the French-speaking extreme-right party lost votes, whereas the Flemish extreme-right party (Vlaams Blok) strengthened its foothold in Flanders. This did not apply to Brussels, where Vlaams Blok failed to secure a majority amongst Dutch-speakers. Commentators interpret the election result as a 'punishment' of the outgoing majority, worn out by 11 years of power and crippled by the dioxin food contamination scandal (which also involved the social partners in dealing with the problems created - BE9906179N) in its latter days. Notwithstanding the fact that the resulting climate undoubtedly benefited environmentalists, the strong support for Ecolo and Agalev can also be interpreted as a call for a different type of governance.

In its coalition agreement, *The way to the 21st century*, the new government sets out its key objectives. On the socio-economic front, privatisation and the sale of assets are scheduled in order to finance a reduction of taxation on individuals and enterprises, in particular with a view to raising the labour force participation rate (the labour force as a percentage of the working-age population), within a framework of compliance with the EMU Stability Pact. The government is relying on additional income resulting from a growth in economic activity to prevent threats to the funding of social security.

In the Flemish region, the VLD, SP, Volksunie-ID 21 (VU-ID) and Agalev coalition government agreement aims to create some 30,000 jobs per year in Flanders.

In the Walloon region, the PRL-FDF-MCC, PS and Ecolo coalition government's programme, the *Contract for a Walloon future*, states its intention to haul Wallonia's economic and labour market indicators within the average European range by 2010. With a view to this, it intends to work along three main lines: sustainable growth by means of encouraging the growth and activities of small and medium-sized enterprises; reflatting the economy in zones that are heavily dependent on European grants; and actions targeted at young people.

In the Brussels region, the coalition government of PRL-FDF-MCC, Ecolo, PS and democratic Dutch-speaking parties focuses on employment and the fight against economic polarisation of the community, by means of implementing integrated housing and urban planning policies, including schemes to revitalise neglected areas.

Finally, in the German-speaking community, the blue-red-green coalition - Partei für Freiheit und Fortschritt (PFF), SP and Ecolo - agreed on a text that, amongst other matters, foresees the intensification of collaboration with the neighbouring European regions of Maas-Rhine and Saarland-Lorraine-Luxembourg, in addition to increased devolution of power.

Collective bargaining

In Belgium, bargaining has a two-year cycle, with national intersectoral agreements concluded every two years. More sectoral agreements are normally concluded during the first year of implementation of the intersectoral agreement (uneven years) than in the second year; while more company-level agreements are normally concluded in the second year (even years), than in the first.

The even year of 1998 was essentially one of company-level implementation of earlier agreements concluded at the higher levels (sectoral and intersectoral). The number of collective agreements and similar texts

registered with the Ministry of Employment and Labour totalled 2,979 in 1998. This exceeded the average outcome recorded for previous even years in Belgium (a mean figure of 2,145 collective agreements registered each year). Out of the 2,979 agreements reached in 1998, 409 were concluded by sectoral joint committees (13%) and 2,570 (86%) at company level.

Following the conclusion of a new intersectoral agreement for 1999-2000, 1999 was a year characterised mainly by sectoral agreements. The available data on the number of collective agreements registered in 1999, covering the first half of the year only, compared with those of the corresponding period in 1997 (the previous uneven year), are presented in the table below.

Pay

The intersectoral agreement reached in November 1998, covering 1999 and 2000 (BE9811252F), provides for wage restraint by stating that hourly labour costs should not rise any faster than those in Belgium's three main neighbouring countries (France, Germany and the Netherlands). The agreement states that pay rises can only be awarded within the set framework of a maximum increase of 5.9% in the labour cost of full-time workers. However, unlike previous years, this wage margin need not be regarded as a mandatory standard but rather as a benchmark. Nevertheless, the benchmark was followed in influential sectors such as metalworking (BE9912311F).

Working time

The 1999-2000 intersectoral agreement provided for a reduction in the legal maximum for weekly working hours, from 40 to 39 hours as of 1 January 1999.

In sectoral bargaining, an agreement was signed in March 1999 for the large supermarket sector, providing for phased working time reductions starting from September 2000. Working time will be reduced initially from 36 to 35.5 hours and then a year later to 35 hours. For part-time workers (employed for 24 hours a week or

Table 1. No. of collective agreements registered, 1997 and 1999

	1997 (first half of year)	1999 (first half of year)
No. of sectoral agreements	762	705
No. of company agreements	1,492	1,683
<i>Total</i>	2,254	2,388

Source : Ministry of Employment and Labour.

less) there will be a rescheduling of working time, which will result in a four-day working week (BE9903267N).

Within the framework of the intersectoral agreement, the social partners have requested that the administrative aspects of part-time work be simplified and that proposals aiming to improve the status of part-time workers in the following areas be closely examined: the right to early retirement; guaranteed annual leave entitlement in the event of a change in employment; and retention by part-timers of full-time workers' rights in a number of well-determined cases. However, the evaluation of those measures has not yet begun.

Equal opportunities

The social partners have, within the framework of the intersectoral agreement, requested that sectoral job classification systems which lead to unequal opportunities for men and women be fully revised by joint committees. The social partners have not yet evaluated the implementation of this measure.

Job security

Under the 1999-2000 intersectoral agreement, the social partners intend to unite their efforts in order to achieve employment rates in Belgium that are at least as high as those achieved by its neighbouring countries and, if possible, to improve upon this, taking into consideration agreements on training and employment and reductions of labour-related costs.

Training and skills development

The intersectoral agreements confirm the social partners' commitment to making additional efforts in the area of continuing training and education, with a view to achieving investment in training in Belgium which is equivalent to the mean level reached by its three main neighbouring countries (ranging from 1.2% to 1.9% of total payroll) within six years. For the period 1999-2000, this will be mean an increase in employer contributions to training from 1.2% to 1.4% of payroll.

With regard to sectoral-level bargaining, referring to the collective agreements registered as at September 1999, some 80% of sectors are covered by agreements which include some provisions which are relevant to training.

Legislative developments

In 1999, legislative measures from the federal government focused mainly on the labour market, with the aim of improving the quality of the labour force. Notably, in September 1999, the 'Rosetta plan' was adopted (BE9911307F), with the aim of improving the employability of young people by providing them with a first experience of work

While the responsibilities related to vocational training have been devolved to the communities, the federal state remains a key initiator of measures taken to improve the quality of the labour force. This applied in 1999 to issues such as measures to assist unemployed people, initiatives to help groups deemed to be particularly vulnerable, and paid education leave, which are funded by the federal state even though their realisation relies to a large extent on technical resources provided by the regions and communities. In addition, measures have been introduced which provide young people with the opportunity to combine work and training (employment/training contracts and apprenticeships combined with wage-earning occupational activity).

The federal government has taken a number of actions aimed at reducing labour market supply. These comprise schemes that enable workers to withdraw temporarily from the labour market (career breaks) or to finish their career early (early retirement and half-time early retirement schemes). The withdrawal from the labour market of people on these schemes is intended to result in job opportunities for unemployed people. Commentators also note that changes in unemployment regulations - notably the interruption of unemployment benefit, suspension due to long-term unemployment and specific schemes which target older workers - can also result in a reduction in labour market supply, (BE9909183N and BE9905271F).

A variety of actions have also been targeted at labour demand. 'Local employment agencies' (Agences locales pour l'Emploi/Plaatselijke werkgelegenheidsagent-schappen, ALEs/PWAs) endeavour partially to reintegrate long-term unemployed people into work by stimulating demand for these people to perform small-scale, so-called 'proximity jobs' in areas such as gardening, domestic help and helping older people (BE9807148F). Other measures seek to create employment, either directly or through the 'activation' of unemployment benefits. In addition, some measures aim to encourage recruitment or the maintenance of jobs through a reduction of employers' social security contributions, notably the 'Maribel' scheme of contribution reductions (BE0001303N), and a reduction of contributions in respect of low-paid workers (BE9910308N and BE9901161F).

The organisation and role of the social partners

A number of developments concerning the structure and activities of the social partners occurred during 1999. In terms of consultation at federal level, the law of 26 March 1999 on the Belgian National Action Plan raised the number of members of the bipartite Central Economic Council (Conseil central de l'Économie/Centrale Raad van het Bedrijfsleven, CCE/CRB) from 50 to 56, and in addition provided for representation of the non-profit sector in the employers' delegation (BE9807149N).

The social partners were active during 1999 in negotiating bipartite agreements at national level within the framework of the National Labour Council (Conseil National du Travail/National Arbeidsraad, CNT/NAR). On 30 March, they approved a new intersectoral collective agreement on combating stress at work (BE9904269F). The agreement integrates stress management into general company policies on the prevention of risks, and aims to tackle the issue on a collective rather than individual basis. The accord follows up an intention expressed in the national intersectoral agreement for 1999-2000.

In terms of the representation of social partners at sectoral level through joint committees, the main change in 1999 was that the sphere of competence of the joint subcommittee for medium-sized enterprises in the food industry was defined and formally confirmed in 1999. The competence of a number of joint committees was also repealed, including the auxiliary national joint committee for blue-collar workers, the joint committee for household workers, and the various joint committees connected to coking plants.

Trade union debates on possible restructuring and mergers were held throughout 1999. At the end of 1998, the Belgian General Federation of Labour (Fédération Générale du Travail de Belgique/Algemeen Belgisch Vakverbond, FGVB/ABVV) amalgamated its district offices in Gent, Dendermonde and Waasland, to form a new branch entitled Scheldeland. This union hopes in the longer term to reduce its number of Flemish districts from 14 to seven - it has no plans to reorganise its Walloon operations. The Confederation of Christian Trade Unions (Confédération des Syndicats Chrétiens/Algemeen Christelijk Vakverbond, CSC/ACV) has also been restructuring - mergers of its sectoral federations have taken place, with the result that one large federation now organises some 230,000 blue-collar workers in sectors such as construction, wood, paper, graphical services, stone, cement and glass.

Some changes to the leadership of social partner organisations were made in 1999: in March, the general council of CSC/ACV chose Luc Cortebeeck as its ninth president, taking over from Willy Peirens who had held the position for 12 years; and in April 1999, the administrative council of the Federation of Belgian Enterprises (Fédération des entreprises de Belgique/Verbond van Belgische Ondernemingen, FEB/VBO) made Gui de Vaucleroy its new president.

Industrial action

In terms of conflicts relating to working conditions, the banking sector was severely affected in 1999 by deadlocked negotiations and strikes (BE9907276N). During the bargaining, demands and impasses centred on issues such as overtime, Saturday work and the status of employees in franchised branches (BE9911310N). An

agreement was finally reached at the beginning of December 1999 after a long bargaining process and in a tense climate of strikes and protests. The banking sector can be said to illustrate the new demands made on employees in a context of mergers and acquisitions that imposes increasingly sharper productivity and profitability demands on companies. 1999 also saw a high-profile conflict over pay and conditions in the road transport sector (BE9906275F)

In terms of conflicts relating to the preservation of jobs, Belgium still has a number of large industrial enterprises where employment levels and industrial activity are relatively insecure, sometimes resulting in closures, or buyouts by foreign shareholders leading to workforce reductions. Conflicts over restructuring or closures occurred in 1999 at firms such as: Verlipack (BE9912310N); Carnoy (BE9909280F), UGB (BE9903169N); and Volkswagen's Forest plant (BE9902263N).

National Action Plan (NAP) for employment

In Belgium, the contribution of the social partners to drawing up and implementing the Belgian National Action Plan (NAP) on employment, in response to the EU Employment Guidelines, was developed within the framework of the bipartite intersectoral agreement for 1999-2000 (BE9811252F), which states that: 'The social partners wish to participate in the realisation of the Belgian NAP for employment of April 1998, and in particular in the programme set for the reduction of labour costs and training with a view to improving the employability of the working-age population.'

A Flemish regional contribution to the Belgian NAP was developed within the Flemish Economic and Social Consultation Committee (Vlaams Economisch en Sociaal Overleg Comitee). A framework agreement was concluded by the Flemish social partners on 23 March 1999 and includes measures relating to training, vocational integration and equal opportunities.

The Walloon government endorsed the region's contribution to the 1999 NAP on 22 April 1999. Prior to this, the text had been submitted to the Social and Economic Council of the Walloon Region (Conseil économique et social de la Région wallonne, CESRW). The text contains, in respect of each of the EU guidelines, an assessment of the measures adopted and proposals developed by the competent Walloon ministers. The social partners did not make any specific comments on the document, because they maintained that the deadlines set by the Walloon government were too tight and because they failed to identify any new features in comparison with the 1998 NAP.

In the Brussels region, tripartite consultation concerning the NAP was conducted in a similar way to that in the Flemish and Walloon regions.

Impact of EMU on bargaining and industrial relations

In the context of EMU, collective bargaining must take into account several parameters, amongst which the preservation of competitiveness and employment play a key role. In Belgium, as noted above, this is reflected in the fact that it has been agreed within the framework of the intersectoral agreement that hourly labour costs in 1999-2000 cannot increase at a higher rate than the average of the three main neighbouring countries.

Employee representation

1999 saw few significant developments in the field of employee representation.

New forms of work

The legal framework for flexible working arrangements has undergone significant changes in recent years - most recently the introduction in 1998 of the possibility of concluding consecutive fixed-term contracts, with a view

to encouraging the recruitment of workers. However, no new initiatives in this area occurred in 1999.

Outlook

In political terms, the election of new governments at federal and regional level was the main event in 1999. From an economic standpoint, notwithstanding the dioxin crisis in June, recovery was noticeable during the year. In industrial relations, the intersectoral agreement was implemented via sectoral agreements in 1999 and, in some cases (notably the banking sector), long and laborious negotiations were needed.

For 2000, the new ministers have a number of legislative projects on their agenda which they clearly wish to implement during the course of the year. Municipal elections are due in October 2000. In terms of industrial relations, bargaining in 2000, as the second year of a two-year intersectoral agreement, will be characterised by an increase in the number of negotiations conducted at company level and a drop in negotiations at sectoral level. For the social partners, the May 2000 'social elections' of employee representatives on various bodies (BE0001302N) will be a major issue in the coming year.

Belgium: 1999 Records

January	<i>Features</i>	Social partners face up to challenge of the 'benefit trap'	BE9901161F
		Minimum wage for workers in sheltered workshops finally agreed	BE9901258F
	<i>In briefs</i>	Social partners split over ownership of Walloon water board	BE9901162N
		10,000 new jobs created in non-profit care sector	BE9901259N
		Unions' agenda for 1999 bargaining round focuses on working time	BE9901260N
February	<i>Features</i>	Trade unions and unemployed associations defend privacy of jobless	BE9902164F
	<i>In briefs</i>	Social partners advocate tax credits to help unemployed find jobs	BE9902165N
		Dissatisfaction with IBM's pay flexibility policy	BE9902166N
		Flemish employers and government focus on hard-to-fill vacancies	BE9902262N
		Reorganisation at Volkswagen Forest threatens jobs	BE9902263N
March	<i>Features</i>	Sectoral agreement promotes in-company training for white-collar workers	BE9903167F
		Employers oppose compulsory commuting plans	BE9903264F
		ACV/CSC urges introduction of assets tax	BE9903265F
	<i>In briefs</i>	Morale worsens in postal service	BE9903168N
		Unions concerned at sale of UGB steelworks by Hoogovens	BE9903169N
		Flemish white-collar union advocates pay harmonisation in health and welfare sector	BE9903266N
		First step towards working time reductions in distribution sector	BE9903267N
April	<i>Features</i>	Vocational training measures in French-speaking Belgium assessed	BE9904170F
		National Labour Council approves collective agreement on job-related stress	BE9904269F
	<i>In briefs</i>	Trade union recruits illegal immigrants in campaign to regularise status	BE9904171N
		Employers publish open letter to candidates in general and European elections	BE9904172N
		Five-shift system could create jobs in Antwerp's chemicals sector	BE9904270N
May	<i>Features</i>	Trade union advocates worker participation in quality certification	BE9905173F
		Social partners and magistrates oppose reform of labour courts	BE9905174F
		Volkswagen challenges collective reduction of working hours at Forest-Brussels	BE9905176F
		Belgium reviews policies on older workers	BE9905271F
	<i>In briefs</i>	Unions unveil demands for general elections	BE9905175N
		Trial of former Forges de Clabecq delegates raises union concerns	BE9905177N
		New agreement in construction industry aims to discourage early retirement	BE9905273N
		Agreement regulates flexibility in Sitel outsourced call centre	BE9905274N

June	<i>Features</i>	Turmoil in the Flemish road haulage sector	BE9906275F
	<i>In briefs</i>	Employers and unions react to dioxin food contamination scandal	BE9906179N
		Compensation payments to cross-border workers improved	BE9906275N
July	<i>Features</i>	Dispute over creation of integrated police force	BE9907180F
	<i>In briefs</i>	One-day strike follows deadlock in banking talks	BE9907276N
		Unions call for more work, a better quality of life and more democracy in Flanders	BE9907277N
August	<i>In briefs</i>	Employers respond to new government's coalition agreement	BE9908182N
September	<i>Features</i>	Strike at Carnoy highlights threat to status of protected employees	BE9909280F
	<i>In briefs</i>	Social partners respond to criticism of low employment rate for older workers	BE9909183N
October	<i>In briefs</i>	New bill aims to increase take-home pay for least-paid workers	BE9910308N
November	<i>Features</i>	'Rosetta plan' launched to boost youth employment	BE9911307F
	<i>In briefs</i>	Unprecedented unrest in banking sector	BE9911310N
December	<i>Features</i>	Europeanisation of collective bargaining? The case of Belgian metalworking	BE9912311F
		The 1999-2000 intersectoral agreement, one year on	BE9912312F
	<i>In briefs</i>	Glass manufacturer to close despite trade unions' efforts	BE9912310N

DENMARK

Economic developments

The Danish economy grew moderately in 1999, despite forecasts of a significant slowdown. Total GDP growth was 2.7% in 1999, higher than the 2.4% achieved in 1998 and above original estimates of 1.7% growth in 1999.

At the start of 1999, it looked as if there would be a balance of payments deficit which would be sustained over the medium term. However, by the end of 1999, the economy experienced an upturn which resulted in forecasts of a very modest deficit, with a surplus expected for 2000. Commentators attribute this economic recovery to growth elsewhere in Europe - including Sweden and Germany, which are Denmark's most important trading partners - which in turn has led to an improvement in Danish export figures and thus halted the looming economic recession.

In 1998, Denmark's net foreign debts amounted to DKK 208 billion, corresponding to 24% of GDP. Total public debt was DKK 639.5 billion or 52.8% of GDP in 1999, a decrease compared with figures of DKK 649.7 billion or 55.5% of GDP in 1998.

According to Eurostat figures, inflation was running at 2.8% in the year to January 2000, while the unemployment rate stood at 4.1% in December 1999.

Political developments

The present government - a coalition of the Social Democratic Party (Socialdemokratiet) and the Social Liberal Party (Det Radikale Venstre) - remained in office during 1999, although a crisis in connection with the reform of the voluntary early retirement scheme towards the end of 1998 seemed to point in the direction of a general election being called before term (DK990211N). This did not happen, but the senior coalition partner, the Social Democrats, recorded its lowest-ever figures in opinion polls during 1999 - between 22% and 23%. Most of the support lost by the Social Democrats has - according to the opinion polls - been switched to the Danish People's Party (Dansk Folkeparti), a populist party with strong anti-immigrant policies. The public debate concerning immigration and refugee policy was one of the hottest political topics during the second half of 1999. The future of the welfare system was another much debated theme. In spite of growing public expenditure on schools, care for the elderly and healthcare, hospital waiting lists persist and the Danish schools system and the system for care of the elderly are the targets of recurrent criticism.

The low levels of support for the Social Democratic Party may have an impact upon the debate concerning Denmark's participation in EMU. The Social Democrats recommend that Denmark should join EMU and have intensified their campaign concerning this issue. This party's loss of support, together with rumours that Prime Minister Poul Nyrop Rasmussen is losing popularity heavily among his own party's ranks, have led commentators to believe that the party's focus on EMU may turn out to be risky. It has been announced that a referendum on the issue will be held in September 2000.

According to Denmark's constitutional rules, the next ordinary general election is scheduled to take place in 2002. However, it is not unusual for a general election to be called before the expiry of the normal term.

Collective bargaining

The collective bargaining round in 1999 was relatively peaceful compared with the very turbulent events of 1998 (DK9805168F), which saw major industrial disputes in the area of the private sector covered by the Danish Employers' Confederation (Dansk Arbejdsgiverforening, DA) and the Danish Confederation of Trade Unions (Landsorganisationen i Danmark, LO), ended by government intervention. The collective bargaining round in 1999 (which, as is traditional, took place during the first few months of the year) covered three sectors, employing an estimated total of 1 million employees (DK9903114F), a rather larger number than in 1998 - the entire DA/LO area covers some 600,000 employees.

The largest group covered by bargaining in 1999 was the public sector, with some 840,000 employees - 640,000 in the county/municipal sector and 200,000 in the state sector. These are two separate bargaining units but, especially on the employer side, there is a high degree of shared interest on the part of the negotiating bodies. The Finance Minister - currently Mogens Lykkesøft - is the main negotiator for the state sector, bargaining with the joint union negotiating body the Danish Central Federation of State Employees (Centralorganisationernes Fællesudvalg, CFU). In the county/municipal sector, the negotiations on the employer side are conducted by the National Association of Local Authorities in Denmark (Kommunernes Landsforening, KL) and the Danish Federation of County Councils (Amtsrådsforeningen, ARF), together with the Municipality of Copenhagen and the Municipality of Frederiksberg. Employees are represented by the joint union negotiating body, the Association of Local Government Employees' Organisations (Kommunale Tjenestemænd og Overenskomstansatte, KTO). On the employee side, both joint negotiating bodies - CFU and KTO - include representatives of member organisations of the three central organisations, LO, the Danish Confederation of Professional Associations (Akademikernes Centralorganisation, AC) and the Confederation of

Salaried Employees and Civil Servants in Denmark (Funktionærernes og Tjenestemændenes Fællesråd, FTF). This means that there will often be internal disagreements within the coalitions of unions.

The other main areas involved in bargaining in 1999 were:

- the finance sector, which covers some 60,000 employees. Employers are represented by the Danish Employers' Association for the Financial Sector (Finanssektorens Arbejdsgiverforening, FA) which negotiates in the banking sector with the largest affiliate of FTF, the Financial Services' Union (Finansforbundet), which covers all employees in this sector, and in the insurance sector with the National Insurance Workers' Association (Danske Forsikringsfunktionærers Landsforening, DFL); and
- agriculture and forestry, with some 55,000 workers employed in organisations such as meat factories - which lead the negotiations - dairies and horticultural enterprises. The employer organisations are members of the Danish Confederation of Employers' Associations in Agriculture (Sammenslutningen af Landbrugets Arbejdsgiverforeninger, SALA) - which, like FA, is outside the DA confederation. The main organisations on the employee side are the General Workers' Union (Specialarbejderforbundet i Danmark, SiD) and the Danish Food and Allied Workers' Union (Nærings- og Nydelsesmiddelarbejdernes Forbund, NNF), both affiliated to LO (DK9902110F).

Pay

In the public sector, total pay increases amount to an estimated 7.55% over the three-year duration (increased from two years) of the agreements signed in 1999. In food and agriculture, the agreement signed in 1999 increases costs by 7.5% over two years, while the two-year finance sector agreement provides for a total framework of a 6.5% increase in pay costs (DK9903114F).

The annual increase in hourly pay in the DA field was 4.4% in 1998. During the first three quarters of 1999, the hourly wage increased by 5% (according to DA statistics). Most of the wage increases during the first part of 1999 were the result of local, enterprise-level bargaining. With an increasing rate of inflation - 3.1% in December 1999 and set to rise in early 2000 - the employees' relative moderation in wage demands may change in the decentralised wage negotiations which will follow the central negotiations in the entire LO/DA field in the spring of 2000. The corresponding wage growth in the public sector was 4.8% (3.8% in the municipal sector) up to the third quarter of 1999.

Working time

The government intervention in the disputes of 1998 largely centred on extra holiday entitlement, granting at least two extra days of annual holiday, as well as two (rising to three) 'care days' for workers with families. This clearly increased expectations prior to the negotiations in 1999, when unions demanded an extra week of holiday entitlement - which would have increased total annual entitlement to six weeks (five weeks are guaranteed by law) - or, as a minimum, the same increase in time off as awarded in the DA/LO area in 1998. This illustrates clearly the fact that the DA/LO field sets the standard for the other main bargaining units. The employers' problem in 1999 was that economic development was, at best, stagnating. The Finance Minister declared that it would be irresponsible to demand shorter overall working hours, arguing that working time should rather be increased in view of the forecast labour shortages in the coming years (DK9901103F). The employers' starting point was therefore a 'no' to demands for increased time off. It seemed that the negotiations would be difficult and there was a clear risk of industrial disputes over the question of extra days off. The same increase in holiday entitlement as that granted in 1998 was a 'bottom-line' demand on the part of the unions and it was very difficult to imagine that they would not succeed, given that the Finance Minister had himself, in his intervention in the DA/LO field in 1998, gone further than the draft settlement and awarded extra time off.

The unions prevailed and the 1999 agreements in the agricultural sector and in the public sector (the finance sector already enjoyed better holiday entitlement) provided for an extension of annual holiday entitlement by a total of three extra days. This brought the introduction of the sixth week of holiday onto the agenda in the 2000 bargaining round in the DA/LO field.

A further key outcome of the 1999 agreements was an increased tendency towards a more flexible treatment of working time. Working time in most sectors is now calculated over a longer time horizon - allowing for weekly variations around an average of 37 hours over a reference period. This tendency had been making headway for some time, for example within the all-important industrial sector, where the 1998 collective agreement allowed normal weekly working hours to be varied, as long as an average of 37 hours is maintained over the year (DK9803158F). In the public sector, the 1999 agreements increase flexibility by allowing local variations from the centrally set rules, if employees agree. The new agreement for the financial sector provided that weekly hours may vary between 31 and 41, though maintaining an average of 37 hours over a four-week reference period.

Equal opportunities

New initiatives were introduced in the DA/LO field in the area of equal opportunities. The two central

organisations issued a joint declaration to Danish enterprises inviting them to recruit refugees and immigrants on equal terms with Danish citizens. Public attention had been attracted by a case in which a young Lebanese woman was turned down for a job in a department store because she wore a headscarf in accordance with Muslim tradition. She contacted the media and heavy press coverage accused Danish supermarkets and departments stores of discrimination. The Ministry of Labour intervened and expressed disapproval of the conduct of the shops; however, no decision has yet been taken as to whether it is lawful to refuse to recruit women because they are wearing a headscarf (DK9908141N).

A number of conferences in the autumn dealt with inequalities in men's and women's remuneration. New studies showed that pay increases for women were not as high as those for men in the public sector, following the introduction of a more locally-based new wage system.

Job security

There were no significant new developments in this area in 1999.

Training and skills development

Denmark's active labour market policy, involving job creation and continued training programmes, was a focus in 1999. In many cases, the numerous attempts to 'activate' unemployed people turned out to take the form of therapeutic programmes rather than proper job training. A committee composed of representatives of the Ministry of Labour, the Ministry for Finance and the Ministry for Education published an extensive report on the entire Danish system for continuing vocational training for adults, which revealed a lack of transparency in many of the programmes (DK9909145F). It stated that the programmes and courses seemed to be incoherent and without any proper purpose. The report also recommended that programmes for training of those groups with the poorest skills and qualifications should be strengthened and that the financing of the programmes should to a higher degree be the responsibility of the social partners. This will, in particular, affect employers, and DA was not very satisfied with the report. This report is now being discussed in a tripartite forum.

Legislative developments

Regulation of pay and working conditions in Denmark normally takes place by means of the conclusion of collective and other agreements between the social partners. Legislation is used only to a minor extent and the social partners are normally closely involved in the legislative process. This is the reason why the social

partners attach such great importance to the fact that it has been made possible to implement EU Directives by means of collective agreements. This means that EU regulation may be implemented without undermining the special Danish traditions governing labour market regulation. However, in late 1999 the implementation of the 1993 working time Directive in Denmark by means of agreements proved controversial, with the European Commission sending a formal letter of notice to the Danish government on 22 November 1999 concerning the character and extent of its implementation of Directive. In response, LO and DA concluded an 'implementation agreement' on the Directive, effective from February 2000, which means that it now in practice covers all employees. Accordingly, the Danish model should be able to survive (DK0001164F).

One of the most important legislative development in 1999 was the adoption of the new Act on settlement of industrial disputes. On the basis of a joint proposal from DA and LO, the Danish parliament (Folketing) adopted - on the recommendation of the Minister of Labour - an amendment to the Conciliation Act which postponed the time at which industrial action - of which due notice had been given - could become effective. Former legislation allowed a dispute to become effective on the third day after the breakdown of negotiations. In order to give the parties a better chance of negotiating a solution, the new Act provides that a dispute - of which due notice has been given - may, at the earliest, become effective on the fifth day after the breakdown of negotiations (DK9909148N).

Denmark decided in 1999 to implement the EU Directive on the posting of workers (DK9910154N). In addition, the Danish Act on European Works Councils was amended, making technical adjustments due to the fact that the UK is now covered by the EU Directive.

The role and organisation of the social partners

The proposal from LO and DA to amend the Conciliation Act was one of the most important initiatives as regards the organisation, cooperation and responsibility of the social partners. This was based on a so-called 'climate agreement', concluded by the two central organisations with the 1998 major industrial dispute in mind, which aimed to improve their chances of preventing negotiations from being dragged out for such a long time as was the case in 1998 (DK9910150F). With this agreement, DA and LO committed themselves to monitoring the course of developments and to helping to ensure that negotiations are constantly in an active phase. Firm commitments were also made to cooperate to ensure a realistic level of expectations in relation to the agreements which were to be concluded in 2000.

The dispute in 1998 thus restored LO and DA to their positions as leading organisations, a position which they

had not held for many years (DK9910151F). However, collective agreements continue to be negotiated directly by their member organisations. This means that Denmark has not returned to the pre-1958 situation, when it was the two central organisations which essentially both formulated and negotiated general demands.

The trend towards union mergers continued in 1999 - as did the debate on the issue - and, in some cases, disputes concerning unions' right to organise employees of privatised companies were intensified. A struggle which had gone on for many years between the Danish Union of Postal Workers (Dansk Postforbund) and SiD about the right to organise former public servants in the Post Denmark national postal service resulted in a merger between the two unions within SiD (DK9909146N). The Danish Union of Graphical Workers (Grafisk Forbund) was disbanded and its members were admitted to SiD and the Union of Clerical Workers and Shop Assistants (Handels- og Kontorfunktionærernes Forbund, HK) (DK9908139F).

Attempts by unions outside the 'mainstream' of DA, FTF and AC - such as the Danish Christian Trade Union (Den Kristeligt Fagforening, DKF) and Denmark's Free Trade Union (Danmarks Frie Fagforening, DFF) - to challenge the main unions' position, through court cases attacking closed-shop agreements, proved largely unsuccessful in 1999 (DK9905123F and DK9907137N).

Industrial action

Following the major dispute in 1998, one has to go back as far as 1981 to find a year with fewer disputes than 1999. The DA statistics - which cover disputes in breach of collective agreements - show that there were 713 disputes in 1999, compared with 999 in 1998. In 1981, the number was 613. The 713 disputes in 1999 resulted in a total of 43,809 lost working days, compared with 85,000 (in breach of collective agreements) in 1998.

Two disputes arose in 1999 in connection with the renewal of collective agreements. The first involved nurses and centred on demands for higher wages. The nurses went on strike to show their dissatisfaction with the 1999 municipal sector deal, which was rejected by the members of the Danish Nurses' Organisation (Dansk Sygplejeråd, DSR) in a ballot. After a one-week strike, the government intervened and turned the bargaining result into legislation (DK9905126N). Since the 1930s, it has been a feature of the Danish collective bargaining model that the government may in exceptional cases intervene in a dispute in connection with the renewal of collective agreements and bring an end to it by passing legislation, if the government finds that the dispute may have major negative consequences for society.

The second dispute involved midwives. The government refrained from intervening and the outcome was that the

midwives finally accepted the original compromise with minor amendments (DK9907135N).

National Action Plan (NAP) for employment

A number of ministries and social partner organisations contributed to drawing up the 1999 Danish National Action Plan (NAP) for employment within their respective fields of competence. The social partners were involved both at the central and regional level in drawing up and implementing the NAP. It is the regional/local employment services which are responsible for the implementation of the NAP's activation measures, and this takes place on the basis of instructions from the regional labour market boards - on which the social partners are represented - concerning the priorities for the activities. The public employment services implement the measures by, for example, making contracts with educational institutions concerning the purchase of activation programmes. It is an important element of the recent 'third reform' of the Danish labour market (DK9810187F) to strengthen this cooperation to ensure that the best possible use is made of the special expertise and experience of the individual actors.

Municipal coordination committees with representatives of the social partners and other relevant local actors have been set up in order to promote the participation in working life of disadvantaged groups. The municipal authorities are responsible for activation measures in relation to people receiving social assistance.

At the central level, tripartite negotiations between the partners take place concerning most of the elements in the NAP and the labour market reform.

The participation of the social partners in connection with the Danish NAP mainly reflects a wish to strengthen tripartite negotiations and LO has on earlier occasions indicated that LO and DA must assume a wider financial responsibility for continuing adult vocational training programmes.

Impact of EMU on bargaining and industrial relations

DA and LO both support Denmark's participation in the third stage of EMU. However, while DA has almost 100% support among its member organisations, internal disagreement means that LO has to be very cautious in its arguments in favour of EMU participation. During the autumn of 1999, LO published a detailed report on EMU and recommended a 'yes' vote when a referendum is held (DK9909144F). LO also suggested that it would be a good idea to have a discussion within its member organisations so that facts, myths and attitudes could be openly voiced for the benefit of the debate.

Like LO, the Social Democratic Party is also recommending Danish participation in EMU, and this will be a very hot political issue during 2000 among the electorate and the members of the trade union movement.

Employee representation

During the course of 1999 there were a number of contacts between LO, DA and the Ministry of Labour concerning the introduction of a new procedure for information and consultation of employees on the basis of the European Commission's proposal for a Directive establishing a general framework for informing and consulting employees in the European Community, issued in November 1998. The social partners are not in favour of the adoption of this Directive. In Denmark employee participation has already been introduced within the collective bargaining system and is based on negotiations between the two sides of industry. The opposition to the proposed Directive is based on the argument that legislation provides for one-way communication and is basically a superfluous element in connection with the Danish model. As mentioned above (under 'Legislative developments'). Denmark's EWCs legislation was amended in 1999 to reflect the Directive's extension to the UK.

New forms of work

Flexibility continues to be the keyword in relation to work organisation. In 1999 - as in 1998 - the average working week is 37 hours, often as an average over a longer reference period (see above under 'Working time'). However, studies carried out by the Confederation of Danish Industries (Dansk Industri, DI) in the autumn of 1999 showed that only 15% of enterprises had some form of flexible working time arrangements in place (DK9909147N). Flexible working time is negotiated at the

local level and this may have contributed to the fact that developments in deviations from the normal working week were limited.

In the municipal sector, the EU Directive on part-time work was incorporated into collective agreements over the course of 1999. This means that employees with a weekly average working time of 10 hours now enjoy the same rights as full-time employees; the limit had previously been 15 hours.

Outlook

The first months of 2000 will be characterised by collective bargaining in the LO/DA field. There are good prospects of the social partners arriving at a compromise and thus avoiding a repetition of the major industrial dispute in 1998 (as indeed proved to be the case in February 2000 - DK0002167F). This is considered to be a precondition for ensuring the future of the current collective bargaining system, which is important to both sides of industry. Politically, it is expected that the Social Democratic/Social Liberal government will devise new proposals concerning the future of the welfare state. This is a problem which is of great importance to the social partners and which is also a natural follow-up to the adoption of a new welfare programme at the LO congress in October 1999 (DK9911156F). This programme envisages a strengthening of tripartite institutions. LO's principal argument is that it is possible to maintain the welfare state only if the social partners assume a wider political and financial responsibility for those parts of the welfare state which are directly related to the labour market, including the question of continuing and further training. 2000 is expected to be the year when the debate concerning Danish participation in EMU will enter into a decisive phase. A referendum on the issue is due to be held in September.

Denmark: 1999 Records

January	<i>Features</i>	Less agreement on link between pay and competitiveness	DK9901102F
		'Danes need to work longer', says Ministry	DK9901103F
	<i>In briefs</i>	Breakthrough in agriculture and forestry pay negotiations	DK9901104N
		Working environment 'most important task' for unions	DK9901105N
		Rulings clarify time off for care of children	DK9901106N
February	<i>Features</i>	Agriculture and forestry heading for sixth week of annual leave	DK9902110F
	<i>In briefs</i>	Early retirement scheme finally concluded	DK9902111N
		New Working Environment Council established	DK9902112N
		Strong demand for training places	DK9902113N
March	<i>Features</i>	New pay settlements take decentralised approach	DK9903114F
	<i>In briefs</i>	Compulsory activation measures for older unemployed criticised	DK9903115N
		Employees would vote in favour of the euro	DK9903116N
		LO and DA seek active role in integrating ethnic minorities into labour market	DK9903117N

April	<i>Features</i>	Bill aims to amend rules on non-competition clauses	DK9904119F
	<i>In briefs</i>	Nurses and teachers reject new three-year agreements	DK9904120N
		Pay mobility is high among lowest-paid workers	DK9904122N
May	<i>Features</i>	Judicial decisions strengthen hand of established trade unions	DK9905123F
	<i>In briefs</i>	Company pay bargaining increases in importance	DK9905124N
		New agreement seeks to end teachers' dispute	DK9905125N
		Political intervention ends nurses' dispute	DK9905126N
June	<i>Features</i>	Social partners consider advantages and disadvantages of the euro	DK9906127F
	<i>In briefs</i>	New research on flexibility and HRM in Danish companies	DK9906128F
		Overall working time 'must increase to ensure future economic growth'	DK9906129N
		Government target of 40,000 'flexi-jobs' almost achieved	DK9906130N
July	<i>Features</i>	Employers propose reform of 'Danish model'	DK9907133F
	<i>In briefs</i>	Danish unions out of step with European trade union movement?	DK9907134F
		Midwives approve agreement at third attempt	DK9907135N
		Smaller LO member unions demand more influence	DK9907136N
		Supreme Court rules in favour of closed-shop agreements	DK9907137N
August	<i>Features</i>	Danish Union of Graphical Workers dissolves	DK9908139F
	<i>In briefs</i>	'September compromise' marks 100th anniversary	DK9908140F
		Retailers refuse to employ Muslim women wearing headscarves	DK9908141N
		LO wants new industrial relations structure	DK9908142N
September	<i>Features</i>	Controversy over outsourcing of public tasks	DK9908143N
	<i>In briefs</i>	LO report recommends that Denmark should join EMU	DK9909144F
		Considerable discrepancies identified in state subsidies for training	DK9909145F
		Privatisation leads to disputes between unions	DK9909146N
		Confederation of Danish Industries wants flexible working hours	DK9909147N
October	<i>Features</i>	LO and DA conclude anti-dispute agreement	DK9909148N
	<i>In briefs</i>	LO and DA agree stronger coordinating role in bargaining rounds	DK9910150F
		New framework agreement can re-establish the influence of LO and DA	DK9910151F
		Innovative protest actions against public sector cutbacks	DK9910152N
		Little support for abolition of nurses' right to strike	DK9910153N
November	<i>Features</i>	Construction unions criticises new rules on posting of workers	DK9910154N
	<i>In briefs</i>	LO wins political mandate at congress	DK9911156F
		Divided teachers' union holds congress	DK9911157F
December	<i>Features</i>	LO's welfare programme adopted by congress after stormy debate	DK9911155N
	<i>In briefs</i>	Unibank employees accept pay reform	DK9912159F
		Spectre of 1998 dispute looms over new bargaining round	DK9912160F
	<i>In briefs</i>	Danish collective bargaining round 2000 has initiated	DK9912158N

FINLAND

Economic developments

GDP growth was 3.2% over the first three quarters of 1999, representing a continuing slow-down after the annual figures of 5% in 1998 and 6.3% in 1997, which was the peak year of the recovery experienced after the recession of the early 1990s, when growth was zero or in minus figures between 1990 and 1993. Gross debt was 46.6% of GDP in 1999, down from 49.7% in 1998 and 55% in 1997, continuing a steady decline since 1994. The public accounts showed a positive balance of 3.1% of GDP in 1999, up from 1.3% in 1998 and a deficit of 1.5% in 1997 (a deficit was recorded throughout the 1990s until 1997).

Inflation looks to have slowed during 1999, with an average rate of 1.0% during the first three quarters of the year, compared with an annual rate of 1.4% in 1998 (up from 1.2% in 1997 and 0.6% in 1996). The unemployment rate has been decreasing steadily since the high point of 16.6% (408,000 people) in 1994, with a figure of 10.3% (264,000) for the months of January to November 1999, compared with an annual average of 11.4% (285,000) in 1998 and 12.7% (314,000) in 1997.

Political developments

Parliamentary elections were held in March 1999 (FI9904101F), resulting in a continuation of the 'rainbow' coalition government of left- and right-wing parties - the Social Democratic Party (Suomen Sosiaalidemokraattinen Puolue) the conservative National Coalition Party (Kansallinen Kokoomus), the Left-Wing Alliance (Vasemmistoliitto), the Greens (Vihreä Liitto) and the Swedish People's Party (Svenska Folkpartiet).

The new government issued a policy programme in spring 1999 (FI9904101F) in which it set out a number of objectives in the social policy field. Notably, it stated that studies will be carried out on the need to revise the Annual Holidays Act and that a Data Protection Act concerning working life will be prepared in collaboration with the social partners. Further, in terms of labour market policy, it stated that unemployed people's need for services will be evaluated through regular interviews and that after 12 months of unemployment - or six months in the case of young people - unemployed people will be offered work, a traineeship or other measures to support jobseeking. Other proposals of the new government are covered below under 'Training and skills development' and 'New forms of work'.

(Presidential elections were held in January 2000 and resulted in the election of the Social Democrat, Tarja

Halonen, who defeated her opponent, Esko Aho, by 51.6% of the vote to 48.4%. Ms Halonen, who was the Finnish foreign minister, is the first woman to be elected to the office of President of Finland.)

Collective bargaining

Industrial relations remained stable throughout 1999, a trend which can largely be attributed to the two-year central incomes policy agreement covering the period from January 1998 to January 2000 (FI9801145F). Within the framework of this agreement, several working groups were set up to examine areas such as working time, equal opportunities and local agreements, but no new agreements were concluded in 1999.

In a break with the practices of the past four years, the 2000 bargaining round will be conducted on a sectoral, rather than a central basis. This follows the decision not to pursue a central agreement by a handful of strong trade unions affiliated to the Central Organisation of Finish Trade Unions (Suomen Ammattiliittojen Keskusjärjestö, SAK) (such as those representing paper and transport workers), arguing that their industry-specific problems are best dealt with at sectoral level (FI9910124N).

Pay

From 1 January 1999, the central incomes policy agreement provided for a general pay increase of FIM 0.85 per hour, or FIM 142 per month, for those earning less than FIM 8,870 per month, with an increase of at least 1.6% for those earning more. The estimated growth of actual income was 2.6%, made up of a 1.8% increase in agreed pay and wage drift of 0.8%. Purchasing power increased by 4.5% in 1999, due to tax cuts and improvements in employment.

Working time

1999 saw no agreed changes in working time. However, a number of issues concerning working hours were included in the 1998-9 incomes policy agreement, as follows:

- the minimum age limit for receipt of a part-time pension was lowered from 58 years to 56 years from 1 July 1998 on an experimental basis until the end of 2000. Also, unemployed people - if they have worked full-time for at least 12 months during the previous 18 months - are entitled to combine a part-time job and a part-time pension. Furthermore, the social partners concluded an agreement on early retirement and pensions in August 1999 (FI9908114F);
- compensation for employees taking 'job alternation' sabbatical leave is increased to 70% of earnings-related unemployment benefit;

- a working group has been studying schemes which allow holiday entitlement to be saved; and
- a working group has been monitoring developments in the field of working hours throughout the world.

Equal opportunities

Bargaining in 1999 produced no significant new developments in the area of equality. However, the new government's programme stated that the main issues in this field are to safeguard welfare services and to implement the principle of equal pay for equal work - areas in which negotiations involving the social partners will play a role. The government will seek, together with the social partners, to share between employers the costs of the various types of parental leave, within the framework of the present sickness insurance system. Obstacles to women's entrepreneurship will be removed and the granting of loans to female entrepreneurs will be continued. More generally, the government will take measures to advance equality in working life and implement good practice in this area: the division of parental leave on a more equitable basis between men and women will be promoted; the possibility of giving fathers the right to a whole month of paternity leave will be clarified; and the possibility of taking maternity and parental leave on a part-time basis will also be examined. Furthermore, initiatives are to be put forward concerning the strengthening of gender equality in EU policy.

Training and skills development

Training was not a prominent issue in bargaining in 1999. However, the main goals of the new government's programme include an educational policy that meets the needs of working life. The development of vocational training is identified as an important task, and the government pledges to support actions to improve its status. Periods of on-the-job learning will be implemented in cooperation with the social partners.

The new government's policy programme also states that, in order to address problems of labour quality and availability, cooperation with enterprises will be increased. Training will be developed in order to correspond better to the needs of the labour market and to improve employees' general capacity to seek and gain employment.

Legislative developments

The EU Directive on Posted Workers (96/71/EC) was transposed in Finland by the Act on Posted Workers, which came into force on 16 December 1999. This Act extends existing regulations concerning working conditions and the working environment to cover posted workers. In addition, the Act includes regulations concerning the authority of courts of law and cooperation between civil servants.

The 1997 Directive (97/74/EC) extending the EWCs Directive to the UK was transposed into Finnish law by amendments to the Co-Determination Act, which came into force on 15 December 1999. This Act now contains the amendments to Finnish law which were required as a consequence of the inclusion of the UK.

The Act on Personnel Funds was amended in 1999, in order to extend the flexibility and usability of the system of personnel funds - a form of profit-sharing scheme - in accordance with the government programme. The amendment came into force on 1 January 2000.

Finally, a total reform of the Employment Contracts Act is being prepared by a tripartite committee (FI9810179F), working to a deadline of 31 January 2000. The government aims to issue a proposal for reform in the spring of 2000. This committee has found that current employment protection legislation has a relatively weak impact on employment.

The organisation and role of the social partners

There were no major changes relating to the organisation and role of the social partners during 1999. The Finnish Firefighters' Union (Suomen Palomiesliitto, SPAL) separated from the Finnish Federation of Technicians in Special Branches (Suomen Eriyisteknisten Liitto, SETELI), which is affiliated to the Confederation of Salaried Employees (Toimihenkilökeskusjärjestö, STTK) and joined the Confederation of Employees in Technical and Basic Service Professions (Tekniikan ja Peruspalvelujen Neuvottelujärjestö, KTN).

On the employers' side, the Federation of Finnish Enterprises (Suomen Yrittäjät, SY), representing small and medium-sized enterprises, sought during 1999 to achieve the status of a central social partner organisation with negotiation rights. The existing central organisations are unsympathetic toward such a move and would like to maintain the status quo (FI9906108F).

In terms of general cooperation between the social partners, the new government's two-year programme (FI9904101F) stressed the continuation of tripartite cooperation.

Industrial action

According to preliminary information issued by Statistics Finland in November 1999, 36 strikes were recorded in the first half of the year (FI9912128N). This represents a decrease of five strikes when compared with the same period in 1998, while the number of working days lost due to strikes fell more markedly, from 101,053 to 13,411 days, and the number of workers participating in strikes was more than halved.

The most significant industrial conflict of early 1999 was the air-traffic controllers' strike (FI9903102N), which affected international air traffic in particular and lasted almost a month. During this dispute, 5,600 working days were lost - 41% of the total working time lost during the first half of the year. The dispute also accounted for over 60% of the gross wages lost through strike action in the first half of 1999, due to the high wages of air-traffic controllers.

In sectoral terms, most strikes in 1999 occurred in machine manufacturing (seven), electrical equipment manufacturing (five) and metal manufacturing (five). The sectors where most workers participated in strike action were the food and shipbuilding industries.

National Action Plan (NAP) for employment

The central organisations of the social partners appointed members of the working group charged with preparing Finland's 1999 National Action Plan (NAP) for employment, in response to the EU Employment Guidelines. The basic elements of the Finnish NAP – economic development, strategic alignments, and lifelong learning measures in accordance with the adaptability guidelines – were all discussed with the social partners.

Impact of EMU on bargaining and industrial relations

The launch of EMU 'buffer funds' (FI9711138F) in 1997 remains the single most important Finnish reaction to the launch of EMU. The aim is to prevent economic fluctuations within EMU from affecting social contributions and thus increasing labour costs. The buffers accumulate reserves from the unemployment insurance and occupational pension contributions of employers and employees during good times. These reserves can be used in times of recession so that, in the event of a rise in unemployment, the contributions need not be increased. During 1999, EMU did not influence collective bargaining specifically, although the EMU economic criteria serve to restrict bargaining in a number of ways. For example, inflation targets must be met, which in turn limits pay policy.

Employee representation

As mentioned above (under 'Legislative developments'), the EU Directive extending the EWCs Directive to the UK was implemented by an amendment to the Finnish Co-operation Act, which came into force on 15 December 1999.

During the whole of 1999, there was an ongoing debate amongst the social partners and other industrial relations actors in Finland concerning both worker involvement in the proposed European Company Statute and the draft EU legislation on national-level information and consultation of employees. At EU level, the new government will 'urge the approval of regulations concerning the right of personnel to participate in company decision-making'. At national level, it will make every effort to ensure that, in companies in which the state has a major shareholding, the workforce is represented on the board of directors and supervisory board.

New forms of work

In the spring of 1999, the new government's policy programme (FI9904101F) set out a number of measures relating to new forms of employment, including the following:

- labour legislation will be developed so that the security of employees and the flexibility required by companies will be 'moulded into a balanced entity'. The Employment Contracts Act will be revised once the committee examining it has completed its work (FI9810179F) and the system of guaranteeing a minimum level of employment conditions will be maintained;
- working life development and productivity programmes will be continued and further upgraded, and additional resources will be provided;
- the government, together with the social partners, has prepared a comprehensive programme of research and measures concentrating on practical steps to address the issues surrounding coping with working life (FI9911127F); and
- the government will seek to promote 'the protection of working hours, employment and a flexible system of working time'. It will also promote 'cooperation at work' in questions related to work organisation.

While recent years have seen reform of labour legislation in the area of work organisation, in areas such as the flexible arrangement of working time and sabbatical leave, 1999 saw no new developments.

The use of 'atypical' working relationships is becoming increasingly frequent - in 1998, fixed-term work accounted for 17% of all employment contracts. Part-time work is not as common - 16% of women and 7% of men work on a part-time basis. Fixed-term employment contracts are now easier to conclude, following the recent abolition of the ban on successive fixed-term contracts. It has also become easier to conclude a fixed-term contract in the service sector - such contracts are justified if the demand for services concerned does not appear to be regular.

Outlook

After a four-year period (1995-9) of centralised incomes policy agreements, the 2000 collective bargaining round was to take place at sectoral level. The centralised model has been advantageous for the whole economy, and purchasing power has increased more than expected for those at work (FI9909118F). Economic growth has been rapid, although in the views of some commentators this has developed hand-in-hand with a polarisation between owners of capital, workers and unemployed people.

The fact that 2000's bargaining is being conducted on a sectoral rather than a central basis makes it more likely that Finland will face more strikes and harder wage competition between sectors in the bargaining round. In addition, the sectoral agreements are likely to be of different durations and it may therefore prove difficult to implement a coordinated wage policy in line with the experiences of the two previous incomes policy agreements. (However, there were signs that the 2000 round was developing in a coordinated way (FI0002135N), following the conclusion of a trend-setting agreement in the metalworking industry in January 2000. (FI0001133F).)

Finland: 1999 Records

January	<i>Features</i>	Employers propose 'balance sheet buffers' for employees	FI9901189F
	<i>In briefs</i>	Nearly 1,000 redundancies in the food industry	FI9901191N
		Employers outline priorities for Finnish EU Presidency	FI9901192N
February	<i>Features</i>	Air traffic controllers' action raises question of limitation of key groups' right to strike	FI9902194F
	<i>In briefs</i>	Stora Enso cuts 2,000 jobs	FI9902195N
		AKAVA proposes new working time scheme	FI9902196N
March	<i>Features</i>	Redundancies highlight debate on companies' values	FI9903197F
	<i>In briefs</i>	Agreement ends air traffic controllers' strike	FI9903102N
		STTK demands improved protection against unilateral termination	FI9903198N
		Joint statement on EU-level cooperation	FI9903199N
April	<i>Features</i>	New government's programme largely welcomed by social partners	FI9904101F
	<i>In briefs</i>	Service sector employers want to prevent access to early retirement	FI9904103N
May	<i>Features</i>	Speculation starts on the next incomes policy agreement	FI9905104F
	<i>In briefs</i>	Debate on general validity of agreements escalates	FI9905105N
		SMEs criticise 'rigid' industrial relations system	FI9905106N
June	<i>Features</i>	Federation of Finnish Enterprises aims to participate in incomes policy negotiations	FI9906108F
	<i>In briefs</i>	SAK gives priority to strengthening general validity of agreements	FI9906109N
		ABB Control illustrates best practice for management of older workers	FI9906110N
July	<i>In briefs</i>	ETUC presents memorandum to the Finnish EU Presidency	FI9907112N
August	<i>Features</i>	Agreement reached over early retirement and pensions	FI9908114F
	<i>In briefs</i>	Unemployed must accept job offers from further afield	FI9908115N
		Metalworkers' Union prepared to accept incomes policy agreement limited to pay	FI9908116N
September	<i>Features</i>	Wage earners' purchasing power has developed positively under incomes policy agreements	FI9909118F
	<i>In briefs</i>	AKAVA aims at wide-ranging incomes policy agreement	FI9909119N
		Metalworkers' Union strongly advocates incomes policy agreement	FI9909120N
October	<i>Features</i>	European working time conference held in Helsinki	FI9910122F
	<i>In briefs</i>	SAK computer campaign proves successful	FI9910123N
		Centralised incomes policy deal fails - sectoral bargaining to follow	FI9910124N
November	<i>Features</i>	Action programme launched to promote 'ability to cope' at work	FI9911127F
	<i>In briefs</i>	Teachers and healthcare employees fight budget cuts in municipalities	FI9911125N
		Temporary agency work causes friction in service sector	FI9911126N
December	<i>Features</i>	'Barometer' examines industrial relations in the Baltic states	FI9912129F
	<i>In briefs</i>	Strike levels fall in 1999	FI9912128N

FRANCE

Economic developments

GDP growth in 1999 stood at 2.8%, according to the latest estimates from the National Institute for Statistics and Economic Studies (Institut national de la statistique et des études économiques, INSEE), compared with 3.2% in 1998 and 2.0% in 1997. Inflation was estimated at 0.9% in 1999 by INSEE, a slight rise after the rate had fallen from 2.0% in 1996 to 0.7% in 1998. Forecasts put the 1999 budget deficit at 2.7% of GDP, down from 3% in 1998. They also estimate that the overall central and local government deficit was brought down from 2.7% of GDP in 1998 to 2.2% in 1999 (continuing the decline since the 6.0% recorded in 1993), putting it below the ceiling imposed by the Maastricht Treaty.

In 1999, 420,000 new jobs were created - up from 375,000 in 1998 - of which 320,000 were in the commerce sector. According to the ILO calculation method, the French seasonally-adjusted jobless figure was 2,797,000 as of 31 November 1999. This translates into an unemployment rate of 10.8%, down from 11.8% in 1998 and 12.6% in 1997 (the high-point of the 1990s).

Since the summer of 1999, job creation has been led mainly by temporary work through employment agencies. The increase in this type of employment levelled off between November 1998 and August 1999 due to a downturn in industrial activity, but rose from September 1999 and recorded an annual growth rate of 13.8% in October of that year. In the private service sector alone, temporary work through employment agencies accounted for a quarter of all new jobs created.

According to INSEE, government job-creation measures in the private sector, in particular cuts in social security contributions within the framework of the reduction of the working week, had a greater impact on jobs in 1999 than in 1998. In 1999 it accounted for 0.6% of all jobs in for-profit sectors - approximately 80,000 jobs - compared with 0.3% in 1998.

In the not-for-profit sectors, the youth employment programme (FR9709163F) also contributed to cutting unemployment rates among young people. In late November 1999, 220,550 youth jobs had been created, of which 75,000 were in the national education system, 16,550 in the police force and 129,000 in associations, regional and local authorities and public institutions.

Political developments

For France, 1999 was a period of continuing 'cohabitation' between Lionel Jospin's left-wing coalition

government of Socialist, Communist and Ecologist ministers and Jacques Chirac, the right-wing President of the Republic. Prime Minister Jospin's government came into office in June 1997 following an early general election.

No national elections were held in 1999. However, the landscape on the right of the political spectrum was changed slightly by the European Parliament elections which were held on 13 June. This was due to the appearance of a 'sovereignist' movement opposed to the Maastricht and Amsterdam treaties, the Rally of the French People (l'Assemblée du peuple français, RPF) headed by Charles Pasqua, a Gaullist, and by Philippe de Villiers, a former centre-right leader. These shifts in right-wing politics were also due to a drop in support for the National Front (Front National), because of a split in the party.

On the left of the political spectrum, the Ecologists (Verts) made gains in the election, scoring 9.7%, which put them ahead of the Communist Party (Parti Communiste) with 6.8%. The Socialist Party (Parti Socialiste) garnered almost 22% of the electorate's support.

Collective bargaining

At the national intersectoral level, there was an almost complete absence of negotiation and agreements between employers' organisations and trade unions in 1999. Since the October 1997 tripartite conference on pay, employment and working time (FR9710169F) - at which the government's proposed legislation introducing a statutory 35-hour working week was announced - the main employers' confederation, the Movement of French Enterprises (Mouvement des entreprises de France, MEDEF), had decided to freeze all intersectoral collective bargaining in protest at the legislation. The sole exception was the renewal in 1999 of the agreement on the 'mandating' by trade unions of employees to sign company collective agreements in the absence of union representatives (FR9904177N). This agreement was signed by MEDEF and three union confederations - the French Democratic Confederation of Labour (Confédération française démocratique du travail, CFDT), the French Confederation of Professional and Managerial Staff-General Confederation of Professional and Managerial Staff (Confédération française de l'encadrement - Confédération générale des cadres, CFE-CGC) and the French Christian Workers' Confederation (Confédération française des travailleurs chrétiens, CFTC).

Official data concerning sector and company-level bargaining in 1999 will be available only in June 2000, when the government presents its annual assessment of bargaining (FR9907198F). However, it is likely that, as in 1998, the issue of the reduction of working time will prove to have dominated most negotiations.

At sector level, one of the main developments in 1999 was the long-running debate over the renewal of the banking sector agreement. In February 1998, the Association of French Banks (Association Française des Banques, AFB), in protest at the 35-hour week legislation and in an attempt to reform the sector's pay and bargaining systems, decided to give notice to terminate the collective agreement covering 230,000 employees (FR9802194F). The agreement was thus due to expire on 1 January 2000, and a new agreement had to be reached by that date, if the sector was not to be deprived of bargaining coverage (FR9907102N). Eventually, following lengthy and difficult negotiations and major industrial action, a new agreement was signed in January 2000 (FR0001133F).

Pay

Although official data on the outcomes of bargaining in 1999 are not available in early 2000, figures from the ACEMO survey indicate that basic monthly pay for all employees increased by 1.6% up to the fourth quarter of 1999. A few sectoral agreements illustrate wage developments in 1999: the 1999 metalworking sectoral agreement for the Seine Maritime (Rouen-Dieppe) département provided for an increase of 2.3%; and the agreement for local government provided for an increase of 1.3% in 1999. Overall, 1999 was marked by pay moderation, as a variety of agreements were concluded which traded lower increases or pay freezes for job security or job creation, within the context of the government incentives for the introduction of the 35-hour week (see next point).

Working time

Collective bargaining in France was particularly marked in 1999 by the implementation of the first law on the reduction of working time, which therefore merits special review.

The law on 'guidelines and incentives relating to the reduction of working time', the first 'Aubry law', was issued on 13 June 1998 (FR9806113F). This legislation was in force until the end of 1999, and was designed to encourage bargaining on reduced working time before the adoption of definitive legislation on the 35-hour week, the second 'Aubry law', which was passed on 15 December 1999 (FR0001137F). The first law provided for:

- lowering the statutory working week from 39 hours to 35 hours on 1 January 2000 for companies with a workforce of over 20, and on 1 January 2002 for all other companies. The statutory length of the working week determines the threshold above which the legal provisions on overtime apply;
- urging employers' organisations and unions to use this period to negotiate the terms of an effective reduction in working time at sector and company level; and

- offering state financial incentives to companies which negotiated agreements - before the statutory implementation dates - to reduce working time by a minimum of 10%, while creating or maintaining at least 6% of jobs.

The legislation thus offered a two-pronged incentive to negotiations on reducing working time. The Ministry for Employment and Solidarity has published a review of the agreements concluded since the adoption of the first law, up until November 1999.

As of 24 November 1999, 18,174 companies had reached an agreement on the reduction of working time, up from 1,306 in December 1998. These agreements covered a total of 2,418,294 workers. This total can be broken down into:

- 17,568 agreements, covering 1,223,366 employees, in companies taking advantage of the financial incentives for working time reduction;
- 600 agreements, covering 597,788 employees, in companies eligible for, but not taking up, the incentives available; and
- six agreements, covering 597,139 employees, in state-owned companies and institutions not eligible for the incentives.

The dominant features of these agreements are that:

- the organisation of working time is increasingly defined on an annual basis;
- work is being significantly reorganised, through shiftworking, flexible working hours, and longer equipment-operation and service-provision hours; and
- pay has not been cut, but a commitment has been made to freeze pay or moderate pay demands, very often for a period of three or four quarters.

A total of 117 sector-level agreements on the reduction of working time were agreed by November 1999. They reflect unprecedented levels of sector-level bargaining on the reduction and reorganisation of working time. The agreements cover more than 9 million employees, of whom 6.7 million are covered by 94 sector-level agreements that have already been extended to cover whole sectors. A core characteristic of the sectoral agreements is the formal link established between the reduction and the reorganisation of working time by combining various approaches such as flexitime working, caps on overtime, individual 'time banks', additional rest days and part-time working.

In the civil service, discussions on the implementation of the 35-hour week started between the Minister for the Civil Service and the unions in 1999, but no agreement was reached. These discussions draw on the conclusions of the Roché report on civil servants' working time, published in February 1999 (FR9903166F)

Equal opportunities

Once again, official data on the outcomes of bargaining in 1999 are not available in early 2000. However, the year saw a number of developments in the field of equal opportunities. Notably, in May 1998, the social partners and government endorsed a joint declaration on racial discrimination, which reasserts and advocates the effective implementation of the principles of equality, non-discrimination and secularism. The government announced a set of proposed measures related to: gaining a better understanding and knowledge of discriminatory practices; mobilising and reinforcing the training of all public and private sector actors on fighting discrimination; developing a 'mentoring' scheme for young people during their first steps to employment; making the fight against discrimination part of contracts signed between individual cities and the state; and putting forward legislative amendments to make the fight against racial discrimination more effective. On this last point, possible amendments include: the possibility for trade unions to bring cases of discrimination to the courts; amendments to the rules concerning burden of proof; setting up an 'early warning' and referral system which would give workforce delegates the right to sound the alarm when a case of racial discrimination is identified in the workplace; the possibility for labour inspectors to impose sanctions in the case of racial discrimination offences in the workplace; and raising the profile of fighting discrimination through collective bargaining.

Beyond the immediate sphere of bargaining, September 1999 saw the publication of a report on equality between women and men at work, commissioned by the government (FR9909108N). Some 30 legal changes are proposed, including: using the 35-hour legislation (see previous point) as an incentive for equality in the workplace, especially through more stringent regulation of part-time working, where women are in the majority; improving equality of access to continuing vocational training; increasing female representation in trade unions; improving employment opportunities; increasing career choices for women by improving vocational guidance at school; developing childcare systems; and reviewing parental leave allowances.

Job security

The issue of job security is very much bound up with the introduction of the 35-hour week in France. As the aim of the working time legislation is to promote employment, either by means of safeguarding or creating jobs, job security in the form of guaranteed safeguards formed part of a large number of agreements concluded in 1999. According to figures issued by the Ministry of Labour, by the end of June 1999 a total of 7,973 relevant agreements, covering 1,713,350 workers, had been concluded, either creating or safeguarding 85,708 jobs.

Training and skills development

Once again, official data on the outcomes of bargaining in 1999 are not available in early 2000. However, there were a number of training initiatives with bargaining relevance during the year. A government white paper issued in March proposed the creation of an individual entitlement to training, which would be 'portable' and safeguarded by collective agreements, and the certification and validation of vocational experience and knowledge (FR9904172F). The proposals, which were broadly welcomed by the social partners, form part of a phased reform process, with much emphasis on dialogue and negotiation with the social partners.

Legislative developments

Most legislative activity regarding industrial relations was concentrated on the second 35-hour week law in 1999. This law was adopted on first reading in the National Assembly on 19 October 1999 (FR9910197N), and then on second reading on 15 December, after Senate amendments to the bill had been rejected by MPs in the Assembly. This legislation came into force on 1 February 2000 (FR0001137F), after review by the Constitutional Council at the request of the opposition parties.

On 30 June 1999, legislation setting in place universal health insurance was adopted definitively (FR9902153F). This law came into force on 1 January 2000 (FR0001135F) and allows people with very low incomes to receive free healthcare.

A new law on the funding of social protection was passed on 2 December 1999. This legislation sets up a new 'fund for financing reform of employers' social security contributions' (Fonds de financement de la réforme des cotisations patronales liée aux 35 heures), which will help fund the financial incentives linked to the 35-hour week law (FR9910112F). This law was endorsed by the Constitutional Council in its entirety, with the exception of three minor provisions.

The parliamentary agenda is likely to be heavy up until 2002. On 27 September 1999, the Prime Minister unveiled his government's agenda for the remainder of the current parliament to Socialist MPs. Much of this agenda is taken up with social issues, such as addressing unjustified redundancies, limiting precarious employment, reforming vocational training, tabling legislation on 'new economic regulations', and extending the financial participation of employees in companies.

The organisation and role of the social partners

1999 saw many changes in this area. On the trade union side, the year was marked by progress in putting into place joint initiatives between some unions, and in

particular the strengthening of ties between CFDT and the General Confederation of Labour (Confédération générale du travail, CGT) (FR9902154F). This was reflected in the organisation of a joint 1 May demonstration called by all unions, with the exception of the General Confederation of Labour-Force ouvrière (Confédération générale du travail - Force ouvrière, CGT-FO), and in the numerous joint positions adopted during the drafting of the 35-hour week Act - especially the CFDT, CFTC, CGT, CGT-FO joint statement on the 35-hour week for managerial and professional staff (FR9904176N). However, no assumptions should necessarily be made, as union alliances fluctuate according to the issue at hand. In 1999, two French union organisations were admitted to the European Trade Union Confederation (ETUC): CGT on 16 February (FR9903167N) and the National Union of Independent Unions (Union nationale des syndicats autonomes, UNSA) on 20 May (FR9905186N).

On the employers' side, MEDEF further developed the strategy which led to its creation in 1998 from the former CNPF confederation, ie the rejection of both the 35-hour week (FR9909109N) and state encroachment in social partner jurisdictions. Throughout 1999, MEDEF continually threatened to pull out of jointly-managed social protection agencies. It was for this reason that MEDEF was not prepared for most of the year to renegotiate the agreements on the UNEDIC unemployment insurance fund, or the ARPE agreement - which allows workers with 40 years' pension contributions to take early retirement and be replaced with equivalent numbers of new workers. However, in December 1999 the provisions of both accords were extended for six months by the employers and unions, with the exception of CGT. Meanwhile, MEDEF acted on its criticism of government encroachment, by proposing a union-employer partnership to draw up a 'new social constitution', overhauling the French system of industrial relations (FR9912122F). This idea was debated bilaterally with all the unions. In this context, in his New Year address to the unions and employers, President Jacques Chirac stated that he was open to constitutional amendments in order to promote social dialogue.

Industrial action

Industrial action in 1999 can be broken down into the following three categories:

- action linked to the negotiations on the reduction of working time - as in the public sector, retail, oil and computers (FR9912125F) - or the renewal of the banking sector agreement. This constituted the majority of industrial action in 1999;
- industrial action over workforce reductions, of which there were two striking examples. A successful strike at the Elf Exploitation Production petrochemicals company was supported by the local population as

well as by local politicians (FR9908104N), while Michelin's announcement of job cuts provoked substantial (if fragmented) reaction in France from both politicians and unions (FR9910113F) and gave rise to major action and discussions throughout the EU (EU9911210N); and

- a number of safety-related disputes in the public urban transport sector, following a series of attacks on drivers and ticket collectors.

National Action Plan (NAP) for employment

France's 1999 National Action Plan (NAP) for employment was unveiled to the social partners on 19 May 1999, within the framework of the Committee for Social Dialogue on European and International Issues (Comité du dialogue social pour les questions européennes et internationales) (FR9906189F). Unlike the previous year, the social partners felt that they were better informed and more widely involved in 1999, following the creation of the Committee and the setting up of internal informal working groups in late 1998 (FR9812149N). However, short timescales still prevented the various bodies represented on the Committee from providing detailed input.

The following three points should be highlighted:

- a divergence of opinion exists between the various unions as to the appropriate degree of participation by the social partners in the discussions on, or implementation of, the NAP;
- the beginnings of trade union cooperation on European issues was highlighted by a joint statement to the Committee on the NAP from four union confederations (CFTC, CFDT, CFE-CGC and CGT); and
- the low level of articulation between the positions of European trade union bodies and employers' associations and those of their French affiliates.

Impact of EMU on bargaining and industrial relations

Although trade union and employers' leaders are concentrating their debates on the impact of EMU on collective bargaining and industrial relations, it is as yet difficult to identify any tangible impact the single European currency has had on labour relations in France in 1999.

So far, it is first and foremost the European employment strategy launched at the November 1997 jobs summit in Luxembourg (EU9711168F) that has had a direct impact on employment policy in France, though the NAP (see previous section). Europe-wide agreements between the social partners and EU Directives are important in principle, since they constitute a new source

of law. However, given their limited content, they have, with the exception of the establishment of European Works Councils, had only a minor impact on national legislation in France.

Employee representation

The debate on trade union representativeness was revived during preliminary discussions on the second 35-hour week law. This law states that company-level 35-hour week agreements must be signed by the majority unions or approved by a majority of staff if they are to be eligible for state financial assistance. The law is not designed to amend current rules governing union representativeness but rather to identify ways of legitimising company-level agreements (FR9909104F).

However, some unions, such as CGT or UNSA, are taking this issue a step further and want to overhaul the current criteria governing representativeness. Those union organisations deemed representative at national level - CFDT, CFE-CGC, CFTC, CGT, CGT-FO - are unquestionably presumed so at all levels, and can thus negotiate sector-level and company collective agreements and appoint union delegates within companies. In addition, they have the monopoly right to nominate candidates in the first round of workplace elections of employee representatives (eg on works councils). Other union organisations are required to prove their representativeness in each sector or each company to acquire these rights.

Another important feature of the regulations governing union representativeness is the 'single signature' rule which applies in collective bargaining. This enables one representative union to sign an agreement on behalf of the entire workforce of a company or sector. In 1982, an attempt was made to limit the negative impact of collective agreements signed by unions deemed representative but with minority status in the sector or company in question. As a result, those representative unions which obtained a majority in the most recent workplace elections were awarded the right, in some cases, to oppose an agreement they had not signed.

CFDT does not oppose the overhaul of the rules governing representativeness as a matter of principle, but it criticised the government for dealing with such an important issue without first consulting the social partners, and for having done so on the occasion of the passage of a law which was originally designed for a totally different purpose. The other unions - CGT-FO, CFE-CGC and CFTC - are opposed to any challenge to the criteria governing representative status.

It is a moot point as to whether this issue will be raised again in 2000, given that the 35-hour week law does nothing more than set the conditions for concluding company-level agreements on working time. However,

commentators predict that this challenge to the traditional rules governing representativeness, as well as MEDEF's resolve to develop a 'new social constitution' for France (see above under 'The organisation and role of the social partners'), could reopen the debate.

New forms of work

Non-standard types of employment have been an issue in France, as in the rest of Europe, for the past few years and this type of work now accounts for a fairly high percentage of all jobs in France. The number of fixed-term employment contracts has increased by over 40% in the past four years, while the level of part-time working, which was static in 1999, now represents over 17% of all salaried jobs.

The government has attempted to address 'atypical' employment in two ways:

- introducing the 35-hour week law, in so far as it promotes a reorganisation of working time and fosters an alternative type of work organisation. It is designed, among other aims, to substitute internal flexibility for external flexibility; and
- encouraging part-time work through financial incentives which have been available since 1992. Under this scheme, employers' social security contributions are reduced by 30% for employees who work on a part-time basis. This relief will be phased out no later than one year after the implementation of the statutory 35-hour week, ie in February 2001 for companies employing a workforce of over 20. However, this reduction in employer contributions will continue to apply to employment contracts which were signed before 1 February 2001 and to contracts which were eligible for employers' contribution reductions at the time of the introduction by the company of reduced working time.

In addition, Prime Minister Lionel Jospin has announced his intention to make addressing precarious employment a priority in the second half of his term of office.

Outlook

Negotiations on the implementation of the first 35-hour week law dominated the industrial relations agenda in 1999, while the drafting of the second 35-hour week law was a major issue in both political and industrial relations terms. The year 2000 promises to be very important for the following two reasons:

- the definitive statutory 35-hour working week will be implemented for the first time in 2000. It will be interesting to see to just what extent this provision will create employment, and whether the current intensity in negotiations between the social partners will continue after implementation of this law; and

- debate on social protection, and particularly on pensions, is about to enter a crucial phase, with many experts predicting a crisis in the pension system. The government will have to make decisions on a possible increase in the retirement age, and on the setting up of a third pillar of welfare in addition to the current general and complementary systems. These decisions will undoubtedly give rise to much debate, position-taking and mobilisation.

The industrial relations system is currently experiencing potential change. A decision is still awaited from MEDEF as to whether it will pull out of jointly-managed social security and unemployment insurance agencies. If it does indeed decide to withdraw, the whole balance will be challenged and this could have a destabilising effect on the unions, whose institutional culture has developed, to a great extent, around these bodies. The decision rests on the outcome of a set of negotiations during 2000,

decided on by central employers' organisations and union confederations at a meeting on 3 February 2000 (FR0002143F). The talks, which could potentially involve a major overhaul of French industrial relations, will cover: the development of social dialogue; unemployment insurance, the struggle against precarious employment and young people's access to the labour market; reform of the workplace health system and changes to the employment-related accident insurance system; the development of supplementary pensions schemes; reform of vocational training; equality at the workplace; the position and role of managerial and professional staff; and social protection.

MEDEF's 'new social constitution' project, as well as the trade union representativeness issue, will thus undoubtedly be the main driving force in debate between employers, unions and the government in 2000.

France: 1999 Records

January	<i>Features</i>	ARPE early retirement for jobs scheme is renewed and expanded	FR9901150F
		Implementing the 35-hour week legislation: the first six months	FR9901151F
February	<i>Features</i>	Universal Health Insurance system to be created	FR9902153F
		CFDT and CGT hold congresses and move closer together	FR9902154F
	<i>In briefs</i>	Flagship agreement on working time cuts at EDF-GDF	FR9902155N
		Working time cut at Air France against backdrop of privatisation	FR9902156N
		35-hour week introduced in exchange for greater flexibility at Peugeot-Citroën	FR9902157N
		35-hour week agreement at post office divides unions	FR9902158N
		Industrial disputes decline in 1997	FR9902159N
		Paribas and Société Générale merge	FR9902160N
	Industrial action hits public education	FR9902161N	
March	<i>Features</i>	Roché report examines civil servants' working time	FR9903166F
	<i>In briefs</i>	Mixed fortunes for CGT and UNSA on ETUC membership	FR9903167N
		Pensions debate continues	FR9903168N
		BNP seeks to acquire Société Générale and Paribas	FR9903169N
		Continuing strife in the public education system	FR9903170N
April	<i>Features</i>	Strategic plan for sickness insurance	FR9904171F
		White paper issued on vocational training	FR9904172F
		Initial debates held in run-up to second 35-hour week law	FR9904173F
		Reform of the pension system: reaction from unions and employers	FR9904174F
	<i>In briefs</i>	Agreement on employment and the organisation and reduction of working time at Renault	FR9904175N
		Unions make joint declaration on managers' working time	FR9904176N
		Agreement on mandating of union representatives renewed	FR9904177N
		High-tension negotiations in information technology, engineering and consulting	FR9904178N
	Report proposes new body to fight racial discrimination in the workplace	FR9904179N	
May	<i>Features</i>	SMIC report calls for continued social contribution cuts on low-paid jobs	FR9905181F
		Painful negotiating process over 35-hour week at SNCF	FR9905182F
		France and EU in legal tussle over women's night work	FR9905183F
	<i>In briefs</i>	Social partners react to planned cuts in social security contributions	FR9905184N
		Results of 1997 works council elections	FR9905185N
		UNSA joins European Trade Union Confederation	FR9905186N
		Unions call week of initiatives on employment and working time cuts	FR9905187N

June	<i>Features</i>	Government and social partners cooperate to tackle racial discrimination	FR9906188F
		Social partners react to 1999 NAP	FR9906189F
		First 35-hour week law evaluated and second law outlined	FR9906190F
	<i>In briefs</i>	Strike against precarious employment at the Ministry of Culture	FR9906192N
		SNCF agreement on 35-hour week backed by referendum	FR9906193N
		CFE-CGC hold 31st congress	FR9906194N
Dispute at Elf takes on regional proportions		FR9906195N	
		Reduction of working time at IKEA includes managerial staff	FR9906196N
July	<i>Features</i>	Social partners adopt sickness insurance funding plan	FR9907197F
		Collective bargaining in 1998 reviewed	FR9907198F
	<i>In briefs</i>	Trade unions compare notes on the 35-hour working week	FR9907100N
		Increase in minimum wage in context of 35-hour week	FR9907101N
		Renegotiation of banking sector collective agreement	FR9907102N
		35-hour week agreement at RATP	FR9907199N
August	<i>In briefs</i>	Bill on second law on 35-hour week passed in cabinet	FR9908102N
		Automobile industry expects public aid for new form of early retirement	FR9908103N
		Elf shelves redundancy plan	FR9908104N
September	<i>Features</i>	Second 35-hour week bill reopens debate on unions' representative status	FR9909104F
		Managerial and professional staff and the 35-hour week	FR9909105F
	<i>In briefs</i>	Unemployment falls sharply	FR9909106N
		Employee hostility play part in failure of BNP-Société Générale merger	FR9909107N
		Report proposes new equality measures	FR9909108N
		MEDEF summer conference reiterates opposition to 35-hour week legislation	FR9909109N
October	<i>Features</i>	Part-time work in France: choice or obligation?	FR9910111F
		Social partners oppose proposed funding of 35-hour week	FR9910112F
		Michelin announces profits and redundancies	FR9910113F
	<i>In briefs</i>	Opposing demonstrations over 35-hour week	FR9910114N
		Economic and Social Council renewed	FR9910115N
		National Assembly passes 35-hour week bill	FR9910197N
November	<i>In briefs</i>	Managerial staff demonstrate in favour of the 35-hour week	FR9911118N
		French unions take position on World Trade Organisation talks	FR9911119N
		Demonstration for jobs receives strong support	FR9911120N
December	<i>Features</i>	MEDEF proposes new 'social constitution'	FR9912122F
		Industrial unrest linked to introduction of 35-hour week	FR9912125F
	<i>In briefs</i>	Discontent spreads among managerial staff on 35-hour week	FR9912122N
		CFTC holds 47th congress	FR9912123N
		Industrial action in public broadcasting	FR9912124N

GERMANY

Economic developments

In 1999, the German economy experienced a slight downturn. According to calculations from the Federal Statistical Office (Statistisches Bundesamt), GDP rose by 1.4% in real terms in 1999, which was a smaller increase than the previous year (2.2%) and one of the lowest in the European Union. Growth was fitful throughout the 1990s, falling from a peak of 2.3% in 1994 to 0.8% in 1996 and then rising again until 1998.

Consumer prices rose by 0.6% in 1999 (according to Federal Statistical Office figures), which was the lowest inflation rate of the 1990s and the culmination of a relatively steady fall since 1992 (when the rate stood at 5.0%). The 1999 budget deficit (according to OECD figures) is expected to be the lowest since German unification, at 1.5% of GDP (Maastricht definition), compared with 1.7% in 1998 and 2.6% in 1997. The deficit remains far below the reference value of 3% defined in the EU Stability Pact. The public debt (according to OECD figures) was around 61% of GDP in 1999 (Maastricht definition), compared with 60.7% in 1998 - the debt has been over the 60% Maastricht reference level since 1997.

According to the Federal Employment Service, nearly 4.1 million people were, on average, officially registered as unemployed in 1999. Compared with 1998, this represented a slight reduction of around 180,000. The highest level of unemployment had been reached in 1997, at nearly 4.4 million, following a steep rise over the 1990s. The official rate of unemployment (defined as % of the civilian labour force) was 11.7% in 1999, down from 12.3% in 1998 and 12.7% in 1997.

Unemployment continued to be significantly higher in east Germany - 19% (1,344,000) in 1999, compared with 19.5% (1,375,000) in 1998 - than in the west - 9.9% (2,756,000) in 1999, compared with 10.5% (2,904,000) in 1998.

Using the standard definition of the International Labour Organisation (ILO), the average number of unemployed people was nearly 3.6 million in 1999, which was equivalent to a rate of unemployment (defined as % of all persons engaged in economic activity) of 9.0%. This compared with 3.7 million (9.4%) in 1998 and 3.9 million (9.8%) in 1997.

Political developments

Since the last general election in September 1998, the German federal government has been composed of a 'red-green' coalition comprising the Social Democratic Party (Sozialdemokratische Partei Deutschlands, SPD) and

Alliance 90/The Greens (Bündnis 90/Die Grünen). In 1999, the red-green coalition parties were confronted with considerable political difficulties. Almost all important regional elections were won by the major federal opposition party, the conservative Christian Democratic Party (Christlich Demokratische Union, CDU). Furthermore, together with its Bavarian associate party, the Christian Social Union (Christlich Soziale Union, CSU), the CDU won nearly 49% of the votes in the European Parliament elections, compared with 31% for the SPD and 6% for the Greens. The CDU won the largest share of the vote in most of the federal state elections, and took over from the SPD as the governing party in Hesse and in Saarland. In two of the east German federal states (Saxony and Thuringia), the SPD even dropped back to third place, behind the CDU and the Party of Democratic Socialism (Partei des Demokratischen Sozialismus, PDS). As a result, the red-green coalition lost its majority in the Bundesrat, Germany's second legislative body, composed of the governments of the federal states. In the local elections in North Rhine-Westphalia, which was always considered to be the political 'heartland' of the Social Democrats, the SPD had its worst results since the end of the second world war, while the CDU gained more than 50% of the votes.

These election failures marked a significant political crisis for the federal government, which seemed to be losing public support for its major political projects. The latter was particularly true in the case of the government's budgetary consolidation plan, which was widely accused of being 'anti-social', since it has placed a larger burden on groups with lower incomes, in particular pensioners and unemployed people. Generally speaking, there was much disappointment that, after 16 years of a conservative government, the new red-green coalition did not fulfil the expectations of a real change in politics. At the end of 1999, however, far-reaching financial scandals within the CDU once more induced a change in the political affiliations of the German public. At the beginning of 2000, all opinion polls indicated that the red-green government seemed to be regaining its political support.

Alliance for Jobs – new tripartite concertation

One of the major political projects of the new red-green government was the creation of a new tripartite arrangement which brings together representatives of the federal government, trade unions and employers' and business associations. In December 1998, the 'Alliance for Jobs, Training and Competitiveness' (Bündnis für Arbeit, Ausbildung und Wettbewerbsfähigkeit) was established as a new permanent tripartite arrangement at national level, including regular top-level talks between the leading representatives of all three parties as well as various joint working groups on specific topics (DE9812286N) (for further details, see below under 'Job security').

As a contribution to the third top-level meeting of the Alliance in July 1999, the German Federation of Trade Unions (Deutscher Gewerkschaftsbund, DGB) and the Confederation of German Employers' Associations (Bundesvereinigung der deutschen Arbeitgeberverbände, BDA) presented a joint declaration which included various proposals for an 'employment-oriented' collective bargaining policy (DE9907219F). However, the controversial debates between the collective bargaining parties which followed this declaration suggested to some commentators that many of the positions in the BDA/DGB declaration represent more of a rhetorical compromise than anything else, as both parties still have rather different perceptions of bargaining policy.

In the last months of 1999, the debates within the Alliance were dominated by the proposals for a collectively-agreed early retirement scheme (made by the IG Metall metalworkers' union) on the one hand (DE9910217F) and the employers' demands for a long-term oriented policy of wage restraint on the other. At the fifth top-level meeting of the Alliance in January 2000, the parties involved finally agreed on another joint statement on 'job-creation wage policies', which contains demands both for long-term employment-oriented wage agreements and job-creating early retirement schemes (DE0001232F). The 2000 collective bargaining round, however, will be a test of whether both parties can agree on a concrete model based on an exchange of wage restraint for working time reduction.

Collective bargaining

Pay

The 1999 collective bargaining round almost exclusively concerned wages and salaries, since the unions concentrated their demands very much on pay claims. After some years of only very moderate wage increases, which sometimes have even involved decreases in real wages, several unions called for an 'end to moderation' and entered the 1999 bargaining round with pay claims of between 5.5% and 6.5% (DE9810279F). Employers' associations, however, consistently rejected such demands and, instead, argued for the continuation of a policy of wage moderation.

One of the first new collective agreements was signed in the metalworking industry, which became the clear trend-setter for the 1999 bargaining round. After more than 1 million employees had participated in warning strikes, the bargaining parties in metalworking concluded a new agreement in February 1999 which provided for a 3.2% pay increase, plus a one-off, unconsolidated payment of 1% of annual income (DE9903295F). In the following months, almost all other sectors more or less followed the target set by the metalworking agreement and concluded pay increases mostly between 2.9% and 3.3% (see table 1 below).

Table 1. Selected pay agreements, 1999 bargaining round

Date of agreement	Branch (region)	Pay increase	Other payments	Term
1 December 1998	Chemicals industry (east)	3.7%	–	12 months from 1 January 1999
1 February 1999	Deutsche Bahn AG	3.1%	Flat-rate payment of DEM 320 for May-August 1999	12 months from 1 September 1999
18 February	Metalworking (west) (DE9903295F)	3.2 %	Flat-rate payment of DEM 350 for January- February 1999, plus one-off payment of 1% of annual income	12 months from 1 March 1999
25 February	Automobile trade	3.0%	–	12 months from 1 March 1999
27 February	Public services (DE9903100F)	3.1%	Flat-rate payment of DEM 300 for January-March 1999	12 months from 1 April 1999
28 February	Deutsche Post AG (DE9903100F)	3.1%	Flat-rate payment of DEM 500 for January-March 1999	12 months from 1 April 1999
1 March	Deutsche Telekom AG (DE9903100F)	3.1%	Flat-rate payment of DEM 300 for January-March 1999	12 months from 1 April 1999
19 March	Iron and steel industry (west)	3.3%	Flat-rate payment of DEM 500 for March-May 1999	12 months from 1 June 1999

Table 1. Selected pay agreements, 1999 bargaining round (*continued*)

Date of agreement	Branch (region)	Pay increase	Other payments	Term
19/20 March	Insurance (DE9904105F)	3.2%	Flat-rate payment of DEM 350 for January-March 1999	12 months from 1 April 1999
30/31 March	Energy industry (North Rhine-Westphalia)	3.1%	Flat-rate payment of DEM 350 for April-May 1999	12 months from 1 June 1999
13 April	Confectionery (North Rhine-Westphalia/ Bavaria)	3.0%/3.2%	–	12 months from 1 April 1999
14 April	Iron and steel industry (east)	3.3%	Flat rate payment of DEM 166 for April-May 1999	12 months from 1 June 1999
21/22 April	Construction industry (DE9905109N)	2.9%	–	12 months from 1 April 1999
6 May	Printing industry (DE9905213N)	3.3%	–	12 months from 1 April 1999
10 May	Paper processing	3.3%	Flat-rate payment of DEM 75 for April 1999	11 months from 1 May 1999
12 May	Wholesale trade (North Rhine-Westphalia)	3.1%	Flat-rate payment of DEM 120 for April-May 1999	10 months from 1 June 1999
26 May	Textiles and clothing industry (west)	3.1%	Flat-rate payment of DEM 200 for May-July 1999 (clothing) and June-August 1999 (textiles)	12 months from 1 August/ September 1999
31 May	Chemicals industry (west) (DE9906215N)	3.0%	Flat-rate payment of DEM 200 for one month	Regional differences: 13 months from 1 June/July/ August 1999
17 June	Hotels and restaurants (Bavaria)	3.0%	Flat-rate payment of DEM 50 for April-June 1999	Nine months from 1 July 1999
7 August	Retail trade (North Rhine-Westphalia)	3.0%	Flat-rate payment of DEM 165 for April-June 1999	Nine months from 1 July 1999
14 October	Agriculture (Bavaria)	2.4%	Flat-rate payment of DEM 50 to DEM 85 for July-September 1999	13 months from 1 October 1999
29 October	Mining	–	Flat-rate payment of DEM 400	Nine months from 1 September 1999

Source: WSI Collective Agreement Archive 1999.

Overall, in 1999 trade unions affiliated to DGB concluded new collective pay agreements for some 18.8 million employees. According to the WSI Collective Agreement Archive, the average collectively-agreed pay increase was 3.0%. The difference between agreed pay increases in west (2.9%) and east Germany (3.4%) was again diminished and the speed of the adjustment between west and east German pay levels was further slowed. In 1999, the average collectively-agreed pay of

an east German employee was 91.5% of the west German level. Calculated on an annual basis, sectoral increases in collectively-agreed pay varied between 1.9% and 3.6% (see table 2). In almost all sectors, collectively-agreed pay increases were significantly higher in 1999 than in the previous year, when the average increase was only 1.8%. With an inflation rate of 0.6%, many employees received notable increases in real pay in 1999.

Table 2. Annual increases in collectively agreed pay, by sector, 1999

Sector	1999*	1998*
Investment goods industry	3.6%	1.8%
Public services	3.2%	1.9%
Retail and wholesale trade	3.2%	2.3%
Banking, insurance	3.1%	1.5%
Food industry	2.7%	2.0%
Consumption goods industry	2.6%	1.6%
Private transport	2.6%	2.0%
Raw material	2.4%	2.1%
Horticulture, agriculture, forestry	2.3%	2.0%
Private services	2.1%	1.5%
Construction	2.0%	1.3%
Energy, water, mining	1.9%	1.5%
All sectors	3.0%	1.8%

* Increases against the previous year.

Source: WSI Collective Agreement Archive 1999.

According to the Federal Statistical Office, however, on average, overall wages and salaries throughout the German economy rose by only 2.2% in 1999. This discrepancy is a result of the 'negative wage drift' whereby many employees who are not covered by a collective agreement receive significantly lower pay increases than those who are covered by agreements. In 1998: only 68% of west German employees and 51% of their eastern counterparts were covered by branch-level collective agreements; 8% of west German and 13% of east German employees were covered by a company agreement; and 24% of west German and 37% of east German employees were not covered by any collective agreement (figures based on the representative data of the establishment panel of the Institute for Employment Research (Institut für Arbeitsmarkt und Berufsforschung, IAB)) (DE9905111N).

Following reductions of wage taxes and social security contributions, German labour costs increased by some 1.9% in 1999. Since labour productivity rose by 1.1%, unit labour costs consequently increased by 0.8%, while during the two previous years they had decreased (in 1997 by 0.8% and in 1998 by 0.4%). For the first time since 1992, the average figure for collectively-agreed pay increases of 3% exceeded the 'cost-neutral margin of distribution' (kostenneutraler Verteilungsspielraum) which is the rate of inflation (0.6%) plus the increase in labour productivity (1.1%). As a result, employees' share of national income (the 'wage quota') increased from 70.9% in 1998 to 71.4% in 1999.

Working time

Since the 1999 collective bargaining round was almost a pure 'pay round', there were almost no changes in working time. In 1999, collectively-agreed average working time in west Germany remained at 37.5 hours per week while in east Germany average working time was 39.2 hours per week (see table 3). However, although it was not included in any agreements, working time reduction was an important issue in the political debates among the bargaining parties. The unions still argued for further working time cuts and IG Metall campaigned particularly strongly for a shortening of lifelong working time through the introduction of new collectively-agreed early retirement schemes (DE9910217F). On the other hand, employers' associations demanded more working time flexibility, while there were some calls for a return to the 40-hour week (DE9912227N).

In banking, the bargaining parties were unable to conclude a new collective agreement, since the unions did not accept employers' demands for the inclusion of Saturday as a regular working day. Unions and employers' associations also have opposing views on the question of a further extension of shop opening hours (DE9912230F).

Table 3. Collectively-agreed weekly working hours, selected branches, 1999

Branch	West Germany	East Germany
Metalworking	35	38
Iron and steel	35	38
Printing	35	38
Paper processing	35	37
Textiles and clothing	37	40
Chemicals	37.5	40
Commerce	37.5	38
Public services	38.5	40
Construction	39	39
Banking	39	39
Shoe manufacture	39	40
Agriculture	40	40
Average	37.4	39.2

Source: WSI Collective Agreement Archive 1999.

Equal opportunities

There were no significant developments in the area of equal opportunities in collective bargaining in 1999.

Job security

A number of initiatives aimed at creating and safeguarding employment have been carried out within the tripartite 'Alliance for Jobs, Training and Competitiveness' forum (see above). In a joint declaration on the establishment of the Alliance (DE9812286N), the parties involved stated that a positive development of the labour market requires a close and permanent cooperation between the state, trade unions and employers' associations. As primary objectives, all parties involved agreed on the need for:

- a permanent reduction of non-wage labour costs and a structural reform of the social security system;
- an employment-promoting distribution of work and flexible working time arrangements;
- a reform of corporate taxation, with particular tax reductions for small and medium-sized companies;
- the improvement of the innovative capacities and competitiveness of companies;
- the creation of improved access to early and partial retirement;
- a collective bargaining policy which supports the creation of employment;
- the development of new fields of employment for low-skilled workers; and
- the extension of labour market policy to fight youth and long-term unemployment.

Training and skills development

In 1999, numerous meetings of some 10 topic-related working groups, as well as three sets of top-level talks, took place within the framework of the Alliance for Jobs. Very few concrete results had emerged from those meetings by the end of the year. However, in a joint statement, which was adopted in the third round of top-level talks in July 1999, the parties involved agreed on a 'consensus on career training' (Ausbildungskonsens), which included a broad range of activities to make sure that every young person will find a vocational training place (DE9907219F).

Evaluations of the 1999 round

The social partners made differing evaluations of the 1999 collective bargaining round. For most employers' associations, the 1999 round was a symbol of 'stagnation' in the overall process of reforming the German bargaining system. They sharply criticised the withdrawal from a policy of wage moderation as well as the reintroduction of a 'collective bargaining convoy', whereby all sectors follow the pattern of the metalworking industry. In order to reduce the worryingly high number of unemployed people, employers are

demanding a return to a policy of wage restraint and more differentiated wage developments between sectors, companies and groups of employees.

On the trade union side, opinions were somewhat divided. On the one hand, several sectoral unions, in particular IG Metall, called for a 'U-turn' in German bargaining in order to guarantee employees a 'fair share' in the overall creation of wealth. On the other hand, DGB adopted a joint paper with BDA within the framework of the Alliance for Jobs, in which both parties agreed in principle to a further flexibilisation and decentralisation of the bargaining system, as well as on the 'priority use of productivity increases for employment' (DE9907219F). Although the same formulation was accepted within the national Alliance for Jobs as a guideline for the 2000 bargaining round, it is still rather unclear what it means in practice, since there are still very different conceptions of the relationship between wages and employment.

Legislative developments

On 1 January 1999, a package of labour law amendments came into force, largely arising from the wish of the new red-green government to revoke some of the more controversial changes introduced by its conservative-liberal predecessor (DE9901291N). The new amendments contained provisions in the following areas:

- *continued payment in the event of sickness.* The new government has reintroduced the payment of 100% of previous remuneration from the first day of sickness. In 1996, the former government had reduced sick pay to 80% of the previous wage;
- *dismissal protection.* The new government also reintroduced full dismissal protection for all workers in companies with more than five employees. The former government had limited comprehensive dismissal protection to companies with more than 10 employees. In addition, the new government extended the so-called 'social criteria' (such as age, length of service and family situation) which have to be recognised by employers in the event of redundancies; and
- *posted workers.* In order to fight social and wage 'dumping' in the German construction industry, the new government extended the Posted Workers Act for an unlimited period (the former Act was set to expire in August 1999). Furthermore it broadened the content of the Act, which was previously limited to making obligatory certain minimum wages, to all provisions of the collective agreements in the construction industry. Finally, the new government sharply increased the maximum fines for employers which violate collective agreements (up from DEM 500,000 to DEM 1 million) and added a new provision which makes user companies responsible when their

subcontractors contravene collectively-agreed standards.

In June 1999, the federal government and the bargaining parties in the construction industry reached an agreement on the principles of a new regulation of the bad-weather allowance (Schlechtwettergeld) (DE9906217N). A new law, which came into force from 1 November 1999, sought to provide better protection of construction workers during the winter period, when there are temporary work stoppages due to bad weather.

In August 1999, the Federal Ministry of Labour issued a directive which declared new collectively-agreed minimum wages for construction workers to be 'generally binding' – ie applying also to non-organised and to foreign employers and employees in the industry (DE9909117F). The Ministry thus used the provisions of the new Posted Workers Act (see above).

In April 1999, the Federal Labour Court (Bundesarbeitsgericht, BAG) issued a judgment which acknowledged the right of trade unions to bring a court case against employers which they accuse of operating a company arrangement that contravenes a collective agreement in force (DE9908214F). In recent years, Germany has seen a growing number of so-called 'employment pacts' at establishment level between management and works councils (DE9902293F), some of which more or less openly contravene collective agreements. While previously it was only individual employees who could bring such cases to court, the Court has now extended this right to unions.

The organisation and role of the social partners

In the second half of the 1990s, German trade unions entered into a period of reorganisation, including a wave of union mergers. In November 1999, five service sector unions agreed to merge and form the United Service Sector Union (Vereinigte Dienstleistungsgewerkschaft, Verdi) (DE9911225F). The unions concerned are:

- the Public Services, Transport and Traffic Union (Gewerkschaft Öffentliche Dienste, Transport und Verkehr, ÖTV);
- the German White-Collar Workers' Union (Deutsche Angestellten-Gewerkschaft, DAG);
- the Postal Workers' Union (Deutsche Postgewerkschaft, DPG);
- the Commerce, Banking and Insurance Union (Gewerkschaft Handel Banken und Versicherungen, HBV); and
- the Media Union (IG Medien).

The official establishment of Verdi is planned for spring 2001. It will be the world's largest single union, with around 3.2 million members (on current figures), representing more than 1,000 occupations.

One major reason for the ongoing organisational restructuring of German trade unions has been the dramatic losses in membership during the 1990s (DE9908113F). From 1991 to 1998, German unions lost almost 3.5 million members, equal to some 30% of their membership (see table 4). As a result, union density decreased from 41% after German unification in 1991 to 32% in 1998.

The organisational problems of German unions become even more obvious when the structure of DGB membership is considered. At the end of 1997, for example, nearly 19% of the DGB affiliates' members were pensioners. By contrast, the proportion of young union members under the age of 25 decreased from 11.3% in 1991 to 6.4% in 1996. While DGB is still relatively strong in terms of organising male, full-time, blue-collar workers in manufacturing and public services, the unions have considerable problems in organising female, white-collar and part-time workers as well as workers in private sector services. Thus, the membership structure of the DGB arguably corresponds more to the 'industrial society' of the 1960s than the 'service society' of the beginning of the 21st century.

Table 4. Membership of German trade unions (millions), 1991-8

Year	DGB	DBB	DAG	CGB	Total
1991	11.800	1.053	0.585	0.311	13.749
1992	11.016	1.095	0.578	0.315	13.005
1993	10.290	1.079	0.528	0.311	12.208
1994	9.768	1.089	0.521	0.306	11.685
1995	9.355	1.076	0.507	0.304	11.242
1996	8.973	1.102	0.501	0.303	10.878
1997	8.623	1.117	0.489	0.303	10.532
1998	8.311	1.184	0.480	0.303	10.278

DGB = Deutscher Gewerkschaftsbund; DBB = Deutscher Beamtenbund; DAG = Deutsche Angestellten Gewerkschaft; CGB = Christlicher Gewerkschaftsbund.

Source: Trade unions and Institut der deutschen Wirtschaft (IW) (DE9908113F).

Organisational developments within employers' associations have been closely related to the ongoing restructuring process of the German branch-level collective bargaining system. During the 1990s, a number of individual companies have withdrawn from employers' associations in protest at the contents of collective agreements. Since most German employers' associations do not publish accurate membership figures, it is rather difficult to gain a clear picture of organisational developments. The decrease in collective bargaining coverage, however, indicates that some employers' associations have also been confronted with growing membership problems.

The metalworking employers' association, Gesamtmetall, for example, has argued for several years for a further decentralisation of bargaining which transfers more responsibility for terms and conditions to the company level. Some of the regional Gesamtmetall affiliates have founded new parallel metalworking employers' associations which will not participate in industry-level bargaining. This trend began in 1997, when the Gesamtmetall affiliate Nordmetall - which represents 350 enterprises in the states of Hamburg, Schleswig-Holstein and Mecklenburg-Vorpommern - founded an employers' association called Arbeitgeberverband Norddeutschland which neither concludes, nor is bound by, industry-level collective agreements (DE9712142N). After the conclusion of the 1999 metalworking agreements, similar developments took place in Rhineland-Palatinate (DE9904106N). Furthermore, in North Rhine-Westphalia, the regional metalworking employers' association (Verband der Metall- und Elektro-Industrie Nordrhein-Westfalen, METALL NRW), demanded a debate on ways in which to allow member companies to escape from branch-level collective bargaining but at the same time enjoy the solidarity of, and integration into, an employers' association.

Industrial action

In 1999, there were no major strikes or industrial action at branch level. However, some branch-level collective bargaining was accompanied by warning strikes. In metalworking, for example, more than 1 million employees (according to IG Metall figures) participated in some form of industrial action during the bargaining round during the early part of 1999 (DE9903295F). Warning strikes also accompanied bargaining in other sectors, including public services, the steel industry, printing, private transport and insurance. In June 1999, more than 15,000 banking employees held a central demonstration in Frankfurt rejecting employers' demands for the introduction of Saturday as a regular working day. In October 1999, more than 60,000 employees in public services went to Berlin to demonstrate against government plans to limit pay increases for Germany's 2 million or so career public servants (Beamte) to the level of inflation over the next two years (DE9910218N).

In addition, there were several cases of industrial action at company level – within the context of either company bargaining or company restructuring. The most spectacular case was a five-week site occupation at Alcatel in Berlin which the workers staged in protest against management's decisions to make 140 of the 170 workers at the plant redundant (DE9912229F).

In early 2000, there were no precise strike figures for 1999 available. In 1998, the total number of working days lost through industrial action was 16,102, while the number of workers involved in action was 4,286.

National Action Plan (NAP) for employment

The 1999 German National Action Plan (NAP) for employment, in response to the EU Employment Guidelines, was presented in June 1999. According to the government, the provisions of the Plan broadly reflect the debates and outcomes of the various tripartite working groups within the Alliance for Jobs. Although there is no specific body or forum dealing with the NAP, the government discussed the plan as a whole with employers' associations and trade unions before it was passed on to the European Commission.

Impact of EMU on bargaining and industrial relations

The impact of the EMU on collective bargaining and industrial relations was a prominent issue in debates within social partner organisations in 1999. The two sides, however, drew rather different conclusions from the launch of the third stage of EMU and the single currency. According to German employers' associations, increased competitive pressure under the conditions of EMU make further cost reductions and flexibilisation of labour market regulation necessary.

By contrast, German trade unions have emphasised the need for a 'Europeanisation' of collective bargaining and industrial relations and have started to develop new forms of cross-border trade union cooperation. In September 1998, as an explicit reaction to the introduction of the euro, a number of unions from Benelux countries and Germany adopted the 'Doorn declaration', which includes a set of joint bargaining guidelines. In order to prevent possible downward competition on wages and working conditions, the unions concerned agreed that bargaining outcomes should at least be equivalent to 'the sum total of the evolution of prices and the increase in labour productivity' (DE9810278F). In September 1999, at a follow-up meeting of the 'Doorn initiative', the unions involved evaluated the 1999 bargaining round in the countries concerned and stated that bargaining outcomes met the guidelines set out in the Doorn declaration (DE9909215N).

IG Metall continued in 1999 to establish transnational collective bargaining partnerships between its district organisations and counterpart unions in neighbouring countries (DE9904298F and TN9907201S). In some districts, for example North Rhine-Westphalia or Northern Germany, representatives from neighbouring countries' metalworkers' unions participated as observers in the German metalworking bargaining round. Similar initiatives for interregional cross-border trade union cooperation were also taken in the construction sector, for example by German and Polish construction workers' unions (DE9911223N). Other cross-border cooperation agreements were prompted by major cross-border mergers such as that between Hoechst and Rhône-Poulenc, which led to a cooperation agreement between German and French chemical workers' unions (DE9905201N).

The new macroeconomic framework of EMU has also had an influence on trade unions' wage claims and other bargaining demands. In particular, IG Metall has recognised that it has a wider responsibility for wage developments within the 'euro-zone' and that it must conclude wage increases which correspond to productivity increases in order to prevent transnational downward competition. Against this background, German unions sharply criticised the European Central Bank and the European Commission for their recommendations that a policy of wage restraint should be followed (DE9903296N).

Employee representation

In 1999, there were no legislative developments in the area of employee representation. Following the announcement by the federal government in its 1998 coalition agreement that a modernisation of the Works Constitution Act (Betriebsverfassungsgesetz) would be undertaken (DE9811281F), there has been a continuing debate on this issue among the social partners. It is expected that the government will present a draft for a new Act in 2000.

Against the background of a growing number of cross-border mergers and acquisitions, German unions have demanded better protection of German co-determination rights. This debate was highlighted by the merger of Hoechst and Rhône-Poulenc, in addition to Vodafone's hostile takeover bid for Mannesmann in late 1999 (DE9911220F). German unions have also criticised the failure so far to introduce a European Company Statute containing sophisticated co-determination rights.

New forms of work

Since the beginning of the 1990s, Germany has seen an accelerated introduction of new forms of work organisation as well as broad debates among employers and trade unions about the consequences of this for

industrial relations. However, there is no homogeneous trend towards a single model of new work organisation, but rather a great variety of organisational concepts. While some companies have conducted experiments with relatively innovative 'post-Taylorist' forms of work organisation, other companies have introduced more conservative concepts with only slight changes to the 'Taylorist' division of labour. Since Germany is still far from witnessing an overall extension of new forms of work organisation, there are currently also tendencies towards a 'return to Taylor', resulting in a broader extension of 'shareholder-value' concepts and a revival of short-term thinking within management (DE9903288F).

Although all parties within the Alliance for Jobs have demanded the 'creation of more part-time work and the development of new models to make such work more attractive' (DE9907219F), there were no significant legislative or collectively-agreed initiatives which explicitly targeted the promotion of part-time work in 1999. In 1998, some 14% of German employees worked part-time (3% of male and 28% of female employees).

The year's most important legislative change regarding 'atypical' forms of work was an Act on 'marginal part-time employment' (geringfügige Beschäftigung), which came into force on 1 April 1999. The aim of this law was to limit the expansion of marginal part-time work (defined as work with maximum monthly pay of DEM 630) and the reintroduction of social security contributions for these employees. At the same time, marginal part-time employment was exempted from taxes.

In addition, a new Act on the regulation of 'bogus self-employment' (Scheinselbständigkeit) came into force on 1 January 1999, aiming to improve the social rights of people who are formally self-employed, but in reality act as dependent employees. It also brought them into the social security system.

Outlook

The change in the federal government in autumn 1998 had a significant influence on the development of German industrial relations in 1999 in several respects. First, the new federal government introduced a number of new labour laws, most of which improved the situation of employees. Second, examining the outcomes of the 1999 collective bargaining round, there were significant increases in real wages which marked a slight change from the very moderate wage developments in previous years. Third, with the creation of the national Alliance for Jobs, a new 'corporatist' approach was established in Germany.

Whether or not the new Alliance will be a real success, in terms of the creation of new employment and the improvement of industrial relations, remains an open

question. On 9 January 2000, after the fifth top-level meeting of the Alliance, a joint agreement was presented in which the parties recommended 'discussing a long-term employment-oriented wage policy at the forthcoming round of talks in 2000'. The agreement states further that the 'margin for wage increases based on productivity growth will be used primarily for job-creating agreements'. As a possible element of such agreements, the document mentioned 'job-creating early retirement'.

The Alliance for Jobs thus appeared to find a compromise based on a political exchange of wage restraint against early retirement arrangements. The discussions in the run-up to the 2000 collective bargaining round, however,

made clear that this is only a very vague compromise, open to rather different interpretations by the social partners. While the employers' associations see the Alliance's declaration as a request for long-term agreements with only moderate wage increases, the trade unions insist on the full 'cost-neutral margin of distribution' (the sum of increases in prices and productivity) being used for both wage increases and further redistribution of work through early retirement and other provisions for shorter working time. Whatever the outcome of the 2000 bargaining round, it will definitely have a major impact on the future of the Alliance and the fundamentals of German industrial relations.

Germany: 1999 Records

January	<i>Features</i>	Employment security: the new big issue at establishment level	DE9901191F
		<i>In briefs</i>	Pirelli returns to 40-hour working week
		Agreement individualises working time decisions at IBM	DE9901194N
		Court rejects IG Metall case against Christian Metalworkers' Union	DE9901195N
		Unions demand creation of new jobs through reduction of overtime	DE9901289N
		Unions seek right to bring cases against employers contravening agreements	DE9901290N
		Labour law amendments come into force	DE9901291N
February	<i>Features</i>	Private sector collective bargaining coverage analysed	DE9902196F
		Growing numbers of 'employment pacts' at establishment level	DE9902293F
	<i>In briefs</i>	Regional alliance for jobs, training and competitiveness in Northrhine Westphalia	DE9902198N
		METRO social and employment standards to be maintained in transferred companies	DE9902199N
		Majority of works councillors unconvinced about decentralisation of bargaining	DE9902292N
	IG BCE and employers adopt joint declaration on partnership and branch-level bargaining	DE9902294N	
March	<i>Features</i>	New agreements signed for public sector, Deutsche Post, Postbank and Deutsche Telecom	DE9903100F
		Court sets stricter limits on coal, iron and steel co-determination	DE9903101F
		New forms of work organisation in Germany	DE9903288F
	<i>In briefs</i>	New collective agreements signed in metalworking	DE9903295F
		Volkswagen returns to three-shift system	DE9903102N
		DGB criticises European Commission's recommendations on pay policy	DE9903296N
April	<i>Features</i>	Insurance sector agreement on partial retirement and additional pension entitlements	DE9904105F
		Western and eastern European metalworkers' unions establish interregional bargaining policy network	DE9904298F
	<i>In briefs</i>	Milestone collective agreement in public utilities	DE9904104N
		Employers react negatively to metalworking agreement	DE9904106N
		Private waste-disposal agreement introduces entry wages 25% below the norm	DE9904197N
		Jenoptik agreements provoke workforce protests	DE9904297N
		First joint pay agreement for blue- and white-collar workers in printing	DE9904299N
May	<i>Features</i>	The rise of regional employment alliances	DE9905107F
		Collective bargaining in the information technology sector	DE9905112F
		Collective Agreement Act celebrates its 50th anniversary	DE9905200F
	<i>In briefs</i>	New collective agreement signed at Volkswagen	DE9905108N
		New agreements concluded in construction	DE9905109N
		New collective agreements concluded at Deutsche Bahn	DE9905110N
		Study reveals fall in bargaining coverage	DE9905111N
		Franco-German cooperation agreement between chemical workers' unions	DE9905201N
	New agreement signed in printing industry	DE9905213N	

June	<i>Features</i>	Worldwide union campaign accuses Continental of contravening international labour standards	DE9906214F
	<i>In briefs</i>	Opening clauses in chemicals agreements rarely used	DE9906202N
		New agreement signed in west German chemicals	DE9906215N
		New regulation of bad-weather allowance	DE9906217N
July	<i>Features</i>	Interim report on 1999 collective bargaining round	DE9907210F
		New developments within national 'Alliance for Jobs'	DE9907219F
	<i>In briefs</i>	Collective agreement on temporary agency work during EXPO 2000	DE9907211N
		Average income of manufacturing employees up 2.6% in 1998	DE9907212N
August	<i>Features</i>	Trade union membership and density in the 1990s	DE9908113F
		German Social Democracy and the 'third way': Is there a future for SPD-trade union relations?	DE9908116F
		Court acknowledges unions' right to bring cases against companies accused of contravening collective agreements	DE9908214F
September	<i>Features</i>	Dispute over extension of collective agreements in the building industry	DE9909117F
	<i>In briefs</i>	Personnel issues examined at Deutsche Bahn AG	DE9909118N
		Unions make positive assessment of transnational coordination of bargaining policy	DE9909215N
October	<i>Features</i>	DGB celebrates its 50th anniversary	DE9910116F
		IG Metall proposal for early retirement at 60 is strongly disputed	DE9910217F
	<i>In briefs</i>	Unions demonstrate against statutory limits on civil service pay increases	DE9910218N
		Gesamtmittel and IG Metall hold talks on 'Alliance for Jobs'	DE9910219N
November	<i>Features</i>	Vodafone's hostile takeover bid for Mannesmann highlights debate on the German capitalist model	DE9911220F
		'Verdi' overture - five unions agree to form Unified Service Sector Union	DE9911225F
	<i>In briefs</i>	Union demands statutory minimum wage	DE9911221N
		German and Polish construction unions sign cooperation agreement	DE9911223N
		Unions demand coordination of bargaining and European social dialogue in scaffolding sector	DE9911224N
December	<i>Features</i>	Five-week site occupation at Alcatel in Berlin	DE9912229F
	<i>In briefs</i>	Studies relaunch debate on further liberalisation of shop opening hours	DE9912230F
		Innovative package of agreements to safeguard production sites at Sartorius AG	DE9912222N
		Business representatives demand a return to the 40-hour week	DE9912227N

GREECE

Economic developments

During 1999, moves towards convergence between the Greek economy and the rest of the EU continued – the GDP growth rate in Greece stood at 3.5% compared with a rate of approximately 2.1% in the EU as a whole. According to all forecasts, this development is expected to continue. Inflation fell dramatically during the 1990s period as the result of an exchange policy aimed at reducing inflationary pressures – the rate fell from 20.4% in 1990 to 2.5% in 1999.

The recovery of the Greek economy, which began in 1995, has continued as a result of an increase in demand – this rose by 3.5% in 1999 and is expected to increase by 3.9% in 2000. Unit labour costs fell by 15% between 1990 and 1998 and are now at levels comparable to the lowest levels for the 1980s. The rate of unemployment stood at 10.9% in 1998 and, according to government estimates, fell to 10.5% in 1999. During the five-year period between 1995 and 1999, although the value of pay increased in real terms by 15%, this failed to drive actual wages to higher levels than the average for the 1980s. This is because the value of pay fell spectacularly during the first half of the 1990s and has been struggling to achieve former levels, and because part of the increase in incomes has been achieved by increasing the levels of overtime worked.

The government deficit has been on a downward course as part of a policy to reach the levels deemed necessary for Greek membership of the third stage of EMU. In 1999, the deficit stood at 1.6% of GDP, compared with 2.5% in 1998. The deficit is expected to be reduced to 1.2% in 2000 and to be zero in 2001. Meanwhile, government debt remains very high (at 103.8% of GDP), although it has been on a constant downward course since 1993, when it stood at 110.2%.

Political developments

The Pan-Hellenic Socialist Movement (Panellino Socialistiko Kinima, PASOK) remains in government and national parliamentary elections are expected to take place in mid-2000. The most important political events of 1999 were achieving the criteria for membership of EMU, and improving diplomatic relations between Greece and Turkey.

Collective bargaining

As has traditionally been the case in Greece, collective bargaining in 1999 remained centralised, as the 1998-9 National General Collective Agreement entered its second year (GR9805171N). According to the Ministry of

Labour and Social Security and the Mediation and Arbitration Service (OMED), collective bargaining was significantly strengthened between 1990 and 1998, resulting in an increase in the number of collective agreements at all levels. Table 1 below shows the number of agreements concluded at the various levels in 1997 and 1998. The slight decrease in company-level agreements between 1997 and 1998 is due to the fact that many of the agreements concluded in 1997 were for a two-year period.

Table 1. Number of collective agreements concluded, 1997 and 1998

	1997	1998
National general	-	1
National occupational	44	51
Local occupational	25	16
Sectoral	69	87
Company-level	143	137

Ministry of Labour and Social Security and OMED.

Pay

In terms of the content of collective agreements, economic and pay issues were predominant in 1999. The pay increases set out in the National General Collective Agreement refer to the minimum wage, and such increases are taken as the reference point for sectoral agreements, in which the pay increases are usually set slightly higher. According to estimates by the Institute of Labour (INE) of the Greek General Confederation of Labour (GSEE), the average increase in basic pay for 1998, excluding elements such as bonuses and overtime, was 5.6% at current prices and 0.8% at constant prices; for 1999, the figures were 4.1% and 1.6% respectively.

Working time

The average contractual working week was 40 hours in Greece in 1999. This contrasts with the average actual working week of 41 hours in 1998, and around 41.2 hours for 1999. A total of 6% of the workforce was employed on a part-time basis in 1998, compared with 4.6% in 1997.

Calls for a reduction in weekly working time to 35 hours without loss of pay were at the forefront of industrial relations debate during 1999. A draft bill on the introduction of the 35-hour week, presented by the Coalition of the Left and Progress, was discussed in parliament but failed to be adopted (GR9910154F).

The dialogue over the 35-hour week between the social partners at national level ended inconclusively in December 1999. The GSEE expert bargaining committee

and the corresponding negotiators for employers' organisations (GR0001159F) were unable to agree a basis for continuing the dialogue. However, at the sectoral level, the new industry-wide collective agreement in the banking sector for 1999 and 2000 contained provisions to introduce for the first time a pilot scheme to implement the 35-hour week (GR9906135F). In other sectors such as telecommunications (GR9906136N) and energy (GR9906137N), employers and unions made a commitment in the respective collective agreements for 1999-2000 to implement the 35-hour week, but have not set a starting date for its implementation. At company level, in January 1999 a collective agreement was signed on implementation of the 35-hour week at Intracom SA (GR9902113N).

Equal opportunities, job security and training

With regard to other issues such as equal opportunities, job security, vocational training and skills development, no major developments were noted during 1999.

Legislative developments

The most important legislative change that took place during 1999 in the area of labour relations concerned the enactment of Law 2738/1999 on 'collective bargaining in the public administration, permanent status for workers employed under open-ended contracts and other provisions' (GR9911155F). For the first time, this law lays down the right of public servants to negotiate their terms and conditions of employment, excluding pay and pensions, and to conclude collective agreements. It meets a long-standing demand of public servants' trade unions and contributes to the further modernisation of the Greek system of industrial relations.

Other important developments in the area of social and labour policy were:

- Presidential Decree No. 151 regarding 'regulation of matters for the protection of workers in the event of employer insolvency', aimed at bringing Greek law fully into line with EU Directive 80/987/EEC (GR9908149N); and
- amendments to law 1387/1983, aimed at bringing Greek law fully into line with EU Directive 98/59/EC on collective redundancies (GR9907142N).

1999 saw problems regarding both the ineffectiveness of parts of the current legislative framework – as in the case of collective redundancies (GR9904122F) – and the lack of the clarity and precision in that framework – as in the case of the introduction of a legal framework for concluding 'local employment agreements' (GR9901107F). In addition, problems have arisen in relation to the violation and inadequate implementation of existing legislation (GR9903116F and GR9908146N).

The organisation and role of the social partners

There were no notable changes to the organisation of the social partners during 1999. However, trade unions in particular were active in a number of areas, notably unemployment. In July 1999, GSEE issued a statement calling for emergency measures to be taken in order to deal with rising unemployment (GR9907143N). This came after the publication of data showing that the unemployment rate had reached 10.8% of the workforce. This was followed in September 1999 by GSEE calls for higher unemployment benefits, following the depreciation, in real terms, of unemployment benefit in recent years (GR9909151N). September 1999 also saw the presentation of GSEE proposals in the area of pensions, calling for a reform which would ensure social protection and satisfactory living conditions (GR9909150F).

In terms of social dialogue, GSEE decided in February 1999 not to participate in a dialogue on tax reform organised by the government (GR9903118N), arguing that more radical reform of the tax system is needed, rather than what it saw as insubstantial amendments to the current regime.

Industrial action

Data regarding the number of strikes that took place during 1999 were not yet available from the Ministry of Labour and Social Security in early 2000. Even the data for 1997 and 1998 are not sufficient to allow conclusions to be drawn about the situation regarding industrial action in Greece - mainly because the Ministry, the only competent body for recording such information, does not collect any analytical data or data concerning strike content or sector of economic activity.

According to the available data, a small increase in total strikes was noted during 1998, rising from 15 in 1997 to 30 in 1998. The increase was due notably to the number of strikes in public utilities and services and in banks. By contrast, in the private sector there were significantly fewer strikes, falling from 21 in 1997 to eight in 1998. Overall, there was a significant decrease in social tensions during 1999 – there were no general strikes, as had occurred in 1998 (GR9812108F), and only isolated cases of industrial action taking place in specific industries such as Athens-Piraeus trolley bus services (GR9904123F) and the construction sector (GR9903119N).

National Action Plan (NAP) for employment

The Greek 1999 National Action Plan (NAP) for employment was produced by the Ministry of Labour and Social Security rather than directly being the result of dialogue between the government and the competent

social partners. Nevertheless, the social partners played an active part in drawing up the NAP. During the course of 1999, the government called on the employers and the unions to participate in drafting the NAP by submitting relevant proposals. The proposals of the employers' organisations and of the trade unions (GR9906133F) once again highlighted their important differences with regard to employment strategy and industrial relations in Greece.

Employers see the NAP as a means of intervening in the way the labour market operates in order to facilitate their objectives of lower labour costs and increased competitiveness. By contrast, the trade unions believe that the changes contained in the NAP must not affect terms and conditions of employment negatively, and must not weaken the institutional framework for employee protection. The references to industrial relations in the final text of the NAP submitted by the Ministry of Labour (GR9906134F) - relating to increasing labour market flexibility, and in particular to enhancing working time flexibility and flexible forms of employment - are worded in an extremely general and vague way and do not appear to take more than minimal consideration of the proposals submitted by the employers' organisations and the unions.

Impact of EMU on bargaining and industrial relations

The effects of EMU on industrial relations do not appear to be of particular concern, for the time being at least, to the social partners in Greece. It is also noteworthy that there is a lack of interest in the academic community. A study on the expected impact of Greek membership of EMU on pay and employment (GR9812101F) from the trade union-linked INE/GSEE institute was the first attempt in Greece to describe the evolution of pay and employment within the macroeconomic framework of EMU, while a study by INE/OTOE on the effects of EMU on employment and labour relations in the banking sector (GR9905127F) offered new data concerning industrial relations aspects, albeit restricted to the sectoral level.

New forms of work

The development and study of new forms of work organisation, whether resulting directly from EU initiatives in this area or indirectly from the broader controversy regarding new theories on industrial relations and human resource management, are still in the first stages in Greece.

As a result, this area was not a particular subject for discussion and negotiation between the social partners during 1999. The few instances in which new forms of work were implemented were restricted to the enterprise level and principally initiated by employers. Over the past two years, the social partners have been more concerned with particular issues such as education and training and working time flexibility, even though no specific action has been taken on the practical level. On the government side, the policy of encouraging a more flexible approach to industrial relations, and the passage of Law 2639/1998 on 'regulation of industrial relations, formation of a labour inspection body and other provisions' (GR9808185F), are potentially an indirect and unelaborated attempt to create the preconditions that will facilitate a new organisation of work.

Outlook

During 1999, it became obvious that a basic objective of the government was implementation of the programme of structural reform with a view to securing entry to the third stage of EMU. The announcement that the Ministry of National Economy's programme of privatisations and capital sell-offs introduced in September 1999 would be stepped up was clearly a means of achieving this objective, and signalled government policy for the coming months.

The programme of mass privatisations to be pursued in 2000, the extension of wage moderation for another year, and the further increase in industrial relations flexibility being sought by the government and employers, may create a climate of social tension involving a substantial increase in industrial unrest.

Greece: 1999 Records

January	<i>Features</i>	New law provides framework for local employment agreements	GR9901107F
	<i>In briefs</i>	Pioneering trade union initiative on forest conservation	GR9901109N
		Unions revive issue of 35-hour week without a reduction in pay	GR9901110N
February	<i>Features</i>	Telecommunications workers make demands for new collective agreement	GR9902112F
	<i>In briefs</i>	Intracom announces 35-hour week	GR9902113N
		Employers reply to GSEE call for 35-hour week talks	GR9902114N
		Ministry seeks to improve collection of workplace health and safety data	GR9902115N
March	<i>Features</i>	Union fights breaches of working time regulations in banking	GR9903116F
		OTOE presents demands for new banking agreement	GR9903117F
	<i>In briefs</i>	GSEE abstains from social dialogue on taxation	GR9903118N
		Nationwide construction workers' strike	GR9903119N
		Packaging company attempts to introduce 'rotating employment'	GR9903120N

April	<i>Features</i>	Study on collective redundancies Trolley bus workers strike	GR9904122F GR9904123F	
	<i>In briefs</i>	Employers propose pilot implementation of 35-hour week in banking Greek social partners react to Yugoslavia conflict	GR9904124N GR9904125N	
May	<i>Features</i>	Union examines EMU, employment and industrial relations in banking New technologies, employment and skills in the fertiliser industry	GR9905127F GR9905128F	
	<i>In briefs</i>	Retirement age raised for women New collective agreement for notary office workers	GR9905129N GR9905130N	
		More leave for civil servants	GR9905131N	
June	<i>Features</i>	Social partners present proposals on 1999 NAP NAP's industrial relations provisions reviewed New banking agreement introduces pilot 35-hour week	GR9906133F GR9906134F GR9906135F	
		<i>In briefs</i>	New collective agreement signed for Hellenic Telecommunications Organisation Public power corporation agreement signed for 1999-2000	GR9906136N GR9906137N
			Temporary employment increases	GR9906138N
	<i>Features</i>	Wages, competitiveness and unemployment analysed	GR9907139F	
July	<i>In briefs</i>	GSEE rejects IMF wage cut proposal Unions in favour of 'Tobin tax' Collective redundancies rules to be harmonised with Community law Substantial rise in unemployment - GSEE seeks emergency measures	GR9907140N GR9907141N GR9907142N GR9907143N	
		<i>Features</i>	Institute of Labour issues report on the economy and employment	GR9908145F
			<i>In briefs</i>	OTOE accuses two banks of violation of working and banking hours Joint committee studies reduction of working time Measures to protect workers during heatwaves Presidential decree protects workers in case of their employer's insolvency
		September		<i>Features</i>
<i>In briefs</i>	GSEE proposes unemployment benefit increase EKA demands additional measures for earthquake victims			GR9909151N GR9909152N
	<i>Features</i>		Bill on introduction of 35-hour week rejected	GR9910154F
November	<i>Features</i>	New law on collective bargaining in public administration ECJ decision revives issue of family benefits for both spouses	GR9911155F GR9911156F	
		December	<i>Features</i>	Study examines workplace health, safety and working conditions
<i>In briefs</i>	Organising committee seeks 'industrial peace' for 2004 Olympic Games		GR9912157N	

IRELAND

Economic developments

The Irish economy continues to perform exceptionally by EU standards. GDP grew by 8.9% in 1998 and 8.4% in 1999 and GNP grew by 8.1% in 1998 and 7.4% in 1999. The general government balance in 1999 was a surplus of 1.5% of GDP. In 1999, the exchequer surplus stood at IEP 1,192 million compared with IEP 747 million in 1998. Public debt as a percentage of GDP was 47% in 1999, compared with 49% in 1998. Inflation stood at 3.0% as of November 1999.

The robust performance of the economy resulted in strong employment growth, with 76,000 jobs created in 1999, consisting mostly of full-time positions. There were further reductions in unemployment during 1999 - as of December 1999 the unemployment rate stood at 5.1%, compared with 7.1% in 1998, and appeared to be continuing to fall.

Political developments

The current government consists of a coalition between the majority centrist Fianna Fail party and the small right-of-centre party, the Progressive Democrats (PDs). This coalition government has been in power since June 1997. The next general elections are not due until 2002.

Collective bargaining

Pay

A 1999 survey of 1,122 pay settlements in the private sector and the commercial semi-state sector by the Services Industrial Professional and Technical Union (SIPTU) showed that the level of adherence to the basic pay terms of the current national intersectoral agreement, *Partnership 2000* (P2000), remained high, at 88% (IE9906280F). Of the settlements in the survey, there were 131 cases (11.6% of the total) where 'above the norm' basic pay increases were agreed. In many of these cases, the extra increases were related to productivity improvements.

The majority of pay settlements have thus conformed to the terms of P2000. There has undoubtedly been a degree of wage drift, however, with companies operating in specific sectors concluding settlements above the terms set out in P2000. This is particularly evident in companies operating in tight labour markets and competing to attract and retain skilled workers, most notably in pharmaceutical, construction, electronics and information technology companies. On the whole, however, deals on a plant-by-plant basis appear to have

largely conformed to the terms of P2000.

The government and the social partners have recognised that new forms of pay determination will need to be introduced in both the private and public sectors (IE9904276N). In the private sector, it has been generally accepted that a much greater emphasis than hitherto needs to be placed on promoting profit-sharing and gainsharing schemes at enterprise level. A perceived advantage of these schemes is that they allow employees to share in the gains of economic success, while helping to curb inflation.

Pay determination is a much more complex and problematic issue in the public sector. Growing wage pressures and high-profile industrial disputes in the public services were the most intractable issues in Irish industrial relations in 1999 (IE9909292N). The government's public sector pay policy has been put under serious pressure as a result. The nurses' strike in October 1999 starkly illustrated the tensions surrounding public sector pay (IE9910297N). Although the strike was resolved (IE9912202N), this by no means removed the possibility of other public service groups responding by pursuing 'knock-on' pay claims in an attempt to bridge the 'relativity gap'. The government has emphasised that the existing system of public service pay determination, based on pay relativities, is outdated and that new ways will have to be found to reform it. (The proposed new national agreement reached in February 2000 - see below under 'Outlook' - introduced a special one-off 3% 'catch-up' pay award for almost 60% of public servants, aimed at restoring some parity with groups such as nurses, police and prison officers, who all secured higher increases under P2000. There will also be a new 'benchmarking' body to allow public servants to seek comparisons of their pay and conditions with similar groups in the private sector.)

It appears likely that some form of performance-related pay (PRP) will be introduced in the public sector in the future. A four-tier system of PRP was proposed in a report commissioned by the government (IE9910295F) which was released at the end of 1999. There is likely to be some resistance to PRP from public sector trade unions, most particularly if it is introduced on an individualised basis.

Working time

There were no major changes in the duration of working time in 1999, with average collectively agreed normal weekly working hours remaining at 39.

The most recent evidence available on collective agreements on flexible working time is the Labour Court register of collective agreements under the Organisation of Working Time Act (which implemented the EU Directive on working time). This register shows that by

the end of 1998, 112 collective agreements providing for variation of the provisions of the Act had been agreed. The provisions can be varied by either averaging out the Act's 48-hour weekly hours limit over a 12-month period (the reference period is normally two, four or six months, depending on the workers' situation) or by phasing in the 48-hour limit over two years, with limits of 60 hours in the first year and 55 hours in the second. Many of the agreements involved both types of variation. The three main sectors in which agreements were registered during 1998 were chemicals, metals and building.

Equal opportunities

In general, collective agreements that place an emphasis on issues such as equal opportunities, training and employment creation and retention are very limited in Ireland, as the vast majority of agreements tend to focus on pay rates and conditions and on changes in work organisation. Under the P2000 national agreement, a commitment was made to develop a strategy which enhances equality and counters discrimination in both employment and non-employment areas and to extend the principle of non-discrimination to wider groups. An expert working group on childcare issued recommendations in February 1999 for a national childcare strategy (IE9902269F). It also recommended the expansion of 'family-friendly' policies to assist women in reconciling employment and family life, to encourage the involvement of fathers, and to help employers retain skilled employees.

Job security

Since 1991, the social partners have participated in area-based partnership schemes which are concerned with combating long-term unemployment and social exclusion. There are 38 of these partnerships operating in various geographic regions. More recently, four European Commission-sponsored Territorial Employment Pacts (TEPs) have been introduced. These TEPs complement and coordinate the area-based partnership initiatives.

However, the work of these bodies appears to have had little impact in terms of promoting collective negotiations over employment creation or retention in individual companies in Ireland. This largely reflects the fact that bargaining at company level is very rarely primarily concerned with employment creation and related issues in Ireland.

Training and skills development

The social partners have been involved in a number of training initiatives under P2000. The Training Awareness Campaign (TAC) was established in response to commitments in P2000. The TAC is funded by the EU ADAPT programme and ran from January 1998 to the

end of 1999. It involved the setting up of sectoral TAC committees in seven sectors, whose task was to consider the particular training needs of their sector. The sectoral committees developed sectoral action plans and piloted a number of training schemes. These pilot projects were to be evaluated and the results disseminated and used to guide the development of other projects. The sectors covered by the programme were: food, retail, security, pharmaceutical, electronics, print and paper and engineering.

Furthermore, a new 'partnership' training initiative jointly developed by the social partners in conjunction with the state-sponsored National Centre for Partnership (NCP) was announced in July 1999 (IE9907284N). It is entitled *Working in partnership - a joint management/union training programme for partnership in competitive enterprises*, and is intended to facilitate in a practical way the development of enterprise-level partnerships. The programme will incorporate joint training in areas such as: understanding and developing partnership in the manufacturing and services sectors; team skills; awareness of the changing world of work; reward and recognition systems; understanding financial information; improving the quality of working life; joint problem-solving; and consensus decision-making.

Legislative developments

The most significant legislative development in 1999 was the introduction of the Employment Equality Act 1998 (IE9909144F). The Act came into force on 18 October 1999 and has been described as one of the most significant pieces of Irish employment legislation in the last 20 years. The Act outlaws discrimination on seven new grounds, in addition to the existing grounds of gender and marital status. The new grounds are: family status, sexual orientation, religious belief, age, disability, race and membership of the traveller community. Thus, single parents, gay people, older workers and those with disabilities are among those who should see their access to jobs and promotion opportunities improve under the Act. The Act also defines sexual harassment and harassment for the first time in Irish law.

This legislation provides Ireland with one of the most far-reaching equality laws in Europe. Its success in promoting equality will be influenced by various social, political and economic factors, with initiatives within individual organisations continuing to be significant.

The government is committed to introducing a National Minimum Wage (NMW) by April 2000. All that remained in 1999 was for the social partners to agree a final rate (IE9907140F). A rate of IEP 4.40 per hour was proposed by the National Minimum Wage Commission (NMWC) in 1998. A report by the Economic and Social Research Institute (ESRI) concluded that a NMW set at this rate

would have little impact on wage costs and employment levels. The final rate at which the NMW was a central issue in negotiations on a successor to P2000. (The proposed new national agreement reached in February 2000 - see below under 'Outlook' - provided for an initial minimum of IEP 4.40 per hour, increasing to IEP 4.70 in July 2001 and IEP 5.00 in October 2002.)

The organisation and role of the social partners

There were very few real changes to the organisation and role of the social partners in 1999. One of the main issues concerning the social partners towards the end of the year was the negotiation of a new tripartite national agreement. Negotiations formally began in November 1999 following decisions on the part of both the Irish Confederation of Trade Unions (ICTU) and the Irish Business and Employers Confederation (IBEC) to enter into talks (see below under 'Outlook').

One of the other main tasks of the social partners in a national context was involvement in the drawing up of the Irish National Action Plan (NAP) for employment. Although the social partners played an active role in the formulation of the 1998 NAP, ICTU in particular complained that its involvement in the 1999 Plan was restricted (see below under 'National Action Plan (NAP) for employment').

Industrial action

The total number of working days lost through industrial action in 1998 was 37,374. During the first half of 1999, the figure stood at 28,191. In 1998, there were 33 industrial disputes in total, while there were 16 in the first half of 1999. The most serious disputes in 1999 occurred in the public services, particularly the high-profile nurses' dispute. The national strike staged by 27,000 nurses began on 19 October 1999 (IE9910297N) and constituted a major test of strength between the government and the nursing unions. The key issue for the nurses was their bid to enhance both their pay and professional status to a level that they felt was commensurate with their qualifications and the professional demands which are made upon them. The government, for its part, was fearful that further concessions would provoke 'knock-on' pay claims elsewhere in the public sector. For this reason, the government was resolute in its determination to face down the nurses, partly in an attempt to dissuade other public sector workers from pressing their own claims. The strike was called off after nine days, after the nurses had secured some concessions that exceeded the terms previously offered following a Labour Court recommendation (IE9912202N).

National Action Plan (NAP) for employment

The social partners were active in drawing up the 1998 Irish NAP - they were asked for their assessment of the 1998 Plan, attended a seminar with the European Commission on the NAP and Employment Guidelines, and were also consulted on a bilateral basis by the Irish Department of Enterprise, Trade and Employment on the text of a draft of the NAP. The Department took account of the views of the social partners in formulating the final NAP. However, social partner input into the formulation of the 1999 NAP was effectively limited to commenting on the draft Plan presented to them. They did not participate in terms of deciding what should be included in the Plan. The limited social partner input into the development of the 1999 NAP partly reflected the restricted time which the Department had to prepare and submit the plan to the Commission, as well as the limited resources which the Department itself had to devote to developing it.

ICTU was dissatisfied with its input into the development of the 1999 Plan, maintaining that there was no meaningful opportunity for social partner involvement in the meeting with the European Commission. It also felt that its input was restricted to commenting on draft proposals prepared by the Irish government, rather than sitting down with the government to decide on the policies and priorities for the Plan. ICTU believes that, for participation to be meaningful, the social partners would have to be involved in consultations at least three months before the deadline for completion of the NAP.

IBEC also acknowledged that the consultation period for the 1999 Plan was very short and that opportunities for the social partners to contribute were limited, but was satisfied with its overall input into employment-related policy and initiatives, pointing to the example of the social partners' participation in employment-related initiatives within the context of P2000.

The limited input of the social partners in the development of the 1999 NAP should be assessed in the context of this participation in developing employment-related policy under P2000. There is a considerable degree of overlap between what is contained in the NAP and the Employment Guidelines, and what was already contained in P2000. This is significant because it shows that the social partners in Ireland have for some time been engaging in the kind of initiatives contained within the Guidelines.

Impact of EMU on bargaining and industrial relations

There was some debate over the impact of EMU on Irish industrial relations during 1999. For some commentators,

the critical issue relates to Irish competitiveness in relation to the UK. In P2000, and the National Economic and Social Council report underpinning it, it is suggested that it is necessary if there is a rapid depreciation of the UK currency that there is sufficient trust between the social partners to tackle potential problems. Coordinated wage bargaining, in the context of a negotiated national social partnership, which extends to the level of the individual enterprise, is seen as the best way of addressing any potential problems. Profit-sharing initiatives are seen as affording significant benefits at a macro and micro level; for instance, in helping to absorb any shocks that may arise from a rapid downturn in sterling.

EMU is likely to promote the continuation of national agreements in Ireland, although future agreements are likely to be quite different from P2000. Paradoxically, while EMU is likely to promote the retention of national agreements, primarily because of their undoubted contribution to economic competitiveness, at the same time it could possibly make it more difficult to reach agreement during negotiations because it may facilitate wage transparency across the EU, influencing the tactics and actions of the bargaining actors.

At the moment, however, it is possible only to speculate about what might happen. As yet, IBEC and ICTU have not made any explicit references to cross-national comparisons of wage or productivity data in national agreements. ICTU has been somewhat more active than IBEC with regard to communicating with confederations in other countries over the coordination of bargaining.

It is unlikely that explicit trans-European collective bargaining will develop in any formal sense in the foreseeable future, particularly over wages. The diffusion of European Works Councils (EWCs) within Irish-based multinational enterprises may, however, conceivably promote informal, 'arms-length' bargaining in relation to non-wage issues such as training and health and safety.

Employee representation

Early in 1999, the 'high level group' dealing with the thorny issue of trade union recognition in Ireland formally approved a breakthrough agreement on the issue, which was accepted by the social partners (IE9903135F). The agreement retains a voluntarist approach, with the Labour Court issuing legally binding recommendations on recognition only when an employer rejects or deliberately abuses the voluntary process. Consequently, companies have an either/or choice between opting for the voluntary route or rejecting it. In instances where companies reject the voluntary route, a trade union may refer the matter to the Labour Court for a recommendation. Ultimately, the Court cannot issue a legally binding recommendation on employers formally to recognise the union(s) concerned per se, but companies may be compelled to accept the Court's recommendations in respect of pay, procedures and

conditions of employment. Further, individual employees will now be entitled to professional representation in instances of dispute and grievance with their employers.

The EU Directive on EWCs, implemented in Ireland by the Transnational Information and Consultation Act 1996, initially affected 271 Irish-based operations of multinationals. It has been estimated that the number of operations in Ireland that are covered by the Directive has increased to roughly 550 as a result of the extension of the Directive to cover the UK from December 1999.

New forms of work

The implementation of the EU Directive on part-time work into Irish law has been the subject of tripartite discussions between ICTU, IBEC and the government. The discussions started in late June 1999, and while no date has been set for the publication of the relevant legislation, the deadline for implementation into Irish law was 20 January 2000.

Outlook

The issue which most preoccupied the social partners in early 2000 was the renegotiation of the national agreement which formally expires at national level at the end of March 2000. In November 1999, the social partners commenced talks on a new partnership agreement to replace P2000 (IE9911146F). Crucially, the context of social partnership negotiations has changed from 'managing crisis' to 'managing economic growth and rising expectations'. This fundamentally different context has provoked a number of tensions, which revolve around two main and related issues: income distribution and social equity. These issues both relate to concerns that the wealth that has been generated by strong economic growth is not being distributed equitably.

Tensions over income distribution and social equity were further fuelled by the contents of the 2000 budget issued in December 1999, which was seen as disproportionately benefiting the better off at the expense of low-paid people. The 2000 budget was widely seen as providing the government with a perfect opportunity to develop further the pay/tax trade-off policy of recent years, improve the position of low-paid and marginalised people, and help bolster negotiations over a successor to P2000. In the event, the Finance Minister's budget provoked a great deal of controversy over the failure to improve the position of the low paid, as well as over moves to 'individualise' tax bands.

The budget controversy exacerbated the obstacles and difficulties that already existed in terms of securing a new national agreement. A national deal was already going to be more difficult to achieve in the present context of economic boom and rising expectations than at any time since national programmes commenced in 1987. This

was largely because the gap between employee and union expectations and what employers were prepared to concede was so wide. In addition, the issue of reforming public service pay determination was likely to prove to be very thorny.

Despite these undoubted obstacles, it seemed more likely than not that a deal on a new agreement would eventually be struck, albeit after considerable difficulty. This is largely because the social partners and the government generally perceive that the benefits of national agreements outweigh the costs. There is also a general feeling that the alternatives, such as a return to 'free-for-all' local collective bargaining, are not practicable.

(A proposed new three-year agreement, the *Programme for Prosperity and Fairness* (PPF) was indeed reached in February 2000 (IE0002205N), and was expected to be endorsed by the members of IBEC and ICTU by late March. The central component of the PPF is a 33-month pay agreement which involves a minimum 15% pay rise (15.75% on a cumulative basis) for all employees as follows: 5.5% for the first 12 months; 5.5% for the next 12 months and 4.0% for the last nine months. There are to be minimum flat-rate weekly increases of: IEP 12 in respect of the first year's payment; IEP 11 for year two; and IEP 9 for the final nine months. This means that the lower paid will secure a higher overall increase than the

basic 15% rise available to all employees. The PPF also provides for: the new NMW to be set at IEP 4.40 per hour, increasing to IEP 4.70 on 1 July 2001 and to IEP 5.00 from 1 October 2002; a separate 'catch-up' pay award worth 3% for specific groups of public servants, payable from October 2000; voluntary negotiations at local level under the heading of 'partnership', which can include negotiations on issues such as work organisation and new forms of financial involvement; a new role for the Labour Court in deciding what constitutes a breach of the wage agreement; and a government commitment to tax cuts worth IEP 1.5 billion over the next three budgets, involving a projected additional average increase of 10% in take-home pay.)

In terms of the labour market, with the dramatic reduction in unemployment rates and a strongly embedded structural component to residual long-term unemployment, as well as a levelling-off of the increase in labour force participation by women, the supply of available workers has decreased somewhat, and there has been increasing evidence of labour and skill shortages. Labour shortages have particularly affected certain sectors of the economy, with companies in the software, retail and tourism sectors, for example, finding it increasingly difficult to recruit workers. As a result there has been upward pressure on pay in these sectors. Employers are increasingly looking to immigrants as a source of labour.

Ireland: 1999 Records

January	<i>In briefs</i>	Local union recognition deal may point the way forward	IE9901132N
		1999 Budget makes new agreement more likely	IE9901134N
February	<i>Features</i>	Childcare a major issue as government considers new report	IE9902269F
	<i>In briefs</i>	Compromise on recognition for managers at National Irish Bank	IE9902271N
		'Partnership committees' agreed in all government departments	IE9902272N
March	<i>Features</i>	Breakthrough on trade union recognition	IE9903135F
	<i>In briefs</i>	Bank agrees flexible hours to meet customer needs	IE9903273N
		Major supermarket 'takes out' minimum wage and tackles labour shortage	IE9903274N
April	<i>Features</i>	Local government initiative aims to devolve partnership	IE9904275F
	<i>In briefs</i>	ICTU issues new guidelines on gainsharing, profit-sharing and ESOPs	IE9904276N
		Electricity company rejects 12.5% 'profit-share' claim	IE9904277N
May	<i>Features</i>	Ireland's NAP on employment: an update	IE9905137F
	<i>In briefs</i>	Pay issues come into focus as private sector remains stable	IE9905278N
		Workers submit Millennium working claims	IE9905279N
June	<i>Features</i>	P2000 wage settlements hold firm in unionised companies	IE9906280F
	<i>In briefs</i>	Report sets out key issues for policy-makers in new national agreement	IE9906281N
		Parties to ISS partnership deal seek to improve cleaning industry's image	IE9906282N
		Survey claims strong support for partnership at enterprise level	IE9906283N
July	<i>Features</i>	National Minimum Wage debate gathers pace	IE9907140F
	<i>In briefs</i>	Social partners launch major joint training initiative	IE9907284N
		ICTU conference sets scene for talks on new deal	IE9907285N

August	<i>Features</i>	Paper sets scene for trade union debate on partnership	IE9908286F
	<i>In briefs</i>	SIPTU sets up EWC-style 'partnership forum'	IE9908287N
September	<i>Features</i>	The implications of the Employment Equality Act 1998	IE9909144F
	<i>In briefs</i>	Union secures Millennium pay deals in two main banks	IE9909291N
		Public sector pay claims may threaten social partnership	IE9909292N
October	<i>Features</i>	Report on public service pay reform advocates 'Irish solution'	IE9910295F
	<i>In briefs</i>	Report into state electricity company suggests framework for change	IE9910198N
		Ireland's first national nursing strike is a test of strength	IE9910297N
November	<i>Features</i>	Social partnership at a crucial juncture	IE9911146F
	<i>In briefs</i>	SIPTU makes modest progress on local pay deals	IE9911200N
		Aer Lingus 'brand image' not reflected in organisational culture	IE9911299N
December	<i>Features</i>	Report calls for change to ensure 'gender balancing' within Ireland's largest union	IE9912213F
	<i>In briefs</i>	ESB must face up to more EU-driven change	IE9912201N
		Nurses' deal clears way for talks on new national agreement	IE9912202N

ITALY

Economic developments

During 1999, there was little growth in the Italian economy – GDP rose by 1.2% in the first nine months of the year, according to the Italian statistical office Istat. However, the government maintains that GDP growth in 1999 shows that the Italian economy is recovering and should continue to do so in 2000.

According to Ministry of Finance estimates, the public accounts showed an improvement compared with 1998 – in 1999, the public deficit amounted to around 2% of GDP, while the public debt/GDP ratio stood at 115%.

The inflation rate in December 1999 stood at 2.1%, according to Istat. In the last part of the year, there was an increase in inflation, mainly due to a rise in petroleum prices.

In October 1999, the unemployment rate was 11.1%, which represented a decrease of 0.8 percentage points compared with October 1998, thus confirming the reduction experienced during the first half of 1999. However, there remained strong differentiation between unemployment at regional level – while unemployment in the north of Italy stood at 5.4%, it was 9.1% in the centre and 21.1% in the south. In terms of gender and age, the unemployment rate for women stood at 15.1%, compared with 8.6% for men and 33.6% for young people (with a peak as high as 56.4% in the Mezzogiorno). In all the above categories, however, there are signs that the rate of unemployment is falling. Other data showed a decrease in employment levels in firms employing at least 500 employees – in the manufacturing sector, the level of the decrease was 3.3% in the year to September 1999, while in service firms the decrease was 0.4%.

Political developments

In December 1999, disagreement among the political parties which constituted the governing coalition caused a political crisis, which led to the fall of the government. However, a few days later, a new centre-left coalition supported by seven parties - the Democratic Left (Democratici di Sinistra, Ds), the Italian People's Party (Partito Popolare Italiano, Ppi), the Democrats (Democratici), Udeur, the Party of Italian Communists (Partito dei Comunisti Italiani, PdCI), the Greens (Verdi) and Rinnovamento - and still led by Prime Minister Massimo D'Alema, came to power. However, the new government has a narrower parliamentary majority, due to the abstention of some parties - the Italian Democratic Socialists (Trifoglio-Socialisti Democratici Italiani), Upr and the Italian Republican Party (Partito Repubblicano Italiano, Pri) - which formerly supported it.

The European Parliament elections of 13 June 1999 confirmed the deep fragmentation of the Italian political system. The centre-right Forza Italia won the most support, with 25% of the vote, followed by Ds with 17.4%.

Collective bargaining

At the end of November 1999, 53 industry-level agreements were in force, according to the data issued by Istat on sectoral bargaining which cover 80 industry-wide bargaining units and some 11.5 million workers. The agreements in force covered a total of 9.6 million employees and around 83% of Italy's overall paybill is regulated by the agreements recorded, showing an increase of more than 50% compared with the beginning of 1999 (IT9902243F). In 1999, 32 of the agreements were renewed, including important settlements in manufacturing - such as metalworking (IT9907249F) - services - such as commerce (IT9909128N) and banking (IT9907121N) - and important parts of public services and administration - such as school teachers (IT9903337F) and workers employed by the national health service (IT9902101N). In November 1999, according to the Istat panel, 27 sectoral agreements, covering some 1.8 million workers, were awaiting renewal.

2000 will bring other important renewals (eg building, textiles, and local bus transport), as well as negotiations over the possible definition of new industry-wide agreements for telecommunications, electricity, water and gas, and railways. All of these sectors are being affected, though to varying degrees, by liberalisation policies.

There were no significant shifts regarding the relative importance of the different bargaining levels during 1999. Generally, employers seem to favour a move towards more flexible and decentralised collective bargaining arrangements, while trade unions support the importance of maintaining the existing two-tier (sectoral and company) structure (IT9907250F).

Some signs of increasing decentralisation may be found in the efforts to develop forms of territorial tripartite agreements in order to foster local economic growth and employment creation, such as 'territorial pacts' and 'area agreements' - examples being those in Vibo Valentia (Calabria) (IT9901194N), Rome (IT9902198N), Piedmont (IT9902199N) and Gioia Tauro (Calabria) (IT9904339F).

Pay

The intersectoral level kept its central position in regulating pay increases, as a result of the annual meetings on income policy that define the planned inflation rate, which is the fundamental parameter (and limit) for rises set by sectoral agreements (IT9709212F). Normative issues and specific pay increases are essentially addressed by industry-wide bargaining, while

company-level agreements can cover only topics expressly set aside for this level and may not overlap with sectoral regulation (following the system of so-called 'coordinated decentralisation'). In particular, company-level bargaining may define performance-related pay. However, it is interesting to note that company-level collective bargaining is not widespread. Research carried out by Istat, which analysed company-level bargaining between 1995 and 1996, indicates a total coverage of only 9.9% of manufacturing and service companies with at least 10 employees, corresponding to 3.2 million workers or 38.8% of total employment in the relevant sectors (IT9905246F). Moreover, it is important to mention that annual data and variations may be of limited relevance, since the July 1993 national tripartite agreement defined a duration of four years for company-level agreements.

In November 1999, hourly pay set by collective bargaining was growing at an annual rate of 1.8%, down from 2.5% in 1998. The growth rate was 1.8% in manufacturing, 1.2% in services, and 3.2% in public administration, as a consequence of the renewals of collective agreements in these sectors.

Working time

The issue of working time was particularly important in collective bargaining during 1999, at both sectoral and company levels. A prominent feature was the increase in flexible working time, through the use of atypical schedules, as in the case of Saturday working in the commerce sectoral agreement (IT9909128N), 'hours banks', as in the metalworking (IT9907249F) and banking (IT9907121N) sector agreements, and multi-week flexible working time schedules (as in all three of the abovementioned agreements). Working time reductions, though frequently present, have usually been limited. An interesting measure was provided for in the commerce sector accord, which linked a reduction in working time to increased flexibility. In the case of the healthcare sector, a 35-hour working week has been introduced, on an experimental basis, for shiftworkers, thus replacing the normal weekly working time of 36 hours. Specific provisions for part-time work and job-sharing were present, in particular, in the commerce (IT9909128N) and tourism (IT9902100N) agreements.

According to data covering firms employing at least 500 employees, issued by Istat in September 1999, actual working time had increased by 1.4% compared with 1998, while the proportion of overtime in relation to total working time had slightly decreased from 4.6% to 4.5%.

Equal opportunities

Collectively-bargained measures have frequently provided for the creation and regulation of joint committees for equal opportunities. For instance, the 1999 collective agreement in the metalworking sector (IT9907249F)

provided for the creation of a three-level system of joint committees (national, territorial and company). Their tasks are to monitor female employment conditions in the sector and promote campaigns to combat discrimination against women.

In April 1999, the Minister for Equal Opportunities presented the social partners with a report which revealed the extent of discrimination against women employees in Italy (IT9905114N).

Job security

In Italy, employment growth in 1999 was mainly the result of the increase in new 'atypical' employment contracts, covering workers employed on fixed-term or part-time contracts and consultancy and freelance work 'coordinated' by an employer. More than job security, collective bargaining in 1999 focused on labour market deregulation.

A new departure for industrial relations is collective bargaining at local level on the issue of labour market deregulation. In Rome, the agreements on the reorganisation of Rome's public environmental services company, Azienda Municipalizzata Ambiente (Ama), signed in June 1999 (IT9907124N) and in October 1999 (IT9911132N), provided for recruitment of additional workers in return for a reduction in labour costs. In July 1999, a preliminary agreement on an 'employment pact' was signed in Milan by the city's municipal administration, the employers' associations and the trade union confederations – with the opposition of the General Confederation of Italian Workers (Confederazione Generale Italiana del Lavoro, Cgil) (IT9908251F). The aim of the deal is to introduce pay and employment measures to boost employment opportunities for weaker sections of the labour force, such as immigrants, long-term unemployed workers, workers over 40 and disadvantaged young people. (The final agreement was signed in February 2000, still without Cgil (IT0003264N).)

Training and skills development

In July 1999, the government issued a multiannual training plan, the so-called 'MasterPlan', as provided for in the national social pact on development and employment signed in December 1998 (IT9901335F). The aim of the MasterPlan is to raise levels of qualification and improve the integration between formal education and further training, and between the vocational training system and the economic system. The MasterPlan follows the lines of the training system reform issued by the Italian government at the end of 1998 (IT9812334F).

Legislative developments

An important step was taken in 1999 towards the adoption of new rules on parental leave as a means of transposing the 1996 EU parental leave Directive. In

October 1999, the Chamber of Deputies passed the bill which then went to the Senate for its final approval. Its examination was halted during the debate over the 2000 budget and resumed after mid-January 2000. The most innovative aspects of the new draft legislation are that it increases parental leave to 10 months within the first eight years of a child's life and encourages the use of parental leave by fathers.

Other legislative initiatives in 1999 included a draft bill to reform law 146/90 on strikes in essential public services and strengthening the role of the Guarantee Authority which is empowered to enforce the law (IT9903105N). In addition, the social partners in the temporary agency work sector reached an agreement regulating temporary work which subsequently formed the basis for legislative amendments (see below under 'New forms of work').

The organisation and role of the social partners

During 1999, a split opened up between the two largest Italian union confederations, Cgil and the Italian Confederation of Workers' Unions (Confederazione Italiana Sindacati Lavoratori, Cisl), (IT9909345F and IT9912137F). There was thus a break with the traditional collaboration among the three main union confederations - Cgil, Cisl and the Union of Italian Workers (Unione Italiana del Lavoro, Uil) - which had produced substantial unity of action throughout the 1990s, despite the political and ideological differences. The split has stopped the process of moving towards union unity (IT9707307F).

In terms of trade union internal organisation, Cisl decided in July 1999 to undertake a major restructuring of its sectoral federations – the aim is to streamline structures by reducing the number of federations from 36 to just 11 (IT9907122N).

Industrial action

Provisional data relating to strikes during the first 11 months of 1999 show a total of 4.8 million hours not worked because of industrial action. This represents an increase of 24.6% compared with the same period in 1998, but a decrease of almost 40% compared with 1997.

Owing to the renewal of various sectoral collective agreements which took place in 1999 – and in particular the difficult negotiations over the metalworking agreement, which alone led to more than 30 hours of widespread strike action – the increase in the level of industrial action can be seen as 'episodic' because the overall progressive reduction in strike levels was substantially confirmed by 1999 data. This view may be supported by the fact that the increase in strike hours took place in the first five months of 1999, during the

same period when the metalworking accord was being negotiated.

However, if the picture of declining industrial action is true of manufacturing sectors, it is far less so for public transport, especially in the cases of railways and air transport, where the high incidence of industrial action (IT9707209F) was confirmed in 1999. This high level of industrial action prompted the tripartite 'pact on concertation policies and on new rules on industrial relations for the transformation and European integration of the transport system', which was signed on 23 December 1998 at the Ministry of Transport (IT9901240F), and the draft bill to reform law 146/90 on strikes in essential public services and strengthen the role of the Guarantee Authority (IT9903105N). The high-level of industrial action also brought a search for alternative forms of action, prompting a debate over the 'virtual strike', as carried out by pilots and cabin crew at the Meridiana airline in July 1999 (IT9909252F). During a 'virtual strike', workers continue to work without being paid, while the company pledges to donate an amount equivalent to the receipts collected during the action to humanitarian organisations. While it received positive comments, the 'virtual strike' at Meridiana raised a series of technical questions and difficulties which has so far prevented further applications.

National Action Plan (NAP) for employment

In May 1999, the government approved the 1999 Italian National Action Plan (NAP) for employment (IT9905115N), which is based on a mixture of Keynesian policies such as public investment, support for local economic development and active labour policies, and supply-side measures including the reduction of labour costs by decreasing the tax burden, liberalisation of employment services and training. One of the main objectives is the regularisation of the clandestine economy, which is particularly widespread in the south of Italy.

The NAP aims also to increase the incidence of female employment by adopting measures to help reconcile work and family care. Furthermore, it stresses the relevance of concertation between the government and the social partners both at national and at local level.

Impact of EMU on bargaining and industrial relations

In 1999, the impact of EMU on collective bargaining and industrial relations in Italy can be considered to be more indirect than direct. No specific agreements on this subject have been signed, although the actions of the government and the social partners were constrained by EMU.

Throughout the year, in collective bargaining, the social partners respected their commitment to low wage increases, in order to keep inflation under control, while one of the government's priorities has been to reduce the state deficit.

Employee representation

In November 1999, elections for Rsu unitary worker representative bodies took place for the first time in the Italian Post Office. The federations affiliated to the main confederations, Cgil, Cisl and Uil, received around 80% of votes (IT9911348F).

New forms of work

In 1999, new forms of work were particularly important for sustaining employment growth. According to data from Istat, between October 1998 and October 1999 'atypical' jobs accounted for about 85% of the overall increase in labour demand. In October 1999, 8.7% of the total labour force was employed on a part-time basis. The incidence was higher among women (16.2%) than men (3.7%). While women outnumbered men almost threefold (857,000 compared with 293,000), the incidence of part-time working has been increasing for both categories, at a rate of 1.3% and 0.4% respectively. The rate of growth of fixed-time contracts, though still rising, had decelerated to 0.5% in October from a level of 1.3% in April. At the same time, data on temporary agency work shows a substantial increase in the use of this form of employment contract in Italy (IT9909126N). The tendency towards the diffusion of new forms of work was confirmed by various research results, which analysed both behaviours and attitudes (IT9910130N and IT9905246F).

In July 1999, an agreement was reached for the introduction of teleworking in the public administration, on an experimental and voluntary basis (IT9908344F).

In November 1999, the temporary workers' organisations affiliated to the Cgil, Cisl and Uil union confederations - respectively Nidil, Alai and Cpo - and Confindustria, the employers' association for temporary work agencies, signed an agreement to modify the regulation of temporary agency work (IT9912135N). The parties asked the government to implement these changes through a revision of the existing legislation. The government accepted the proposals and pledged to change the relevant law accordingly. Amendments to the legislation have since been approved and mean that use of temporary agency work can be extended to low-skilled and unskilled workers and, on an experimental basis, to the agriculture and building sectors.

Other developments

An important debate which gained momentum in the second half of 1999 concerned the referenda on labour

and industrial relations issues proposed by the Radicals political party (IT9909253F). The proposals, which are considered by trade unions as 'anti-union', cover many issues, such as individual dismissals, job placement agencies, welfare provisions, the tax system, the public funding of trade-union benefit advice centres, and the regulation of specific employment relationship (homeworking, part-time and fixed-term contracts). At the beginning of January 2000, the debate became more intense (IT0002260N). The government declared its substantial political opposition to the so-called 'social referenda', though it stated that it would not oppose the proposals until the Constitutional Court had ruled on their admissibility. Following this, the major Italian employers' association, Confindustria, declared that it was going to support some of Radicals' proposals and trade unions strongly criticised this position. (In February 2000, the Constitutional Court ruled on the admissibility of the proposals for referenda, allowing only two of the proposed referenda on trade union and labour issues - those on individual dismissals and on the collection of trade union fees (IT0002260N).)

On 20 May 1999, Massimo D'Antona, a union-linked labour law expert, academic and government consultant, was murdered by the Red Brigades terrorist group (IT9905112N). By assassinating Mr D'Antona, it is thought that the terrorists meant to attack Italy's current social dialogue and concertation, as he was closely involved in a number of the important legislative initiatives which have characterised the development of the Italian system of industrial relations during recent years, and wrote the text of the tripartite national 'social pact for development and employment' signed in late 1998 (IT9901335F). A Red Brigades' document found on the same day of the murder also contained a direct attack on trade unions for their support of social dialogue.

Outlook

In 2000, it is likely that Italian industrial relations actors will probably have to face many difficult issues which will be a significant test for the overall industrial relations system. Important legislative reforms should be reaching the approval stage, such as that on 'social shock absorbers' (ie measures to ease the blow of redundancies) (IT9802319F) or the highly controversial new law on employee representation (IT9804226F), while the debate on welfare reform, and the pensions system in particular, will continue.

The relationship between the three main union confederations and Confindustria might suffer, should the debate over the referenda on labour and industrial relations issues become particularly intense. For the time being, Confindustria has taken up a cautious approach, but if and when the referenda are put before the electorate (two of the referenda on labour issues have

been permitted - see above under 'Other developments'), the endorsement of the 'social referenda' by the major Italian employers' association may have important and negative consequences for the social dialogue.

Another sensitive point, this time in inter-union relations, are the diverging views that Cgil, on one side, and Cisl, on the other, are displaying, mainly in the domain of interventions for fostering economic growth and employment creation, both at national and territorial level. The new phase of 'competitive unity' that Cisl seems to be intent on pursuing might divide and weaken the trade union movement.

However, there are also important elements that may push again towards a 'unity of action'. These include not only the campaign against the 'social referenda', but also

the important challenge of creating new industry-wide agreements for liberalised sectors that, in the trade unions' view, should eliminate the possibility of unfair competition and 'social dumping', as well as the pressing priority of defining measures to support economic growth and the reduction of unemployment. The latter may be particularly important, since the present signs of improvement in both the economy and the labour market may offer to the social partners important opportunities for effective intervention through the method of social concertation. The relevance of these common goals – economic growth and the fight against unemployment – might be a powerful incentive for the social partners and the government to find shared positions and compromises on the more controversial issues.

Italy: 1999 Records

January	<i>Features</i>	Pact signed on concertation and the right to strike in transport	IT9901240F
		National 'social pact' for development and employment signed	IT9901335F
	<i>In briefs</i>	Changes in leadership of Cisl	IT9901193N
		Employers and unions sign 'development pact' for Vibo Valentia province	IT9901194N
		Welfare and pensions fund agreement signed in building sector	IT9901195N
February	<i>Features</i>	Sectoral bargaining provides important test on hours, flexibility and bargaining structure	IT9902243F
		Debate begins on flexibility in small firms	IT9902336F
	<i>In briefs</i>	National collective agreement signed for tourism industry	IT9902100N
		National agreement signed for healthcare sector and regional environmental agencies	IT9902101N
		Workers demonstrate in Milan to defend safety and show solidarity with immigrants	IT9902196N
		700 jobs saved at Postalmarket	IT9902197N
		First district-level 'concertation' agreement signed in Rome	IT9902198N
'Social pact' implemented in Piedmont	IT9902199N		
March	<i>Features</i>	European Commission approves 'gradual alignment agreements' in Italy	IT9903244F
		New agreement signed for school teachers	IT9903337F
	<i>In briefs</i>	Government intervention reopens banking talks	IT9903102N
		New collective agreement signed for police forces	IT9903103N
		Jobs saved by Nuovo Pignone restructuring agreement	IT9903104N
		New bill regulates strikes in public services	IT9903105N
		Agreement signed on relaunch of textiles sector in Southern Italy	IT9903106N
April	<i>Features</i>	'Relay part-time' scheme to be implemented	IT9904245F
		Social partners clash over 'area agreement' for Gioia Tauro	IT9904339F
	<i>In briefs</i>	Morse Tec Europe agreement on worker participation and new industrial relations	IT9904107N
		Trade unions and employers show solidarity towards Kosovo refugees	IT9904108N
		Agreement signed at Fiat on employment, outsourcing and temporary work	IT9904109N
		Pininfarina deal leads to trade union row on flexibility	IT9904110N
May	<i>Features</i>	Research examines attitudes and behaviour on labour flexibility	IT9905246F
		Debate over industrial relations aspects of proposed 'super-merger' of Telecom Italia and Deutsche Telekom	IT9905247F
		Social partners make proposals on fostering economic growth	IT9905340F
	<i>In briefs</i>	Employment grows in the South of Italy	IT9905111N
		Trade unions targeted by terrorists	IT9905112N
		Cisl conference focuses on organisation and strategy	IT9905113N
		Report highlights discrimination against women workers	IT9905114N
		Government approves 1999 NAP	IT9905115N

June	<i>Features</i>	Confindustria and Bank of Italy highlight industrial relations	IT9906341F
	<i>In briefs</i>	Social partners guarantee social peace for the year 2000	IT9906116N
		New bargaining level introduced for North-East woodworking sector	IT9906117N
		Metalworking and food industry agreements signed	IT9906118N
		End-of-service allowance may contribute to development of supplementary pensions	IT9906119N
		Italy has highest social security contribution burden	IT9906120N
July	<i>Features</i>	Metalworking agreement renewed	IT9907249F
		Debate on reform of collective bargaining	IT9907250F
		Reform of national health service introduces changes in employment relations	IT9907342F
	<i>In briefs</i>	New agreement signed in banking	IT9907121N
		Cisl agrees restructuring	IT9907122N
		Italian and German woodworkers' unions to coordinate bargaining policies at European level	IT9907123N
		Unions divided on flexibility in reorganisation of Rome's environmental services	IT9907124N
August	<i>Features</i>	Controversial pact to promote recruitment of disadvantaged people in Milan	IT9908251F
		Agreement signed on telework in the public administration	IT9908344F
	<i>In briefs</i>	Use of temporary agency work agreed in Rome public transport	IT9908125N
September	<i>Features</i>	'Virtual strike' held at Meridiana airline	IT9909252F
		Radicals promote series of referenda on trade union and labour issues	IT9909253F
		Splits open up between trade unions	IT9909345F
		Government proposes giving end-of-service allowances back to workers	IT9909346F
	<i>In briefs</i>	Use of temporary agency work increases sharply	IT9909126N
		Op Computer declared bankrupt	IT9909127N
		New national agreement signed in commerce	IT9909128N
October	<i>Features</i>	New law adopted on parental leave	IT9910347F
	<i>In briefs</i>	Cisl organises demonstration without other union confederations	IT9910129N
		'Atypical' work grows in Italy	IT9910130N
		'Social clause' agreed for privatisation of Enel	IT9910131N
November	<i>Features</i>	Liberalisation and privatisation put industrial relations at Enel to the test	IT9911256F
		First elections to Rsu representative bodies held at Post Office	IT9911348F
	<i>In briefs</i>	Cgil signs Rome environmental services agreement	IT9911132N
		Restructuring of retail group means end of Standa	IT9911133N
		New collective agreement signed for public sector executives	IT9911134N
December	<i>Features</i>	Cisl initiative leads to change in relations between unions	IT9912137F
		Industrial relations in shipbuilding in Italy	IT9912257F
		Important agreement signed on restructuring the state railways	IT9912349F
	<i>In briefs</i>	Temporary agency work to be extended	IT9912135N
		Unions divided over Bologna's municipal budget	IT9912136N

LUXEMBOURG

Economic developments

According to the Central Statistical and Economic Studies Service (Service Central de la Statistique et des Études Économiques, Statec), GDP grew by 4.5% in 1999. The state budget for 1999 amounted to LUF 180 billion, and registered a surplus of LUF 173 million. The state budget for 2000 is approximately LUF 194 billion, with a surplus of LUF 138 million. This is based on forecast GDP growth of 4.4% in 2000 (5% according to the OECD). The public debt accounted for 4.6% of GDP in 1999, and inflation rose slightly, to 1.89% in the year to November 1999.

According to data based on social security membership figures, there were 231,431 workers employed in Luxembourg at the end of June 1999, an increase of 5.3%, compared with figures for the same time in 1998. This includes cross-border workers, but excludes international civil servants. Compared with the first six months of 1998, the number of cross-border workers rose by 10.5% (to 78,691) to June 1999. The employment of Luxembourg residents also increased, by 2.9%.

The unemployment rate stood at 2.8% at the end of November 1999, with a total of 5,300 job-seekers.

Political developments

Legislative elections on 13 June 1999 resulted in a new coalition government between the Social Christian Party (Chrëschtlech Sozial Vollekspartei, CSV) and the Democratic Party (Demokratesch Partei, DP) (LU9909111N). This government replaced the coalition between the CSV and the Luxembourg Socialist Party (Lëtzebuergesch Sozialistesche Arbechterpartei, LSAP) which had been in office for the past 15 years. In the statement of the new government's programme issued on 12 August, Prime Minister Juncker described the change in government as 'a new era'.

Commentators believe that the seeds for the change in the coalition may have been sown by the previous government's controversial plans to reduce the pensions of civil servants and state employees, passed in July 1998. This move was followed by a general strike in the public sector which brought the country to a standstill (LU9808173F).

Local authority elections took place on 10 and 17 October 1999, but the results are likely to have little impact on industrial relations.

Collective bargaining

The total number of collective agreements in existence in Luxembourg is between 250 and 300. Each year, around 100 of these are renewed by negotiation.

Pay

The 1999 bargaining round focused largely on pay, with increases averaging between 1% and 2%. Notable settlements in 1999 included: a new collective agreement, signed on 17 March 1999, bringing pay rises for blue-collar workers employed by the Luxembourg state into line with those awarded to civil servants (LU9904101N); and a three-year collective agreement in the banking sector, concluded in April 1999 (LU9905104F). However, on 1 December 1999, the Minister of Labour blocked the registration of this agreement (LU9912117N). The accord was signed by the Association of Luxembourg Banks and Bankers (Association des banques et banquiers du Luxembourg, ABBL) on the employer side and two trade unions - the Luxembourg Association of Bank Staffs (Association luxembourgeoise des employés de banque, ALEBA) and the Union of Private Sector White-Collar Employees (Union des Employés Privés, UEP). The Ministry of Labour blocked registration on the grounds that the unions involved did not have the nationally representative status required for the conclusion of a valid collective agreement (see below under 'The organisation and role of the social partners').

Other notable agreements concluded during 1999 included: a two-year deal at the DuPont de Nemours chemicals company, which provides for a 0.8% pay increase for its 1,200 workers in 1999; a two-year deal for the 900 workers at the Villeroy and Boch ceramics firm, providing for a 2% pay increase; a three-year deal at the metalworking company Cerametal (436 workers), awarding a total pay increase of 8.15% over the life of the deal, of which 3.87% is a non-consolidated bonus; and a two-year agreement at the engineering company Paul Wurth, awarding 1999 pay increases of 1.15% for 178 blue-collar workers and 1.95% for 350 white-collar workers (one extra day's leave was provided for all workers, with two days for blue-collar night workers).

In the public sector, the abovementioned two-year deal for the 2,200 blue-collar workers in the state, its institutions and public-sector companies (and usually followed by local authorities) provided for a 2% pay increase.

Working time

Although no collective agreements were reached specifically on the subject of working time in 1999, a number of company-level accords during the year contained provisions related to working time changes.

At national level, the Luxembourg National Action Plan (NAP) on employment (see below) has introduced an element of flexibility into working hours, although fundamental differences of opinion remain between the social partners concerning the issue of working time.

Equal opportunities

There were not many recorded incidences of equal opportunities clauses included in collective agreements in 1999, although an agreement at the retailer Auchan included a provision aimed at combating sexual harassment. At national level, the new legislation relating to parental leave (see below under 'Legislative developments') is likely to provide a framework for agreements at sectoral and company level on this issue.

Job security

There were no recorded incidences of job security agreements or provisions concluded in 1999. As unemployment is low in Luxembourg by EU comparison, job security does not appear to be a main issue preoccupying the social partners at present.

Training and skills development

A number of training-related provisions agreed at company level were recorded during 1999. These include a clause in the Auchan agreement aimed at promoting training during working time. The two-year agreement at Villeroy and Boch awards two training days per year to the employees concerned.

Legislative developments

On 1 January 1999, the statutory national minimum wage rose by 1.3%. Every two years, the Luxembourg government submits to the Chamber of Deputies a report on developments in the economy and incomes, accompanied, where necessary, by draft legislation raising the level of the minimum wage. It was this mechanism which triggered the increase of 1.3% from 1 January 1999, bringing the basic monthly rate of the minimum wage up to LUF 46,878 (EUR 1,162) (LU9901190N).

From 1 August 1999, all wages, pensions and benefits in Luxembourg rose by 2.5% under Luxembourg's automatic statutory indexation scheme. Under this system, all wages, pensions and benefits are automatically adjusted one month after the average of the cost-of-living index over the previous six months rises by 2.5% (LU9909112N).

1999 saw the enactment, on 3 February, of legislation providing employees with the right to take parental leave (LU9903195F). This legislation, which forms part of Luxembourg's NAP, states that employees who are

parents may take six months' parental leave (or 12 months' part-time leave) in respect of all children born after 1 January 1999. One parent may opt for this leave immediately after the period of maternity leave, while the other parent may take it at any time up to the child's fifth birthday. During parental leave, the employee receives a benefit equivalent to EUR 1,496, paid out by the National Family Allowances Fund. This legislation also provides a right for parents to take up to two days' leave per year per child under a new family leave scheme covering sickness, an accident or other urgent reason involving a child under the age of 15 (LU9903196N). These provisions came into force on 1 March 1999.

Also forming part of the Luxembourg NAP, new legislation on working time was adopted in February 1999 (LU9903197F). While maintaining the principle of a normal eight-hour working day and 40-hour week, the law allows variation around this average within a statutory four-week reference period. A collective agreement may extend or reduce the four-week reference period, as long as it does not exceed a 12-month maximum. In the absence of a collective agreement, the Minister of Employment and Labour may, at the request of an enterprise, authorise a special reference period after seeking the opinion of representative trade unions and employers' associations at national level. A work organisation plan must be negotiated at enterprise level prior to each reference period, if employers wish to vary daily and weekly hours during the period.

The organisation and role of the social partners

The decline of the Federation of Private Sector White-Collar Employees (Fédération des Employés Privés, FEP) became particularly apparent in November 1998, when it failed to win a single seat on the body administering the pension fund for private sector white-collar staff (LU9812185N). Until that point, this trade union had been regarded as having nationally representative status for private sector white-collar workers. This decline continued throughout 1999, with the new Minister of Labour ceasing to invite the union's representatives to meetings of the Standing Committee on Employment (Comité permanent de l'emploi). This was perceived as tantamount to withdrawing FEP's nationally representative credentials and suggested that there might be only two nationally representative trade unions left in Luxembourg: the Luxembourg Confederation of Independent Trade Unions (Onofhängege Gewerkschafts-Bond Lëtzebuerg, OGB-L) and the Luxembourg Confederation of Christian Trade Unions (Lëtzebuenger Chrëschtliche Gewerkschafts-Bond, LCGB).

However, on 27 April 1999, ALEBA and UEP created a new federation, the ALEBA-UEP Trade Union Federation (Fédération syndicale ALEBA-UEP), stating that

white-collar workers in the private sector wanted a new organisation that was independent of the two 'big political unions' (LU9905104F). The new organisation claims to represent 24% of private-sector white-collar workers and thus seeks nationally representative status.

On 29 April 1999, this new federation signed a collective agreement in the banking sector with ABBL (see above under 'Collective bargaining'). However, in a Ministerial Decree of 1 December 1999, the new Minister of Labour and Employment blocked the collective agreement's registration on the grounds that the two signatory organisations did not have nationally representative status (LU9912117N). ALEBA appealed against this decision to the Administrative Tribunal (Tribunal Administratif) (which in early 2000 ordered that the measures contained in the agreement should be made provisionally applicable, pending a full judgment on the case - LU00021128F). ALEBA also complained to the International Labour Organisation's Committee on Freedom of Association in Geneva against the state of Luxembourg for 'interference in trade union affairs through the creation of monopolies that favour political unions'.

A development in union structures occurring in 1999 was the creation in October 1999, by OGB-L and the National Federation of Luxembourg Railway and Transport Workers and Civil Servants (Fédération nationale des cheminots, travailleurs du transport, fonctionnaires et employés Luxembourg, FNCTTFEL) of a unified union structure in private sector transport, covering road, river, sea and air transport. It is called OGBL-FNCTTFEL Transport, and has about 2,300 members (LU9911114N).

Industrial action

There was not a single day of strike action in either the public sector or the private sector during 1999, although the number of referrals to the National Conciliation Office (Office National de Conciliation) increased to 15 in 1999, compared with three in 1998.

However, it should be pointed out that after the Luxembourg NAP was first introduced in February 1999 (see next section), the industrial relations climate soured somewhat, with the social partners accusing one another of not observing the spirit of the tripartite framework that forms the basis of the NAP (LU9912116N).

National Action Plan (NAP) for employment

Following intensive discussions between the social partners, the law of 3 February 1999 finally transposed Luxembourg's 1998 NAP, which had been the focus of heated debate and heavy criticism from the involved

parties throughout 1998. The final version contained 56 amendments that had been drafted at various stages of the legal procedure. It was finally adopted by the Chamber of Deputies on 3 February 1999 (LU9902194N).

The 1998 NAP came into effect on 1 March 1999, an event which was preceded by a government announcement (LU9903199N) that a tripartite meeting would be convened on 31 March 1999 in order to discuss the outlines of the 1999 NAP. The Prime Minister noted that, given the short time span between the two plans, differences between them were likely to be minimal.

The meeting also planned to undertake an analysis of pension systems and their impact on the labour market, taking the opportunity to look at a call from seven trade unions for a structural review of pensions and improvements in the general private sector scheme (LU9812183N). This meeting was expected to draw up a new NAP and take a view on the reform of the general pension insurance scheme. However, no agreement could be reached and instead, the meeting decided simply to await the outcome of the deliberations of other working groups (LU9904102N).

In May 1999, a national conference was held in order to give all those involved in collective bargaining an opportunity to discuss the possibilities for implementing the aims of the NAP through collective agreements (LU9906108N).

Impact of EMU on bargaining and industrial relations

The introduction of the single currency is not currently a major issue for the social partners in Luxembourg. However, it is clear that the social partners are now beginning to think about the impact that the euro may have on employment levels, particularly in banking, which is a key sector for Luxembourg.

Employee representation

On 28 January 1999, the Minister of Labour and Employment presented a draft law on the setting up of a procedure for informing and consulting employees in Community-scale undertakings and Community-scale groups of undertakings, in a somewhat tardy endeavour to transpose the EU European Works Councils (EWCs) Directive into national legislation. The occupational chambers (representing the various economic and social interest groups) submitted their opinions on this proposed legislation during the course of 1999 and the bill is likely to become law during 2000. However, despite

this progress, the European Court of Justice (ECJ) ruled on 21 October 1999 (in case C-430/98) that Luxembourg had failed to implement the EWCs Directive, rejecting Luxembourg's argument that it has prepared draft legislation and that most of the Luxembourg companies falling within the scope of the Directive already have voluntary EWC agreements in place (EU9911209N).

New forms of work

As mentioned above (under 'Working time') the law of 3 February 1999 on the NAP allowed for the variation of working hours around the 40-hour week norm within a reference period of four weeks (or longer by agreement). A work organisation plan must be negotiated at enterprise level prior to each reference period. However, it is becoming clear that the social partners at various levels appear to be finding it difficult to agree on reference periods, largely due to the fact that their views appear to be fundamentally different.

Outlook

There are a number of issues which in 2000 are likely to preoccupy Luxembourg, as a country that has just voted in a new government. First, the process of incorporating flexible working time and reference periods into collective agreements will need to be completed. Second, there is a need for a new definition of the criteria for assessing the nationally representative status of trade unions, enabling them to negotiate and conclude collective agreements. The aim of this is to avoid any future incidents similar to those which occurred in the banking sector in 1999. Third, social dialogue in the Tripartite Coordination Committee (Comité de coordination tripartite) will need to be rethought in order to ensure better consultative arrangements with the Chamber of Deputies. Finally, questions raised by the joint action of seven trade unions around a common platform for improvements to the general pension insurance scheme (LU9812183N) will require responses to be formulated in a more peaceful climate.

Luxembourg: 1999 Records

January	<i>Features</i>	National Action Plan on employment still not approved	LU9901187F
	<i>In briefs</i>	Insurance sector negotiations heading for conciliation	LU9901188N
		Minimum wage increased by 1.3%	LU9901190N
		Agreement on civil service pay?	LU9901191N
February	<i>In briefs</i>	Talks in banking prove difficult	LU9902193N
		Chamber of Deputies to vote on employment plan	LU9902194N
March	<i>Features</i>	Parental leave introduced as NAP is implemented	LU9903195F
		New provisions introduced on the organisation of working time	LU9903197F
	<i>In briefs</i>	Family leave introduced in Luxembourg	LU9903196N
		OGB-L calls for meeting of Standing Committee on Employment	LU9903198N
		Tripartite meeting to deal with pensions and NAP	LU9903199N
April	<i>In briefs</i>	New collective agreement for blue-collar workers employed by the state	LU9904101N
		Tripartite meeting fails to find solutions on NAP and pensions	LU9904102N
		Hard bargaining in banking	LU9904103N
May	<i>Features</i>	Trade union representativeness problem resurfaces in banking	LU9905104F
	<i>In briefs</i>	LCGB calls for regularisation of position of foreign workers without residence/work permits	LU9905105N
June	<i>In briefs</i>	Temporary work permits introduced for Kosovars	LU9906107N
		Conference on implementing NAP through bargaining	LU9906108N
		OGB-L immigrants' department submits specific demands	LU9906109N
September	<i>In briefs</i>	New government elected	LU9909111N
		Indexation leads to 2.5% increase in pay and benefits	LU9909112N
November	<i>Features</i>	Consumer prices index to be reformed	LU9911115F
	<i>In briefs</i>	Joint trade union structure created in private sector transport	LU9911114N
December	<i>Features</i>	Sickness benefits down, contributions up	LU9912118F
	<i>In briefs</i>	Controversy over introduction of sixth week of statutory leave	LU9912116N
		Minister of Labour blocks registration of banking agreement	LU9912117N

THE NETHERLANDS

Economic developments

Although GDP growth continued to be relatively robust in 1999, it decreased slightly to 3.5%, compared with 3.7% in 1998 and 3.8% in 1997 (which was the highest level since 1990). The budget showed a surplus of 0.25% of GDP in 1999, compared with deficits of 1.75% in 1998 and 2.5% in 1997. Public debt as a proportion of GDP stood at 70.0% in 1998, down from 72.6% in 1997 (the figures had previously run at over 77% throughout the 1990s). Inflation rose slightly over 1999, to 2.2%, compared with 2.0% in 1998 and 2.2% in 1997 (throughout the 1990s, inflation ran at around 2%-3%).

Unemployment appeared to be continuing its downward trend after the high point of a rate of 8.3% (533,000 people) reached in 1995. Although figures for 1999 are not yet available, 1998 figures show that the unemployment rate dropped to 6.0% (400,000), from 6.9% (455,000) in 1997.

Political developments

On 19 May 1999, much to the surprise of many, the second-term 'purple coalition' government, once again comprising the Labour Party (Partij van de Arbeid, PvdA), the liberal People's Party for Freedom and Democracy (Volkspartij voor Vrijheid en Democratie, VVD) and the social democratic Democraten 66 (D66), disbanded. The two-thirds majority required in the First Chamber to approve a corrective referendum was not achieved (NL9905141N). However, over the summer of 1999, the breach was healed and the coalition reformed.

In September 1999, the cabinet presented its plans for a fundamental reform of the Dutch tax system, aimed at reining in labour costs and increasing the country's ability to compete in the global market. Overall, reactions by the social partners were positive (NL9906149N), although with many specific criticisms (NL9909162N).

Collective bargaining

In general, collective bargaining was difficult in 1999. In several sectors, such as construction, metalworking and banking, negotiations were suspended once or more. After an agreement for police officers had been reached (NL9901120N), the unions threatened to go to court when the Minister of Internal Affairs announced that he wanted to review the pay clauses. The relatively large number of conflicts during and around the negotiations can largely be explained by the booming Dutch economy, resulting in increasing labour market shortages (NL9903130N). In terms of main issues, the unions pressed for higher wages and a reduction of stress at

work, while the employers aimed for a more flexible bargaining structure and pay flexibilisation by linking a part of wages to the performance of enterprises. In several sectors, such as banking, the current sectoral agreement is likely to be divided into smaller constituents in future, whilst in others, such as construction, the current very detailed agreement is likely to be replaced by a framework agreement (NL9905139F).

The government continues to 'normalise' industrial relations for civil servants, attempting to model them on the private sector (NL9904134F). Budgetary restraints, however, make this a laborious process (NL9904138N and NL9905142N).

Pay

The average collectively-agreed basic pay increase in the Netherlands in 1999 was 2.7%, slightly down from the 1998 figure of 2.8%.

In the autumn of 1999, stock option plans for senior management again led to protests by the unions, threatening to blow apart the famed Dutch 'polder model' of consensus and consultation. This led employer representatives to promise to urge their members to practice moderation, while stressing the need for the continuation of moderate wage developments (NL9908159N). In late 1999, the trade union confederations increased their wage claim for the forthcoming bargaining round from 3% to 4% (NL9910169N).

Working time

The average working week in 1999, as in 1998, was 37 hours. There was no marked increase in flexibility arrangements. In 1993, 63% of employees had a full-time job, 28% a part-time job and 9% a 'flexible' job. In 1997, the respective figures were 58%, 30% and 12% and it appears that these percentages have remained stable since this date. Because of the prevalent labour market shortages, the gradual increase in the proportion of flexible workers seems to have been reversed. The incidence of part-time work in the Netherlands is traditionally very high. A report by the Labour Inspectorate, issued in April 1999, showed that two-thirds of collective agreements contain clauses aimed at encouraging part-time work.

Equal opportunities

There were no important developments in 1999, as far as collective bargaining is concerned, in the field of equal opportunities.

Job security

In some collective agreements, job security and training and skills development (see next point) have been linked:

employment security has been made dependent on continuous training and education.

Training and skills development

Almost all collective agreements contain clauses on general and job-specific education and training, and leave for reasons of training and education. Almost 25% of collective agreements contain clauses relating to long-term training schemes for employees.

Legislative developments

On 1 January 1999, the Flexibility and Security Act took effect (NL9901117F). This Act aims to bring about a new balance between employers and employees in the labour market. It has made fixed employment more flexible and increased the security of flexible employees. The law has changed Dutch labour law in many respects, amongst which are the following:

- companies have more freedom to use temporary employment contracts than in the past;
- a chain of consecutive temporary employment contracts will, under certain conditions, lead to a permanent employment contract; and
- agreements between employees and temporary employment agencies will now be considered to be employment contracts.

In the last month before the law took effect, many temporary agency employees were dismissed. Later in 1999, the largest temporary agencies and trade unions agreed to examine and deal with the consequences of the new law (NL9902125N), while later still the initial effects of the law were investigated (NL9905140F).

In February 1999, a bill for a new framework law on 'work and care' was introduced (NL9902126N). Under this bill, employees will be entitled to 10 days of paid leave every year in order to care for a sick relative. The bill also proposes the introduction of four weeks of paid leave in the case of adoption, long-term unpaid leave for reasons of care, and new rules on part-time work. The main goal of this proposed legislation is to facilitate the combination of work and care. Part of the bill also aims to introduce an obligation on unemployed lone parents with one or more children between the ages of five and 12 to apply for a job.

The proposals have received mixed responses, both from the social partners and political parties (NL9902126F and NL9907154N). Overall, the bill is supported by the unions, while it is fiercely opposed by employers' organisations (NL9903128F).

On 1 November 1999, a new law on working conditions took effect. The amendments it makes to its predecessor are minor, although it creates scope for a

more prominent role of works councils in the field of working conditions.

Over the course of the year, the Working Hours Adjustment Bill, granting employees the legal right to choose to adjust their working hours upwards or downwards, was introduced. In October 1999, the bill was approved in the parliamentary lower house (NL9910170N).

In keeping with a promise made earlier to the lower house of parliament, the Minister of Social Affairs and Employment installed a committee of experts on 25 February 1999 to advise upon reform of Dutch legislation governing dismissal, which is currently based on a 'dual' system (NL9909160F). In principle, in order unilaterally to terminate an open-ended employment contract, a private employer must obtain prior permission to do so from an administrative body. However, an alternative procedure, originally created as an 'emergency exit', has developed into a parallel 'main road' to dismissal: the employer may file a request at the subdistrict court to dissolve the employment contract, on the basis of 'compelling grounds' or 'changed circumstances' (NL9907152N).

The organisation and role of the social partners

There is an increasing tendency, among both employers' organisations and trade unions, to cooperate or even merge. Developments in 1999 included the affiliation of occupational unions such as Nieuwe Unie '91 (NU'91), representing nurses, and the Federatieve Spoorweg Vakvereniging (FSV) railway workers' union to a main union confederation (NL9901122N). The Military Police Association (Marechausseevereniging) withdrew from the Christian Trade Union Federation (Christelijk Nationaal Vakverbond, CNV) to join the General Federation of Military Personnel (Algemene Federatie voor Militair Personeel, AFMP), affiliated to the Dutch Trade Union Federation (Federatie Nederlandse Vakbeweging, FNV) (NL9910168N).

Unions have also begun to open their doors to self-employed individuals who do not employ any staff. In mid-1999, the largest union in the Netherlands, the FNV-affiliated United Unions (FNV Bondgenoten), created a separate organisation for self-employed people (NL9908157F). Other unions have been more hesitant, however, fearing an erosion of the strength of collective agreements. In summer 1999, several union confederations announced initiatives concerning financial services and education for their members (NL9908158N).

Industrial action

The bargaining round for the 180,000 civil servants in 1999 was accompanied by substantial industrial action, especially in the big cities and in the areas of public

transport and waste collection (NL9905142N). As was the case during the previous year, 1999 also saw several strikes in the railway sector.

In addition, some unofficial action took place during the bargaining round in public broadcasting (NL9903131N). Finally, many smaller strikes and conflicts were caused by planned company reorganisations (NL9904136N).

National Action Plan (NAP) for employment

During 1999, there were no significant developments related to the Dutch National Action Plan (NAP) for employment, as far as the social partners were concerned. The debate on employment focuses in the Netherlands on the increasing labour market shortages and the need to increase the participation of disabled workers (see below under 'Other developments'), employees with children and older workers.

Impact of EMU on bargaining and industrial relations

The subject of the EMU is not currently hotly debated in Dutch industrial relations, and mainly figures in debates on the development of wages. According to the largest union confederation, FNV, the policy of European countries and the European Central Bank should focus more on the growth of employment. FNV also sees a need to coordinate collective bargaining in different countries, partly to prevent trade unions from being played off against one another. The largest confederation of employers, VNO-NCW, continues to stress the importance of moderate wage increases with regard to EMU.

Employee representation

The trade unions and part of the parliamentary lower house are aiming to reform Dutch company law in relation to the supervisory board. Some of the proposals relate to the introduction of genuine 'worker directors' on the board. The proposals are not so much a consequence of developments concerning the proposed European Company Statute, but stem rather from dissatisfaction with existing legislation relating to the supervisory board. Employers' organisations are calling for the postponement of new legislation in order to integrate the proposals with the regulation of related subjects such as the supervisory board, takeover bids and defensive measures against hostile takeovers in one legislative round (NL9910166F).

In October 1999, the Enterprise Chamber of the Amsterdam Court ruled for the first time that works councils have a right to give advice (and go to court) when the employer asks for a 'suspension of payments'

(originally a means of giving companies a breathing space to resolve temporary financial problems, but in practice usually the forerunner of bankruptcy) (NL9911171F).

New forms of work

On 28 April 1999, employees and employers reached agreement within the bipartite Labour Foundation (Stichting van de Arbeid, STAR) on increasing the provision of personalised options for individual employees within collective agreements (NL9906144F). Under the plan, standard package of conditions of employment as established in collective agreements will provide the foundations for employment conditions. However, in addition, certain components of the standard package (such as participation in savings schemes, premium payments for flexible pension plans, extra days off, end-of-year bonuses and study leave) can be marked in advance for 'interchange', with one condition of employment being exchanged for another (NL9906148N).

Legislative developments in 1999 in the area of part-time and flexible working are dealt with above (under 'Legislative developments').

Other developments

A subject that remains permanently high on the agenda of both the government, political parties and the social partners is the very high number of people claiming disability benefit (NL9902124F). All measures aimed at reducing the flow into, and increasing the outflow from, this benefit have up until now failed (NL9904133F and NL9910167F). Employers are calling for a reduction of the duration and level of benefits for these people, while unions stress the importance of an improvement in working conditions and reintegration measures. At the end of 1999, plans to reorganise the implementation of social security provision resulted in protests from both employers' organisations and unions, which maintained that under these plans, their present role would be reduced to one of insignificance (NL9912176F). (However, in January 2000, the social partners and the government reached a compromise on a new structure for the social security system, under which the social partners will assume a larger role in formulating policy on reintegrating unemployed and disabled people into the labour market. The cabinet's proposal to place the payment of benefits to these two groups, and responsibility for implementation, entirely in the public domain, remained unchanged (NL0002179N).)

Dutch industrial relations are increasingly shaped by rising labour market shortages. These not only to a large extent explain the intensity of the discussion on disabled employees and stress at work (NL9909161F) but also the increasing focus on the labour market position of people from ethnic minorities (NL9904135N), asylum seekers

(NL9909163N), lone parents (NL9911172F) and older and retired workers (NL9912175F).

probably result in the splitting up of one or more sectoral agreements.

Outlook

As mentioned above (under 'Other developments'), Dutch industrial relations are increasingly shaped by labour market shortages and this is likely to continue to be the case in the years to come. The solutions proposed by employers on the one hand and unions on the other hand will remain a cause for tension. Unions reject lower benefits for disabled people and are not keen on raising the retirement age. Employers reject the higher wage claims unions think are fair and stress the benefits of wage moderation for the good of the Dutch economy.

In relation to collective bargaining, the new issue seems to be the flexibilisation of pay. The tendency to decentralise the level of bargaining will continue and will

Industrial conflict will, as in previous years, be concentrated in sectors that are confronted with privatisation and liberalisation, such as public transport and public utilities.

In different ways the subject of corporate governance (in a broad sense) will be high on the agenda: salaries and benefits for senior management, which put pressure on moderation of wage increases; the intended changes in Dutch company law; and, more generally, the relative weight of the interests of employees and shareholders in large companies.

Finally, in view of the continuing high number of people claiming disability benefit and the continuing debate about this benefit, social security is likely to remain an important topic throughout 2000.

Netherlands: 1999 Records

January	<i>Features</i>	'Flexicurity' Act makes major changes to labour law	NL9901117F
		Tensions over terms and conditions in public sector challenge 'polder model'	NL9901118F
	<i>In briefs</i>	Teachers strike, but police sign collective agreement	NL9901120N
		Employers demand more stringent policy on disability benefits	NL9901121N
		Union membership rises, while largest union announces reorganisation	NL9901122N
February	<i>Features</i>	Occupational disability: a Dutch disease?	NL9902124F
	<i>In briefs</i>	Unions and temporary agencies agree over consequences of new Act	NL9902125N
		'Work and care' framework bill proposes family care leave	NL9902126N
March	<i>Features</i>	Employers oppose 'work and care' framework bill	NL9903128F
	<i>In briefs</i>	Dispute between management and works council in Employment Service	NL9903129N
		Banking unions split, construction negotiations deadlocked	NL9903130N
		Public broadcasting strike results in collective agreement	NL9903131N
April	<i>Features</i>	Young employees with psychological complaints add to growth in disability benefit claimants	NL9904133F
		Civil service industrial relations move towards market sector model	NL9904134F
	<i>In briefs</i>	Government plans to create 150,000 jobs a year, with focus on ethnic minorities	NL9904135N
		Proposed reorganisation of Central Bureau of Statistics withdrawn for amendment	NL9904136N
		Technology group expands pilot mobility project	NL9904137N
Civil service negotiations: three disputes and an agreement	NL9904138N		
May	<i>Features</i>	Industry-wide collective agreements under increasing pressure	NL9905139F
		Problems mark implementation of Dutch Flexibility and Security Act	NL9905140F
	<i>In briefs</i>	Social partners respond to collapse of government	NL9905141N
New agreement follows action by local government officers	NL9905142N		
June	<i>Features</i>	Social partners agree framework for individualising terms of employment	NL9906144F
		Employers push for fundamentally new social security system	NL9906145F
	<i>In briefs</i>	Impact of Flexibility and Security Act on temporary work sector	NL9906146N
		Trade unions file for bankruptcy of company	NL9906147N
		Individualised terms and conditions at Unilever	NL9906148N
More part-timers will receive tax concession	NL9906149N		
July	<i>Features</i>	Trends in collective agreements reviewed	NL9907150F
		Commercial healthcare for sick employees given green light	NL9907151F
	<i>In briefs</i>	Employment termination requests decline	NL9907152N
		Proposed four-day working week for primary education under fire	NL9907153N
Lower House intervenes to seek paid care leave	NL9907154N		

August	<i>Features</i>	Industrial relations changing quickly in sports sector	NL9908156F
		Self-employed people without employees seek place in social partner consultation	NL9908157F
	<i>In briefs</i>	Unions become involved in financial services and training	NL9908158N
		Union anger at top pay increases	NL9908159N
September	<i>Features</i>	Renewed debate about reform of the law governing dismissal	NL9909160F
		Problems with implementing Working Time Act highlight stress in hospitals	NL9909161F
	<i>In briefs</i>	Social partners react critically to cabinet's tax proposals	NL9909162N
		Employers divided on right to work for asylum-seekers	NL9909163N
		Hundreds of jobs hang in the balance at NAM	NL9909164N
October	<i>Features</i>	Employee-side board members proposed for large Dutch companies	NL9910166F
		New attempts to cut the number of occupationally disabled people	NL9910167F
	<i>In briefs</i>	Mergers and internal conflict face FNV unions	NL9910168N
		Unions seek 3% pay increase in 2000	NL9910169N
		Political compromise on proposed part-time work legislation	NL9910170N
November	<i>Features</i>	Insolvency law and the interests of employees	NL9911171F
		Government's proposes mandatory employment for benefit recipients with children	NL9911172F
December	<i>Features</i>	Labour shortages and ageing population prompt review of early retirement	NL9912175F
		Social partners demand place in reorganised social security administration	NL9912176F
	<i>In briefs</i>	Jobs threatened at GAK social security	NL9912173N
		Increased work pressure does not lead to more sickness absence among highly qualified	NL9912174N

NORWAY

Economic developments

The strong growth in the Norwegian economy that prevailed during much of the 1990s slowed in 1999. GDP growth over the year was 0.9% and for mainland Norway alone (excluding the offshore sector), GDP growth was 0.5%. This represented a marked decline in comparison with 1998, which saw GDP growth of 2.1% and 3.3% for mainland Norway.

The Norwegian central government surplus (as defined by the criteria set out in Maastricht Treaty) was NOK 55.8 billion in 1999, constituting 4.8% of GDP. The state budget surplus, which amounted to NOK 38.5 billion in 1999, is transferred to the Government Petroleum Fund.

Gross public sector liabilities (as defined by the Maastricht Treaty) are estimated to have been approximately NOK 280 billion in 1999. Gross general government assets were significantly higher than gross liabilities. The government estimates that the state surplus will have amounted to approximately 42% of GDP in 1999.

The consumer prices index rose by 2.2% in 1999.

The unemployment rate for 1999 is estimated to be 3.2%, which represented no change on the 1998 level. According to Statistics Norway's Labour Force Survey, with figures relating to the third quarter of 1999, this equates to approximately 78,000 people.

Political developments

The political situation in Norway during 1999 was stable. There has been a minority coalition government in office since the general election in 1997, comprising the three centre parties: the Christian Democratic Party (Kristelig Folkeparti, KRF); the Liberal Party (Venstre); and the Centre Party (Senterpartiet, SP). The three parties have 42 out of 165 seats in the Norwegian parliament (Stortinget). The coalition government bases its power on case-by-case cooperation with the parties to the right and to the left of centre. In the autumn of 1999, the government reached an agreement with the Norwegian Labour Party (Det Norske Arbeiderpartiet, DNA) on the state budget. On previous occasions, the government has cooperated with the parties to the right in budget negotiations.

In the autumn of 1999, municipal and county municipal elections were held, resulting in a major defeat for the Labour Party, which received 28.6% of the votes cast, representing a 6.3% drop in support compared with the parliamentary election in 1997. This is the party's poorest

performance in any election for many years.

The Conservative Party (Høyre) on the other hand enjoyed an increase in support compared with the 1997 election, while the other party to the right of centre, the Progress Party (Fremskrittspartiet), witnessed a decline in its support. In general, there were only minor movements in support between the parties in the 1999 elections, when compared with the previous municipal and county municipal elections in 1995.

Collective bargaining

The spring wage settlement in 1999 was very much marked by the preparatory work of the public committee established in December 1998 to deliberate the basis for the forthcoming settlements (the so-called 'Arntsen committee', named after its chair). All the main organisations on the employee side and the larger organisations on the employer side were represented in this committee by their leaders. The rationale for the committee's work was a general concern about developments in the Norwegian economy. The committee issued its report in February 1999, in which it recommended that average wage growth for 1999 should be kept within a framework of 4.5%. The committee further stressed the ambition to lower wage growth to the level of Norway's main trading partners by 2000 (NO9903120F).

Most Norwegian national collective agreements run and are binding for a two-year period, and as such most are due to expire in 2000. The 1999 settlement was therefore an 'intermediate' settlement, primarily concerned with adjustments to wage rates, although the parties were also concerned to continue negotiations over the so-called 'competence' (skills and training) reform.

The broad consensus witnessed in the work of the Arntsen committee paved the way in the subsequent settlement in 1999. The 'carryover' from wage settlements concluded in 1998 was estimated to be approximately 3%, which meant that the 1999 wage negotiations had to be accomplished within a relatively tight framework, in order to produce a total 1999 wage growth of around 4.5%.

As is customary during intermediate settlements, the agreements between the member unions of the Norwegian Confederation of Trade Unions (Landsorganisasjonen i Norge, LO) and the member associations of the Confederation of Norwegian Business and Industry (Næringslivets Hovedorganisasjon, NHO), were negotiated at the overall confederal level (NO9903121F). Agreements were reached on revisions of wage rates and on a plan of action with regard to continuing and vocational training (NO9904126F). As part of the settlement, the government put forward a plan for the financing of competence reform, which

included the allocation of a total of NOK 400 million over a three-year period for the purpose of developing new types of teaching and educational measures.

New agreements were also concluded in other bargaining areas. The negotiations between LO member unions and the associations affiliated to the Commercial Employers' Association (Handels- og Servicenæringens Hovedorganisasjon, HSH) were carried out as industry-wide negotiations for the first time, which meant that the different LO unions coordinated their negotiations (NO9904130N). In the municipal sector, the employers concluded an agreement with only one of the four main union confederations, Akademikerne. The agreement was not endorsed by the other three confederations, which later managed to conclude a slightly different agreement after further negotiations and subsequent mediation (NO9905133N). A new agreement was also reached in the state sector (NO9905131F).

Pay

There were few general wage increases in the spring of 1999. In many bargaining areas, however, increases were given to certain groups of low-paid employees. Most of the negotiations fell within the framework of annual wage growth of approximately 4.5%. Wage growth in manufacturing industry is estimated to have been 4.5% in 1999, while white-collar workers in NHO-affiliated companies experienced increases of 5%. The wage carryover from 1999 to 2000 is estimated to be 1.5% (NO0001174F).

Working time

As the 1999 bargaining round was an intermediate settlement, the issue of working time was not officially on the agenda. However, in order to prepare for the 2000 settlement, the parties jointly deliberated the issue of flexible working time arrangements, the result of which was a report by LO and NHO published in the autumn of 1999 (NO9910158F).

Currently, most collective agreements specify the normal working week to be 37.5 hours, while the national legal framework stipulates a 40-hour week. In Norway, the labour force participation rate is high, as is the proportion of employees working part time – approximately 26% of employed people work part-time, as defined by the Norwegian Labour Force Survey. The ratio of part-time workers among women is approximately 45%. The share of temporary employees has declined somewhat in recent years, and today amounts to 11% of all wage earners.

Equal opportunities

There were no significant developments in relation to equal opportunities in working life during 1999, either in collective agreements, or within the legal framework. As

yet, there are no 1999 figures available concerning developments in wage differentials between men and women.

Job security

The practice of concluding company- or branch-level collective agreements for the purpose of creating or safeguarding jobs by means of reducing working time has no tradition in Norway. A central feature in relation to the issue of job security and employment creation is the general political consensus generated by the work of various public committees. Central elements in this strategy have been wage moderation combined with public job creation schemes.

In the case of workforce reductions, it is common among larger companies to offer employees different types of transitional arrangements. Such offers may take the form of, among other measures, payments subject to employees voluntarily terminating their employment contracts, the possibility of internal vocational retraining, or arrangements making it possible to retire earlier than allowed for by law. This has recently been practised in the oil sector, when several large oil companies were forced to reduce their workforce in 1999 (NO9909149F).

Training and skills development

The social partners, together with the Norwegian authorities, have long been working to reform the national system for continuing and vocational training (NO9901113N). This includes, among other measures, the establishment of a statutory right to educational leave, a restructuring of the scheme for financing subsistence during educational leave in order to better accommodate the needs of adult students, and a statutory right for those without further secondary education to re-enter the educational system to pursue appropriate educational courses (NO9904126F). The reform concentrates on the certification of non-formal competences, and the enterprise as an arena for learning and competence development. So far, no agreement has been concluded with regard to the financing of the reform, but the issue is likely to be on the agenda during the settlements in the spring of 2000.

Legislative developments

In December 1998, a committee was established to deliberate the need for changes to the present bargaining system in Norway (NO9906135F). The committee's report is expected by the end of 2000. In December 1999, a decision by the Norwegian parliament abolished the ban on the hiring-out of labour, and instead introduced regulations regarding the hiring of labour by companies (NO9912168F).

In January 1999, restrictions were placed on evening and Sunday trading (NO9901108F), which caused a degree of

controversy (NO9903122N and NO9906138N). Finally, several recent court rulings in relation to employment protection in cases of outsourcing of parts of an enterprise have made this practice more difficult for employers (NO9907142N).

The organisation and role of the social partners

Alterations to the organisational structure of the Norwegian social partners continued throughout 1999. Today, there are four main trade union confederations in Norway after several associations affiliated to the Confederation of Norwegian Professional Associations (Akademikernes Fellesorganisasjon, AF) left the organisation in 1997-8 to establish a new organisation for groups of employees with university-level education, Akademikerne. In January 1999, the Norwegian Society of Engineers (Norges Ingeniørorganisasjon, NITO) also decided to leave AF (NO9901111N), while at the same time the two largest teaching unions - the AF-affiliated Teachers' Union Norway (Lærerforbundet) and the independent Norwegian Union of Teachers (Norsk Lærerlag, NL) - decided to consider the possibility of creating a new teachers' organisation (NO9904127N). There are no guarantees that any resulting new teachers' union will opt for membership of AF.

In May 1999, the leaders of AF and the Confederation of Vocational Unions (Yrkesorganisasjonenes Sentralforbund, YS) made public their intentions to merge the two confederations (NO9905132N), a proposal which is presently being considered within the two organisations (NO9907140F).

There are also changes taking place below the confederal level, with several unions affiliated to the same confederations merging or deliberating mergers. There are few incidences of new trade unions being established or parts of trade unions breaking away. In January 1999, the two LO unions representing electricians/power station workers and telecommunication workers merged into a new union. Similarly, on 1 January 2000 three YS-affiliated unions in the banking and insurance sector merged into a single entity (NO9902117N). LO's two unions for postal workers have also decided to merge (NO9906139N).

On the employer side, there are trends indicating increased competition over members and on matters such as incomes policy and industrial development.

Coordinated activity on incomes policy matters was intensified during 1999, and has been marked by broader representation for the social partners. While on previous occasions LO and NHO (the two largest confederations) were the only participants, a wide range of organisations on both sides have been included in new committees established in late 1998 and in 1999 (NO9908145F).

Industrial action

The 1999 bargaining round was carried out in a relatively orderly manner, with few incidences of the parties resorting to strikes or lock-outs. There are as yet no figures available concerning the number of working days lost, but a not too unreasonable estimate would be between 6,000-8,000 working days lost in 10-15 minor conflicts during the year.

Norwegian statistics concerning working days lost do not include strikes of less than one day's duration, which means that political strikes are not included. 1999 witnessed several industrial actions of this type. These include political strikes against workforce reductions in the shipbuilding and offshore industry sector, teachers demonstrating against the budget for schools (NO9912165N), and strike action against proposed changes to legal regulations concerning the hiring-out of labour (NO9909149F).

National Action Plan (NAP) for employment

Norway does not produce specific National Action Plans for employment as it is not a member of the EU. However, in 1999 the government continued the employment policy which had coloured much of the 1990s. Norway has a low unemployment rate, and as such the focus is directed at creating competent personnel as well as increasing employment ratios by means of a variety of different strategies to encourage people away from social security benefits and into employment.

In the second half of 1998, worries regarding the employment situation arose, among other factors due to decreasing investment activity in some parts of manufacturing industry (oil and shipbuilding industries) (NO9812115N). This contributed to an intensification of cooperation on incomes policy in 1999 (NO9812117N).

Impact of EMU on bargaining and industrial relations

EMU has not had a significant impact on Norwegian industrial relations, with Norway remaining outside the EU. Norwegian unions participate in trade union cooperation at the Nordic level - through the Council of Nordic Trade Unions (Nordens fackliga samorganisation, NFS) - as well as the European level - through the European Trade Union Confederation). The Norwegian United Federation of Trade Unions (Fellesforbundet), which organises employees in the metalworking industry, is taking a lead in the transnational coordination of collective bargaining, aiming to create a more systematic relationship between the various Nordic unions in this

industrial branch in wage negotiations (NO9909152N). A more formal coordination of wage negotiations is not on the agenda of either employees or employers.

Employee representation

There were no significant changes to employee representation at the national or the transnational level during 1999. Issues concerning the proposed European Company Statute and proposed EU legislation on national-level information and consultation of employees have so far not been placed on the social partners' agenda. Nor were there any significant developments with regard to European Works Councils in Norway during 1999.

New forms of work

There is large proportion of part-time workers in Norway (26% of the workforce), and there are few legal or agreement-based barriers to employers' utilisation of such labour. The proportion of part-time workers varies significantly between sectors and also between different types of employees. Part-time working is understood to be partly motivated by demand for such working time arrangements by the employees themselves (eg students or people with small children), and partly by the employer.

In the autumn of 1999, the Norwegian parliament considered new rules concerning the hiring-out of labour, and as a consequence the legal framework will be significantly changed (NO9912168F). The general ban on the hiring out of labour (although there has been a wide range of exemptions to this ban) is to be abolished, and new regulations on the hiring of labour are introduced in its place. The hiring of labour from professional agencies is at present subject to the same regulatory framework as temporary employment – the new regulations will make it possible to deviate from these rules through collective agreements.

Outlook

Most economists argue that the year 1999 was a turning point in the Norwegian economy, especially in relation to the employment situation. An increase in unemployment is expected in 2000, although the estimates given are not dramatic (3.6% in 2000 compared with 3.2% in 1999). Yet, most analytical research institutes conclude that the Norwegian economy is on the right track, and that the risk of a dramatic downturn, which was pronounced in the autumn of 1998, has decreased. There is nevertheless general concern that the Norwegian economy is marked by decreasing demand in the manufacturing industries and that there is a pressing shortage of labour and general growth in the service sector. The concerns about

the relatively strong wage growth witnessed in 1998 led to an intensification of cooperation on incomes policy. However, preliminary figures for average wage growth in 1999 indicate that the ambition of wage growth which does not exceed 4.5% has been accomplished.

Regarding the 2000 wage settlement, there is a great deal of suspense in relation to the economic framework and wage growth, in addition to other important issues on the agenda, such as working time and the financing of the skills competence reform. The 2000 settlement is subject to the recommendations of the 1999 public committee, which recommended wage growth not exceeding that of Norway's major trading partners. At the same time, there has been a debate concerning the extent to which this is a binding commitment. A problem in this regard is the continuing pressure witnessed in parts of the labour market – among others, the shortage of personnel in the health sector. Furthermore, several organisations for professional employees have signalled a wish to see their wages improved, and these groups have received support for their demands from several influential politicians (NO0002176N). Parts of manufacturing industry on the other hand have witnessed redundancies and increased unemployment. The largest union in the private sector, Fellesforbundet, has called for overall coordinated negotiations in the 2000 round, which is a practice usually regarded as having a moderating effect on wage growth.

Flexible working time arrangements, in the form of time account schemes, will also most probably be on the agenda during the 2000 wage negotiations. The employers and unions seem to have differing views as to the shape of such a time account scheme, and the extent to which this should entail working time reductions or not (NO9910158F). There are also indications to suggest that several LO-affiliated unions would rather see the introduction of a fifth week of annual holiday than a time account scheme (NO00021178F). The competence reform will also be important during the wage negotiations in 2000, and especially the issue of financing the reform.

Another issue that may become important in the 2000 bargaining round is that of changes to the various pensions schemes. Several reports recommend various degrees of alterations to the present system, and the issue will beyond doubt be on the political agenda in 2000. An important challenge in this regard is how to allow more people access to occupational pensions, without this leading to a weakening of the national insurance scheme. There are also worries about the future and the financing of the national insurance scheme. Finally, there is also at present a proposal making it less beneficial to utilise the scheme for agreed early retirement (AFP), which may be regarded as a provocation by the unions.

Norway: 1999 Records

January	<i>Features</i>	New opening hours lead to dispute	NO9901108F
		LO seeks to appeal to the well educated	NO9901110F
	<i>In briefs</i>	NITO board recommends leaving AF	NO9901111N
		New LO union for professional sportsmen and women	NO9901112N
		Parliament adopts legislation on further and continuing education reform	NO9901113N
February	<i>Features</i>	Pay up 6.5% in 1998	NO9902116F
	<i>In briefs</i>	Three unions to merge in financial sector	NO9902117N
		LO takes on new role as consumer and service organisation	NO9902118N
		AF elects new leader	NO9902119N
March	<i>Features</i>	Joint committee establishes foundation for 1999 pay round	NO9903120F
		The spring 1999 pay round commences	NO9903121F
	<i>In briefs</i>	Controversial court ruling on Opening Hours Act	NO9903122N
		Committee to examine flexibility in working life	NO9903123N
		Pay negotiations break down	NO9903124N
April	<i>Features</i>	New private sector agreement concluded	NO9904126F
		Norwegian Confederation of Trade Unions celebrates its centenary	NO9904129F
	<i>In briefs</i>	Joint declaration on creation of new union for education staff	NO9904127N
		Government proposes easing ban on private employment agencies	NO9904128N
		New HSH-YS agreement for service sector criticised by LO union	NO9904130N
May	<i>Features</i>	New collective agreements signed in public sector	NO9905131F
	<i>In briefs</i>	New trade union confederation planned	NO9905132N
		LO and HSH conclude service sector agreement	NO9905133N
June	<i>Features</i>	Public committee will evaluate collective bargaining system	NO9906135F
	<i>In briefs</i>	1998 marked by a significant number of strikes	NO9906137N
		Controversial Opening Hours Act amended	NO9906138N
		Postal workers' unions to merge	NO9906139N
July	<i>Features</i>	Moderate optimism on economy as wage growth moderates	NO9907136F
		YS want closer cooperation among trade union confederations	NO9907140F
	<i>In briefs</i>	Gender equality Ombudsman questions increase in minimum income requirement for sick pay	NO9907141N
		Supreme Court rulings make transfers of employees in outsourcing more difficult	NO9907142N
		Norwegian SAS employees refuse to work extra overtime	NO9907143N
August	<i>Features</i>	Broader representation for social partners on public committees	NO9908145F
	<i>In briefs</i>	Private sector unions agree to cooperate	NO9908146N
		Telework agreement concluded at Statoil	NO9908147N
		SAS employees end industrial action against outsourcing	NO9908148N
September	<i>Features</i>	Uncertainty hits oil sector	NO9909149F
		Competitive tendering on the political agenda	NO9909150F
	<i>In briefs</i>	Consensus about partial privatisation of Statoil	NO9909151N
		European coordination of collective bargaining on the trade union agenda	NO9909152N
		Closed shop practice tried in court	NO9909153N
October	<i>Features</i>	Changes proposed to Equal Status Act	NO9910157F
		LO-NHO report on working time schedules	NO9910158F
		Increasing trade union use of the internet	NO9910159F
November	<i>Features</i>	LO private services unions demand greater focus on their sector	NO9911163F
	<i>In briefs</i>	Professionals seek change to public sector pay system	NO9911162N
December	<i>Features</i>	Contest begins for LO presidency	NO9912164F
		Committee issues report on future of working life	NO9912167F
		New rules introduced on private employment services	NO9912168F
		Employee share ownership and stock options on the increase	NO9912169F
	<i>In briefs</i>	Teachers dissatisfied with state Budget and school policy	NO9912165N

PORTUGAL

Economic developments

The Portuguese economy continued to grow, though at a slightly slower rate, in 1999. GDP grew by 3.1% in 1999 (Ministry of Finance estimate), compared with 3.9% in 1998 (which had been the peak of a rising trend since 1993, when a negative figure of -1.2% was recorded). The public spending deficit stood at 1.8% of GDP in 1999, down from 2.3% in 1998 and 2.5% in 1997 (and continuing a downward trend from 7.0% in 1993). Public debt stood at 56.8% of GDP in 1999 (Ministry of Finance estimate), compared with 57.0% in 1998 and 61.4% in 1997 (continuing the decline since the 69.6% recorded in 1994). The 1999 inflation rate was 2.3%, compared with 2.8% in 1998 and 2.2% in 1997 - inflation figures have been much lower in the past three years than they were in the early 1990s (when the figure reached 13.4% in 1990).

The unemployment rate continues to fall, standing at 4.2%, or 212,900 people, in the third quarter of 1999, compared with 5.0% (247,900) in 1998, 6.7% (323,100) in 1997 and 7.2% (343,900) in 1996 (the high-point of the 1990s).

The Bank of Portugal's Annual Report for 1998 notes that between 1986 and 1998, Portugal made up 19.2 percentage points towards the European average for per capita income - a significant step toward real convergence.

Political developments

Elections were held for both the Portuguese National Assembly and the European Parliament in 1999. The outcomes of the two elections were similar in terms of the relative rank of the various parties and the percentage of votes each received. In both elections, the Socialist Party (Partido Socialista, PS) finished in first place, with between 43% and 44% of the vote, followed by the Social Democratic Party (Partido Social Democrata, PSD) with between 31% and 32%, the Unitarian Democratic Coalition (Coligação Democrática Unitária) - comprising the Communist Party (Partido Comunista, PCP) and the Greens (Os Verdes) - with between 9% and 10%, and the People's Party (Partido Popular, PP) with around 8%. The Left Bloc (Bloco de Esquerda) had two deputies elected to the National Assembly for the first time.

Following the general election, the Socialist Party, while remaining in government, did not quite achieve an absolute majority of representatives in the National Assembly. The party took 115 seats, with the remaining

115 seats split among the four other parties. This is the first time that this has happened, and analysts warn that it may lead to some difficulties during voting on legislation.

A Ministry of Equality was created in the legislature which ended in 1999. The new ministry was well received by the social partners, which see this development as raising the profile of equality issues and increasing the efficacy of any measures that are taken, maintaining that consolidation of equality issues is a positive development as it will mean less fragmentation.

Collective bargaining

1999 was a year of relative stability in terms of collective bargaining, at least with respect to the number of collective agreements negotiated in comparison with previous years (PT9901123F). As shown in table 1 below, the number of company-level and multi-employer agreements concluded, as a percentage of the total number of accords, rose from 26.4% in 1998 to 30.9% in 1999, while the proportion of sectoral agreements fell back from 67.25% to 65.8%. This continued a trend already observed in previous years. Adoption agreements - whereby social partners in one area adopt agreements already negotiated elsewhere - comprised about 3.3% of the total in 1999, down from 5.6% in 1998.

Table 1. Collective agreements concluded, 1997-9

	1997	1998	1999
All collective agreements	409	393	398
Sectoral agreements	68%	67.25%	65.8%
Multi-employer and company-level agreements	26.4%	27.2%	30.9%
Adoption agreements	5.5%	5.6%	3.3%
Administrative orders	155	132	181

Source: Direcção Geral das Condições de Trabalho (quarterly reports).

An analysis of the first three quarters of 1999 shows that there was a reversal of the trend toward national agreements. Only 49.8% of the agreements were concluded at national level - in 1998 this figure was 67%. For the most part, negotiations took place in order to make changes to agreements which were already in existence - 93.1% of the total in the case of sectoral agreements, and 81.4% in the case of other agreements (see table 2). The average effective duration of the agreements was 13.2 months for pay, meaning that negotiations tend to be more or less annual.

Table 2. Nature of collective agreements concluded in 1999

New sectoral agreements	18
Changes to existing sectoral agreements	244
New company-level and multi-employer agreements	32
Changes to company-level and multi-employer agreements	91
Adoption agreements	13
<i>Total</i>	<i>398</i>

Source: *Direcção Geral das Condições de Trabalho (quarterly reports)*.

A significant amount of administrative intervention on the part of the state was apparent in 1999. There were 181 administrative orders to extend previously-negotiated agreements to include workers who were not originally covered by these agreements, compared with 132 in 1998 and 155 in 1997.

Following a trend already observed in 1998 (PT9901123F), there continues to be some innovation, albeit limited, in the content of negotiations - especially in agreements involving state-run enterprises. However, in many cases, new topics were introduced merely to update the content of the agreement to bring it into line with recent labour legislation. In some other cases, new subjects were introduced but involve simply declarations of principles that have not as yet been translated into practical applications. Furthermore, many of the innovations were relatively minor.

Collective bargaining mechanisms in the public administration gained new impetus in 1999 (PT9904141N) although the organisations representing certain occupational groups linked to the armed forces and the police are still not very strong (PT9901124N).

Pay

Average collectively-agreed basic pay increases in the period from January to November 1999 stood at 3.6% (according to figures from the Gabinete Estudos de Rendimentos do Trabalho-DGCT), compared with 3.3% in 1998 and 3.6% in 1997.

Although forecast inflation for the year was 2%, actual inflation was 2.3% in 1999. This difference in the two rates was disadvantageous to workers, as they were not offered any financial compensation. The General Worker's Union (União Geral de Trabalhadores, UGT), claims that compensation should be made for this difference between forecast and actual inflation rates.

The statutory national minimum wage rose by 4.1% in 1999, which represented a real increase of 1.6%.

There continued to be a significant number of clauses relating to pay matters other than basic rates in collective agreements negotiated in 1999. Frequently mentioned items included meal subsidies, shift differentials and sick pay, with increases in these payments of between 3.5% and 5% in 1999.

Working time

An analysis of the content of agreements from the first three quarters of 1999, carried out by the Ministry of Labour, shows that working time was on a par with skills and qualifications as the subject most often negotiated. Working time figured in 40% of the agreements analysed in the study. The majority of clauses introduced a 40-hour working week. In some sectors, such as radio broadcasting, working time is set as low as 35 hours per week, especially for those engaged in shiftwork. Other working time-related contents of agreements included the annualisation of working time (in metalworking) and a four-day working week (in winemaking).

There has also been a trend toward reducing the length of lunch breaks (as at the Petrogal oil-refining company and in the tobacco industry), and introducing Saturday work. The number of annual days of holiday has been increased in some cases by one or two days up to a total of 25 days, contingent on compliance with certain conditions, such as taking holidays during the off-season. In some cases, workers are allowed to take holiday during their first year of employment.

Equal opportunities

As in previous years, some agreements signed in 1999 contained 'affirmative action' clauses on women's employment, from a perspective of positive discrimination - as promoted by the government's equality plan (PT9908154F). An agreement covering the private hospital administration sector, concluded in 1999, contains a clause stating the general principle that, for the purpose of the agreement, no worker, male or female, may suffer prejudice or be given preferential treatment in employment, recruitment, access to employment, career promotion or progression, or pay. It also guarantees efforts on the part of employers to establish parity between men and women in terms of career development and qualifications. This is the first clause of this kind to appear in Portugal.

Job security

There are no references to clauses relating to job security in the Ministry of Labour study of agreements in the first three quarters of 1999.

Training and skills development

A total of 203 clauses dealing with this subject were found in Ministry of Labour's study of bargaining in the

first three quarters of 1999. This total included two company-level agreements (in the banking sector), where a commitment was made under which employers would be responsible for providing vocational training during regular working hours. Clauses relating to the development of skills and qualifications appeared in some 40% of the agreements, but for the most part these were of relatively minor importance, covering the skills required for new ancillary occupations (such as industrial cooks in the ceramics industry), or eliminating references to the skills required for out-dated occupations (such as typists).

Provisions designed to protect the position of young workers appeared relatively often in agreements, mostly with regard to people on work placements and apprentices, or linked to the introduction of new occupations.

In some agreements, promotions are tied to evaluations of employees' skills and qualifications (as in the transport sector).

Other issues

Geographic mobility was an issue covered relatively frequently by agreements in 1999. Part-time work appeared as a new item in four agreements examined in the Ministry of Labour study, relating to: the maximum acceptable level of part-timers (restaurants and hotels); areas where part-time workers can be used (toll booths); the maximum number of allowable hours; and a complete regulatory scheme. Provisions relating to social security appeared in only one of the agreements examined.

Legislative developments

1999 saw a wide range of changes in labour legislation, some quite significant (although the essential underlying features of Portuguese labour law remain unaltered). The objectives of the changes were to eliminate provisions that no longer corresponded to current social and labour realities, and to make the law more effective. This was among the commitments made under the 1996-9 tripartite Strategic Concertation Pact (PT9808190F). The most noteworthy changes were as follows.

- Changes in the *Code of Labour Procedure*, enacted in the autumn of 1999 (PT9909160F), altered the legal jurisdiction of the Portuguese courts in international matters, provided for representation and assistance to workers by the Public Prosecutor's office, granted trade unions the authority to represent workers in court, and introduced mechanisms for speeding up the legal process for suspending dismissals and for taking preventative measures when hygiene, safety and health are at risk. It also provided for substantial penalties in criminal cases.
- A new law, published at the beginning of September 1999 (PT9909161F), broadens the potential use of *temporary agency workers* beyond their use in activities that are seasonal in nature or have irregular annual production cycles. In addition, a number of changes were made to contractual conditions. For example, a worker's status may be changed from temporary worker to that of permanent worker. In order to do this, there must be a specific provision to this effect in a written contract between the employee and the temporary work agency. It is expressly forbidden to use temporary agency workers for jobs that are particularly hazardous. Occupational training must be provided and the amount is to be based on a percentage of the agency's total business volume. Fines for violations were increased, and regulations covering workers posted abroad were put in place.
- A set of laws, published in August 1999 (PT9909162N), constitute a far-reaching reform of the system of sanctions for *violation of labour regulations*. The new system divides violations into categories according to their seriousness, and fines vary depending on whether there is gross negligence or intent, and on the size of the enterprise. Violations considered to be the most serious are those committed by large companies with deliberate intent to cause harm, and in matters relating to safety, hygiene and health in the workplace, the rights of workers' associations and representative bodies and their members, or the right to strike. Special emphasis is placed on suppressing the use of child labour. In addition to a strict regime of penalties for child labour violations, certain violations will now be considered criminal offences. The General Labour Inspectorate (Inspeção-Geral do Trabalho, IGT) is charged with conducting the legal proceedings in cases of labour violations, and will be responsible for officially reporting violations, serving notice and issuing warnings.
- Law no 40/99 of 9 June 1999 transposes (belatedly) the EU *European Works Councils* (EWCs) Directive into Portuguese law (PT9912176F and PT9901125N). Commentators, albeit cautiously, have identified advances in Portuguese labour law engendered by this new legislation.
- Legislation was adopted in 1999 to improve existing provisions for family leave and protection in cases of high-risk pregnancy. The legislation, which partly transposes the EU Directive on *parental leave*, also creates a special regime for time off for grandparents and increases parental leave for adoptive parents (PT9905147F).
- Under legislation adopted in March 1999 (Decree-Law 96/99 of 23 March), *night work* is defined in accordance with the EU working time Directive and International Labour Organisation Convention no. 171 on night work. The new Portuguese legislation states that night work is to be established and regulated through collective bargaining (PT9904142N).

- Legislation transposing the EU Directive on *young workers* came into effect in 1999 in Portugal. The legislation takes into account the normal physical, psychological and social development of minors, defines concepts such as 'light work' and regulates night work for these workers (PT9807185F).
- Law 32/99 of 18 May completed transposition of the EU Directives on *collective redundancies*. An important feature of this legislation is that a worker who receives compensation or severance pay at the time of redundancy is no longer prevented from legally contesting the redundancy at a later time. Another feature of the law is that it allows experts to be called in to be present during the collective redundancy negotiation process (PT9907151N).
- Decree-Law no. 119/99 of 14 April 1999, which came into effect on 1 July 1999 (PT9906150F), increases the length of time during which a claimant may receive *unemployment benefits*. It improves the legal regime covering collective redundancies when companies modernise their facilities and coordinates unemployment benefits with retirement pensions.
- Following intense debate during 1998 (PT9806181F), legislation on *part-time work* was approved in 1999. The most important points in the law cover: definition of the concept of part-time employment; applicable regulations; changes in form of employment; the employee's right to return to full-time employment; incentives for encouraging part-time employment; creation of part-time unemployment benefit; and elimination of collectively-agreed restrictions.
- Decree-Law no 51/99 of 20 February established a 'job-rotation' scheme to allow workers to participate in *training initiatives*, especially in small and medium-sized companies (SMEs). The measure will also make it easier for young and long-term unemployed people to enter the labour market by providing them with experience, as they substitute for workers undergoing training. Provisions are also made for technical and financial assistance to the companies concerned (PT9904143N).
- Decree-Law no. 159/99 of 11 May 1999 requires *self-employed workers* to carry insurance in order to guarantee these workers and their families the same compensation to which other workers are entitled in the event of a work-related accident or illness (PT9909158F). These changes came into force from January 2000.
- A new law created a *Wage Guarantee Fund* (Fundo de garantia salarial) providing protection for employees when companies become insolvent, and outlined conditions governing access to the Fund and how it will be financed (PT9810102N).
- Regulation of the *legal framework governing work-related accidents*, as provided for in Law 100/97, was adopted in 1999. A legal foundation for

compensation for work-related accidents and occupational illnesses is provided by Decree-Law no. 143/99 of 30 April, and the regulations regarding occupational illnesses were completely reformulated in Decree-Law no 248/99 of 2 July.

In addition to this vast raft of new legislation, a number of further legislative reforms were under debate at the end of 1999, most notably statutes designed to foster worker participation in matters of health and safety in the workplace (PT9810100F), particularly by means of information and consultation mechanisms.

The organisation and role of the social partners

The Confederation of Portuguese Industry (Confederação da Indústria Portuguesa, CIP) employers' organisation marked its 25th anniversary in 1999 by outlining strategic orientations for future years at its congress (PT9905146F). The General Confederation of Portuguese Workers (Confederação Geral dos Trabalhadores Portugueses, CGTP) held its ninth congress in 1999, and agreed significant changes in its organisation (PT9912173N).

The trend toward mergers of unions continued in 1999 (PT9903136N), notably with mergers among unions in the railways and banking sectors.

Portuguese unions continued in 1999 to participate in meetings of European trade union organisations, such as seminars and conferences. Difficulties arise at times due to the existence in Portugal of multiple unions, which means that in some instances they must rotate representation to outside organisations. Regarding forms of organisation at the European level, Portuguese unions believe that it is important to have more centralised representatives who will be better able to hold a dialogue with EU bodies.

Throughout the year, the social partners participated intensely in the legislative process, playing an important and positive role in the Economic and Social Council (Conselho Económico e Social). The trade unions mobilised workers and organised a day of protest against the government's package of labour law amendments (see above under 'Legislative developments') (PT9903134N).

Industrial action

Preliminary statistics point to a slight increase in the number of strikes and working days lost due to industrial action in Portugal in 1999 (see table 3 on p. 114). The highest level of strikes occurred in the textiles and transport sectors, and there were also several strikes in the public administration sector.

Table 3. Industrial action, 1997-9

	1997	1998	1999
Total number of working days lost	80,077	94,755	56,918*
Number of workers involved	45,882	44,246	28,495*
Number of disputes	265	227	232**
Number of disputes (including overtime bans, go-slows and action by civil servants)	313	296	300**

* First half of the year; ** First three quarters.

Sources: Departamento de Estatística do Trabalho, Emprego e Formação Profissional (DETEFP), Ministry of Labour and Solidarity (MTS), Instituto para o desenvolvimento e Inspeção das Condições de Trabalho (IDICT).

An analysis of strikers' demands shows an accentuation of a long-running trend. In the 1980s, industrial action was primarily defensive in nature, focusing on issues such as overdue payment of wages, which accounted for a very large proportion of all demands. Now, payment of wages accounts for less than 50% of all strike demands, while demands relating to the length of working time and health and safety conditions have increased.

National Action Plan (NAP) for employment

The Portuguese National Action Plans (NAPs) for employment for 1998 and 1999 have so far been considered successful for a number of reasons (PT9904137F). The government estimates that 30% of all unemployed workers have benefited from the measures outlined in the NAPs. The number of young people seeking employment and the number of long-term jobless young people has dropped more sharply (by 20% over one year) than the national unemployment average. This fact has been attributed to the personalised counselling given to young job-seekers, and to the NAP's goal of finding a job or organising special training for this group within six months (an objective with which there has been a 95% compliance rate). The new 'work-training rotation' programme (see above under 'Legislative developments') also allows workers in training to be replaced by unemployed workers without cost to the companies involved.

However, results relating to long-term unemployed people have not lived up to expectations and the matter will be dealt with by increasing the number of regional employment networks (PT9907152F). The problem of unemployed young people with low levels of qualifications is another point which is due to receive attention.

Despite these reported outcomes, the trade unions have expressed doubt about the official statistics and stress the type of employment that they claim has been created by the NAP measures - precarious or temporary work. The

unions also claim that the job-creation support that has been given to companies is excessive and largely beneficial to employers rather than employees.

Impact of EMU on bargaining and industrial relations

Portugal's participation in EMU has led the trade unions to intensify their efforts with regard to changes in fiscal policy and real convergence of wages and working conditions (PT9911170N). The two main union confederations have taken some joint stands on European issues and the need for strengthening 'social Europe' (PT9912174F), and union education has been provided on these issues.

On the employer side, the debate continues to centre around the need for structural reforms, such as an overhaul of the social security and tax systems. Employers also believe that labour market flexibility and higher worker skill levels are needed in order to strengthen the competitiveness of Portuguese enterprises.

Employee representation

Debate over employee representation in 1999 focused mainly on the development of EWCs and the improvement of information and consultation mechanisms on health and safety at work (see above under 'Legislative developments'). By contrast, a low level of enthusiasm was seen in Portugal regarding discussions on the European Company Statute

The involvement of the Portuguese social partners in new fields such as regional employment networks (PT9907152F) indicate new developments concerning the role of the partners in the future.

New forms of work

This is a subject which has been high on the trade union agenda for number of years. Statistics point to the following trends in Portugal:

- a steady decline in the number of workers with 'standard' employment contracts, which in 1997 represented 83.8% of non-self-employed workers, dropping to 80.5% in 1999;
- the persistence of fixed-term contracts, which represented 16.3% of all employment contracts in the second quarter of 1999, up from 15.4% in 1997;
- 'other types' of employment relationships increased from 0.8% of employment in 1997 to 3.2% in 1999;
- the number of part-time workers has remained stable. Part-time status in Portugal is voluntary and reversible. An estimated 4% of workers work part time, typically in activities that by their very nature tend to be part time, such as cleaning services;
- temporary agency work continues to be relatively little-used. In 1997, this accounted for an estimated 0.6% of total employment;
- the incidence of teleworking is increasing. The Portuguese Association for the Development of Teleworking, (Associação Portuguesa para o Desenvolvimento do Teletrabalho, APDT) states that there were approximately 100,000 teleworkers in Portugal in 1998/9, representing 2.2% of the workforce; and
- there is frequent use of forms of independent work known as 'false self-employment'. Self-employed workers account for around 24.8% of the workforce. Self-employed workers acting as employers ('micro-enterprises') account for 6.1%.

There were a number of legislative developments relating to 'atypical' forms of work in 1999, covering matters such as part-time work, temporary agency work and self-employment (see above under 'Legislative developments').

In keeping with the European Commission's 1997 Green Paper on new forms of work organisation (EU9805105F), some governmental organisations, such as the Institute for Development and Inspection of Working Conditions (Instituto para o desenvolvimento e Inspeção das Condições de Trabalho, IDICT), have tried to develop a new role for the state, with the involvement of the social partners, through a new way of evaluating the organisation of work. This consists of working to coordinate economic development with social development in companies. This effort has led to the following outcomes:

- in 1998/9 a 'partnership for a new organisation of work' was established among five EU Member States, including Portugal. A study of 25 companies looked at the fundamental points that guided measures to increase flexibility in the management models of the various companies, from the standpoint of the principles outlined in the Green Paper;
- in March 1999, IDICT joined the European Work Organisation Network (EU9904167N);

- implementation of the first experimental programme to develop action on organisational innovation in SMEs was begun in 1999. The programme was developed by IDICT and the Institute for Innovation and Training (Instituto para a Inovação na Formação, INOFOR) under the European Social Fund's INOVAR programme. The programme monitors good practices in participation and social dialogue in 14 companies;
- a risk-prevention programme in the textiles sector that began in May 1999 has a component geared toward improving organisation of work; and
- a conference on the impact of new technologies on organisation of the company and work was held in October 1999 with the support of the European Foundation for the Improvement of Living and Working Conditions.

For the trade unions, the work organisation debate has focused primarily on progressively eliminating forms of work that do not fit into the traditional wage relationship.

Outlook

Tripartite social dialogue in Portugal was relaunched in January 2000, after a year-long hiatus, in the Standing Commission for Social Concertation (Comissão de Concertação Social), a committee of the Economic and Social Council. There is to be no new overall pact to follow the 1996-9 Strategic Concertation Pact, but agreements will be sought on specific topics. Issues tied to incomes policy have deliberately been left out and agreements are to be more circumscribed than in the past, both in time and content (PT0001179F).

An important issue in 2000 is likely to be the mechanisms of dispute resolution and collective bargaining, which have been under careful scrutiny for some time, but are now being brought up with increasing urgency. Disputes involving pilots at the TAP airline and train drivers at Portuguese Railways (CP) (PT9902132N), and others primarily involving state-owned enterprises, have suggested to some the need for compulsory arbitration.

Another major industrial relations event in 2000 will be the congress of the UGT union confederation in the spring.

The fight against job insecurity and for better quality of employment will continue in 2000. Wage increases above the European average and tax reforms that guarantee greater fairness and equity and reduce the tax burden are among trade union goals. Making labour laws more flexible, through discussion of the concept of remuneration and holiday legislation, for example, continues to be a goal of employers.

Portugal: 1999 Records

January	<i>Features</i>	One-year experiment with the guaranteed minimum income examined	PT9901120F
		Collective bargaining in Portugal: renewal through continuity?	PT9901123F
	<i>In briefs</i>	Police officers demand union rights and better working conditions	PT9901124N
		Progress on transposition of European Works Council Directive	PT9901125N
February	<i>Features</i>	Report examines child labour situation	PT9902128F
		Doctors' 'self-service' strike raises questions of legality	PT9902129F
	<i>In briefs</i>	Focus on low pay in textiles	PT9902130N
		Nurses fight for career path restructuring	PT9902131N
		Portuguese Railways proposes arbitration to settle dispute	PT9902132N
March	<i>In briefs</i>	Day of action in protest against labour legislation package	PT9903134N
		Social partners support government on <i>Agenda 2000</i>	PT9903135N
		UGT prepares regional and sectoral restructuring	PT9903136N
April	<i>Features</i>	Employability and adaptability in the Portuguese NAP	PT9904137F
		Arbitration decision on working conditions of TAP-Air Portugal pilots	PT9904139F
	<i>In briefs</i>	Legislation approved on right to organise in public administration	PT9904141N
		Legislation narrows scope of night work	PT9904142N
		Scheme promotes continuing training in small companies	PT9904143N
May	<i>Features</i>	Social partners set out agendas	PT9905146F
		New measures on parental and family leave	PT9905147F
	<i>In briefs</i>	Draft law to bolster women's rights to representation	PT9905144N
		Coastal trawler strike continues	PT9905145N
		Unions react to the Community Support Framework 2000-2006	PT9905148N
June	<i>Features</i>	New rules on unemployment benefits	PT9906150F
July	<i>Features</i>	The social partners and the regional employment networks	PT9907152F
	<i>In briefs</i>	Collective redundancies law amended	PT9907151N
August	<i>Features</i>	Conference highlights equal opportunities	PT9908154F
		Social partners outline demands prior to general election	PT9908155F
	<i>In briefs</i>	Unions voice fears on inflation and consumption	PT9908156N
		Euro-FIET finance section meets in Lisbon	PT9908157N
September	<i>Features</i>	Obligatory accident insurance may clarify self-employed workers' status	PT9909158F
		Labour Procedural Code revised	PT9909160F
		Rules governing temporary agency work amended	PT9909161F
	<i>In briefs</i>	Sweeping revision of penalties for violating labour laws	PT9909162N
		Political parties set out labour and employment programmes	PT9909163N
		TAP prepares for privatisation	PT9909165N
October	<i>Features</i>	Trends in pay, working time and collective bargaining	PT9910168F
	<i>In briefs</i>	Portuguese unions participate in lorry drivers day of action	PT9910164N
November	<i>Features</i>	Cross-border mobility of workers increases union cooperation	PT9911169F
	<i>In briefs</i>	Union confederations present annual demands	PT9911170N
December	<i>Features</i>	Unions set out priorities for Portuguese EU Presidency	PT9912174F
		European Works Councils and industrial relations in Portugal	PT9912176F
	<i>In briefs</i>	Conference examines social pacts	PT9912171N
		New issues on large-scale retail sector bargaining agenda	PT9912172N
		CGTP holds ninth congress	PT9912173N

SPAIN

Economic developments

Robust economic growth and increased company profits were major factors in 1999. GDP increased by 3.5% in the year to August 1999 (compared with 3.7% in 1998). The public deficit, at some ESP 982 billion, represented 1.1% of GDP (compared with 0.9% in 1998). In November 1999, the inflation rate was 2.7%, well above original forecasts for the year, of 1.8%. Inflation rose at a rate of 1.8% in 1998.

With regard to employment, the figures to June 1999 show that the tendency which began with the signing of the intersectoral agreements on collective bargaining and labour market stability of April 1997 (ES9704207N) continued: there was an increase in recruitment and in permanent employment among wage-earners in 1999, coinciding with high economic growth.

There were a total of 2,550,700 unemployed people in 1999, representing 15.6% of the workforce (down 3.3 percentage points in comparison with 1998): this rate was 10.6% for male workers (down 2.8 points on 1998), 22.9% for female workers (down 3.8 points on 1998) and 28.6% for workers under 25 (down 6.2 points on 1998). However, these figures must be interpreted with caution, as there have been methodological changes in the relevant survey, which have caused a statistical effect: it is estimated that there was a drop in unemployment in 1999, but not by as much as these data suggest.

Political developments

In 1999 municipal (local) elections were held in the whole of Spain and autonomous (regional) elections were held in Catalonia. The Socialist Party (Partido Socialista Obrero Español, PSOE and Partit dels Socialistes de Catalunya, PSC in Catalonia) increased its share of the vote in both.

The current conservative government, made up of the People's Party (Partido Popular, PP) with support from conservative nationalist parties from Catalonia and the Basque Country, finishes its mandate in early 2000, and the next general elections take place in March 2000. The pre-electoral atmosphere marked the drafting of the state budget for 2000, resulting in the inclusion of a number of social measures (ES9910158F).

Collective bargaining

The bargaining structure in Spain is highly atomised and not well articulated. The 1997 intersectoral agreements on bargaining and labour market stability included a

unanimous position of the social partners in favour of greater coordination of sectoral bargaining at national level. The trade unions in particular favoured coordination from above, in an attempt to replace regional sectoral bargaining with national sectoral bargaining (ES9903208F).

The official data on bargaining available at the end of 1999 differentiate only between sectoral and company-level agreements. Up to November 1999, 3,732 agreements were signed, covering 7,556,000 workers. There was relative stability from 1998 to 1999 concerning both the proportion of company agreements (71.3% of the total in 1999 compared with 72% in 1998) and the number of workers affected by them (10.17% of the total in 1999 compared with 11.83% in 1998). It should be remembered that although collective agreements in Spain are generally applicable (and therefore affect a large number of workers), their real effect is questionable: it is difficult to apply the agreements reached in sectoral bargaining in a production structure dominated by small and medium-sized enterprises and precarious employment.

According to trade union sources, the revision of agreements progressed well during 1999: by June, 75% had already been negotiated. However, a certain delay was observed in the renewal of agreements: by June 1999 only 21% of the agreements due for renewal had been negotiated. The unions put forward diverse explanations for this, including trade union elections, the lack of agreement at higher levels (several national sectoral agreements were due to be signed in 1999), and the fragmentation of the Spanish production structure, which makes it more resistant to collective bargaining.

Pay

During the drawing up of the 1999 negotiating platforms, wages became a cause for conflict between the main trade union confederations (ES9903208F): the Trade Union Confederation of Workers' Commissions (Comisiones Obreras, CC.OO) chose to continue the policy of wage moderation in exchange for improvements in employment, while the General Workers' Confederation (Unión General de Trabajadores, UGT) considered that the robust performance of the economy should be translated into an increase in workers' incomes. Nevertheless, a unitary position of wage moderation was finally reached. The employers' associations, however, recommended to employers that they negotiate an increase similar to the average European inflation rate, which is lower than the Spanish rate, thus involving a loss of purchasing power for Spanish workers (ES9901194N). Figures up to November 1999 show that wage moderation was pursued despite high company profits. Purchasing power was not maintained, with an average wage increase (2.3% in November) below the real increase in the retail prices index (RPI) (2.7% in November).

Given the differences that have occurred in the last few years between the government's RPI forecast and the real RPI rate, the unions demanded the reintroduction of wage revision clauses, which had been eliminated from collective bargaining in the past few years. This was a particularly controversial topic, as employers remained opposed to this move. Nevertheless, the percentage of workers affected by wage revision clauses increased to 61.19% (June 1999), compared with 59.92% in 1998, though the effectiveness of these clauses is not clear – despite being included in sectoral agreements, they did not form part of company-level accords, according to CC.OO data.

The tendency to freeze seniority supplements and to abolish them in the case of newly-recruited workers continued, a trend which was applauded by the Spanish Confederation of Employers' Organisations (Confederación Española de Organizaciones Empresariales, CEOE) (ES0001170N).

Working time

The average number of annual working hours has been increasing in Spain since 1993, but it would seem that 1999 marked a change. Figures to November 1999 show that average annual working hours were 1760.7 (compared with 1768.1 in 1998). This means that, for the first time since 1993, there has been a reduction in working hours, reversing the trend of the last five years. CC.OO figures to June 1999 show that a reduction in working hours was included in 22.67% of agreements, affecting 32.16% of workers (compared with 17.88% and 16.92%, respectively in 1998). The reduction in working hours is moderate, in most cases calculated annually, representing on average 13.03 hours per year (compared with 11.22 in 1998).

A reduction in overtime, a commitment that was made in the April 1997 agreements, is still pending: there has been no legislative reform (ES9907141F), and this subject has received little attention in collective bargaining (ES9909150F). According to the latest data on 'special clauses', referring to agreements that had economic effects from 1998 and were recorded up until May 1999, the elimination of overtime was found in 9.66% of agreements, affecting 10.50% of workers. Clauses on the reduction of overtime were found in 3% of agreements, affecting some 4% of workers.

Data to October 1999 show an increase in clauses regulating irregular distribution of working hours on an annual basis. These were found in 20% of agreements, affecting 35% of workers. This increase might be greater if company agreements, which are not reflected by the statistical data, were included. Flexible working time as a way to obtain greater availability of workers is an increasingly vociferous demand on the part of employers. In spite of the maintenance of existing working time

distribution, as reflected in data relating to collective agreements, there is some irregular distribution of working hours through company agreements, which are not reflected by statistical data. This is sometimes introduced in bargaining in exchange for job creation, job preservation or conversion of temporary jobs into stable jobs (ES9903207F and ES9906213F).

Job security

The number of collectively-agreed clauses concerning employment continued to increase in the period up until May 1999, being found in 41.45% of agreements, affecting 60.34% of workers. 1999 saw a greater number of clauses referring to the conversion of temporary jobs into permanent jobs (11.81% of agreements, affecting 19.66% of workers) than those which referred to net job creation (3.12% of agreements, affecting 15.46% of workers). Clauses concerning recruitment were found in 28.30% of agreements, affecting 51.11% of workers, though these figures are lower than the trade unions would wish. These clauses cover matters such as limiting the use of temporary agency workers, establishing the jobs that can be covered by temporary contracts, setting the maximum duration of temporary contracts for 'market circumstances', or setting a ceiling for temporary contracts among the workforce.

In 1998, pacts for employment were signed in almost all the autonomous communities (regions), offering subsidies for shorter working hours as a means to create employment (ES9902297F). Though there is no official data in this area, the effects still seem slight. In 1999, after these territorial pacts had been in force for a year, there were indications that there was still a long way to go to reach the 35-hour week through collective bargaining, even with subsidies.

Equal opportunities

According to the latest data regarding special clauses in collective agreements that have economic effects in 1998 and were recorded up to May 1999, the number of clauses promoting equal opportunities at work remained stable, being found in 14.32% of agreements, affecting 32.79% of workers.

Training and skills development

In Spain the continuing training system, which has been in force for six years (ES9907133F), links continuing training to collective bargaining. Every year, the number of agreements that regulate training plans has increased, although since 1997 the number of workers affected seems to be falling. According to the latest data, clauses on training plans were found in 20.2% of agreements recorded up to May 1999, covering 27.2% of workers.

Health and safety

Despite the high workplace accident rate in Spain (1,010 workers died between January and November 1999 and 10,798 suffered serious injuries) (ES9904215F), collective bargaining in 1999 paid little attention to health and safety at work. The number of clauses on prevention programmes or health and safety courses was similar to that of the previous year (some 30% of agreements, affecting 18% of workers) despite the increase in serious accidents (up 17%) and deaths (up 4.3%). The unions claimed that current health and safety legislation was not being observed by employers, or was being breached by them: it is calculated that only 35% of companies fulfil the most elementary obligations and that 47% of industrial accidents are concentrated in 30,000 companies (ES9907146N).

Legislative developments

Three major legislative changes took place in 1999.

On 1 July 1999 the reform of the Law on Temporary Employment Agencies (TEAs) was passed, bringing the wages of the workers of TEAs into line with those of the user companies (ES9907140F). This law reform came in response to the growing social rejection of TEAs due to perceived abuses and exploitation of their workers, the demands of the unions since TEAs were introduced in Spain in 1994, and the commitments made by the social partners in the April 1997 agreements. The 1994 legislation established that the wages of TEA workers should be regulated by the agreement applying to the TEA and that their contract could be temporary or permanent. Most TEAs workers were employed on temporary contracts and their wages were far lower than those of permanent workers. The new law has remedied this difference in wages by establishing that TEA workers should be paid according to the user company's collective agreement.

On 7 November 1999 the Law on Combining Family Life and Work (ES9911165F) was passed, completing the transposition of EU Directives on maternity protection (1992) and parental leave (1996) into Spanish labour legislation. The main objectives of the law are to improve protection of health at work, to provide legal guarantees against dismissal of pregnant women, and to establish a legal situation that allows maternity leave to be transferred to the father, in order to facilitate a greater sharing of domestic and family work between men and women.

The Foreign Persons Law was passed on 23 December 1999. This legislation is a revision of the existing law of 1985 and resulted from the pressures of associations of immigrants, trade unions and left-wing parties. The main changes introduced by this legislation include the granting of fundamental rights to immigrants to protect

them against serious inequalities, and the introduction of a provision under which residence is used as the fundamental criterion, instead of possession of a work permit. It is hoped that this law will help to change the Spanish public's perception of immigrants, from 'workers who are passing through' to citizens who may settle permanently in Spain (ES9911262F). However, the future of this law is uncertain because the governing PP party did not approve all of its provisions and has threatened to change it if it wins the next elections.

There were two 'popular legislative initiatives' (Iniciativas Legislativas Populares, ILP) - a procedure provided for under the Spanish Constitution that allows ordinary citizens to present proposals directly to parliament if they are endorsed by a certain number of signatures - in 1999 that were especially interesting in industrial relations terms. The first aims to regulate and reorganise subcontracting in the construction sector, but has not yet been put before parliament; and the second aimed to introduce a 35-hour working week, but was not even accepted for parliamentary processing (ES9912266N).

The organisation and role of the social partners

There were no important changes in the organisation and role of the social partners during 1999. The latest round of union elections of company-level employee representatives (ES9902298F) ended in 1999 and may produce small changes. However, official figures are not yet available.

The social partners were active during 1999 in a variety of social policy areas. Pensions and unemployment benefits (ES9909248F and ES9910158F) were a topic very much in evidence in top-level industrial relations debates, although at the moment it is fair to say that there is more disagreement than consensus.

Industrial action

1999 saw a reduction in the overall number of strikes, in comparison with 1998, but an increase in the total number of participants and a tendency for strikes to become more intense and localised. The total number of strikes to August 1999 was 521, compared with 618 in the same period in 1998. Days lost due to industrial action totalled 1,036,200 to August 1999, compared with 1,263,500 in 1998. The number of participants in strikes rose to 833,800 to August 1999, compared with 671,900 in 1998.

The most conflictual sectors, based on data to August 1999, were transport, coal mining and construction, with the probable addition of metalworking (shipbuilding), whereas in 1998 the main conflicts took place in agriculture, construction and metalworking.

The hardest-fought strikes were without doubt those which took place in the shipyards (ES9912268F) and those in public and private coal mines (ES9906235N and ES9911263F). Trade union demands in these cases focused on the maintenance of subsidies and employment, an effective policy of economic diversification in the affected territories, and greater control of private companies. There is a long tradition of industrial dispute in these sectors, and workers resorted to many forms of direct action in response to what they perceived as uncompromising attitudes, infringements and failure to meet commitments on the part of the companies and the authorities. In addition to the usual mobilisations (such as demonstrations in the affected regions and in the Spanish capital and traffic blockades), which caused many confrontations with the police, trade unions held a 65-day sit-in in a pit 300 metres below ground (in the dispute at MSP) (ES0001269N), and a 400-kilometre march lasting 20 days (in the Encasur dispute) (EU9903202N).

At regional level, a general strike in the Basque Country was called by the regional trade unions, Basque Workers' Solidarity (Eusko Langileen Alkartasuna/Solidaridad de Trabajadores Vascos, ELA/STV) and Patriotic Workers' Commissions (Langile Abertzale Batzordeak, LAB), and later joined by CC.OO and UGT; the aim was to demand the 35-hour week and to press employers' associations to negotiate shorter working hours (ES9905129N).

More generally, when resolving conflicts, there has been a recent trend towards greater autonomy for the parties to industrial disputes (ES9909151F).

National Action Plan (NAP) for employment

The 1999 Spanish National Action Plan (NAP) for employment was drawn up and approved in just two months - between March and April 1999. The trade unions and employers' associations were called to only one meeting, one month before its approval. CC.OO and UGT therefore claimed that the Spanish government had failed to fulfil the resolutions of the December 1998 Vienna European Council meeting (EU9812141N) by not respecting the obligatory participation of the social partners.

The Plan was rejected by the trade unions, not only due to its late approval and its unilateral nature, but also because of: the small budgetary allocation; the perceived bureaucratic way in which it had been drawn up; the lack of measures linking training to employment; and the fact that, in their view, it placed the onus of solving unemployment on unemployed people by promoting training and guidance, instead of creating employment through measures aimed at productive structure and working time reduction (ES9907239F).

Impact of EMU on bargaining and industrial relations

The potential effect of EMU on industrial relations and collective bargaining was an issue which occupied the Spanish trade unions during 1999. In the general area of 'Europeanisation' of bargaining, UGT and CC.OO made public their position on bargaining at European level through a joint proposal to the Helsinki European Trade Union Confederation (ETUC) congress in June-July 1999 (EU9907182F). The Spanish unions proposed a reform of the ETUC statutes in order to give the confederation more means to direct and coordinate national union policy, and the capacity to negotiate wages and working conditions at European level.

However, on the employers' side, CEOE openly states that it considers the formulation of an EU policy in labour matters to be an error. This organisation has shown itself to be particularly opposed to proposals for collective bargaining at European level, in spite of being tolerant of the constitution of European Works Councils (EWCs).

Employee representation

There were few new developments in this area in 1999. Spanish trade unions support the existing EWCs in companies operating in Spain and are promoting the constitution of new EWCs. So far, only one EWC has been set up in a Spanish company, that at Grupo Repsol. In addition, the new world-wide works council at Volkswagen (DE9806271N) held its first meeting in Barcelona in May 1999 - this the first information and consultation structure at this level in which Spanish unions have participated actively.

New forms of work

In comparison with 1998, the number of permanent contracts increased by 7% and temporary contracts by 5.9% in 1999. Full-time contracts increased by 4.5% and part-time contracts by 8.1% (the latter represent 8.5% of the total number of contracts). However, temporary employment as a proportion of total employment fell by 0.28 percentage points only, to 32.72%, and was characterised by a high level of turnover: contracts with a duration of less than one month represent 63% of temporary contracts, according to trade union sources. The abusive use of temporary recruitment and the exploitation of temporary workers (all analyses indicate that wages for temporary workers are falling and their working conditions are deteriorating) are claimed to be fostering divisions in Spanish society (ES9907238F).

There are still a number of clauses in collective agreements limiting the use of temporary employment

agencies, establishing the jobs that can be covered by temporary contracts or setting the maximum duration of temporary contracts for market circumstances. These types of clauses were found in 7% of agreements, affecting between 14% and 32% of workers. There were even fewer clauses setting a ceiling for the proportion of temporary contracts among the workforce, found in 1.8% of agreements affecting 2.52% of workers.

As discussed above (under 'Legislative developments'), 1999 saw major new legislation bringing the wages of temporary agency workers into line with those of user companies

Outlook

It does not seem that 2000 will hold great changes in store for Spanish industrial relations. The trade unions have put forward proposals to reduce working time, including the reduction of both normal working hours and overtime, to avoid inequality due to type of contract or time of recruitment, and to control subcontracting. However, it is very difficult to implement these proposals within the framework of collective bargaining because they meet with the opposition of employers and

employers' organisations. In top-level intersectoral bargaining, new agreements or legislative reforms in these areas seem unlikely, although the trade unions are willing to make commitments with the government — with or without the employers' associations — on health and safety, economic penalisation of temporary employment and subcontracting.

As has been habitual in the past few years, the employers' organisations will probably continue to press for a general reduction in employers' social security contributions. The renewal of the 1995 'Toledo Pact' on social security after the general elections in March 2000 will probably dominate the intersectoral scenario. The debate will focus on aspects such as the separation of sources of social security income, retirement pensions and the extension of subsidies and unemployment cover, the latter being of special concern to the unions (the rate of cover of the unemployment insurance system fell from 67% in 1993 to 50% in 1999: 786,000 unemployed people are not covered, even though there is a large surplus income from contributions). There is likely to be a dispute over the renewal of the Pact because of the great differences in the positions of the social partners on cohesion and social welfare, so it does not appear at this stage that 2000 will bring a tripartite agreement.

Spain: 1999 Records

January	<i>Features</i>	Trade unions criticise liberalisation of telecommunications sector	ES9901294F
		Disagreements arise amongst trade unions	ES9901295F
	<i>In briefs</i>	Difficult 1999 bargaining round opens	ES9901194N
		Social partners take positions on the euro	ES9901295N
February	<i>Features</i>	35-hour week gets off to a troubled start	ES9902297F
		Current developments in trade union elections	ES9902298F
	<i>In briefs</i>	Controversial ruling on domestic workers	ES9902103N
		Disagreement over workforce reorganisation at newly merged BSCH bank	ES9902104N
		Confrontation over non-contributory pensions in Andalucia	ES9902201N
March	<i>Features</i>	Employment agreement signed in the Basque Country	ES9903100F
		First company agreement on employment and working time in Catalonia	ES9903199F
		Agreements on 'good employment practices' in Spanish companies	ES9903207F
		Social partners analyse 1998 collective bargaining round	ES9903208F
	<i>In briefs</i>	Agreements at BSCH and Banesto protect workers in merger	ES9903111N
		Temporary employment agencies may not supply workers for dangerous jobs	ES9903112N
		Mineworkers' march draws attention to their plight	ES9903202N
		Unions criticise government in 1999 women's day manifesto	ES9903209N
		Employers criticise working time reductions in regional pacts	ES9903210N
April	<i>Features</i>	Government intends to reform law on temporary employment agencies	ES9904117F
		The social partners and economic immigration into Spain	ES9904214F
		The impact of industrial accidents	ES9904215F
	<i>In briefs</i>	Decree promotes conversion of temporary into permanent work contracts	ES9904118N
		Supreme Court rules in favour of dual pay scale	ES9904119N
		Reactions to IMF annual report on Spain	ES9904120N
		Pilots' strike causes air chaos	ES9904216N
		El Pais signs agreement on 35-hour week	ES9904221N

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		Indefinite strike in private coal mines	ES9911263F
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SWEDEN

Economic developments

GDP growth in 1998 was 2.6%. Preliminary figures for 1999 show a rising trend, with growth of 3.7% in the second quarter of the year compared with the same period in 1998 (according to data from Statistics Sweden). GDP at market prices, according to Eurostat, was SEK 1,890,202 million in 1998. Public debt was 74.2% of GDP in 1998, and the general government deficit was 1.9% of GDP. The unemployment rate (as defined by Eurostat harmonised indices) was 6.6% of the labour force, as at October 1999. The inflation rate (expressed in Eurostat harmonised indices of consumer prices), was 0.8% in November 1999.

The 1990s began with a severe financial crisis during 1991 and 1992. The economy was 'overheated' and the crisis in the finance and real estate sectors was very deep. The Swedish krona (SEK) depreciated quickly when it was de-linked from the European Currency Unit (ECU) and unemployment was rising towards a level of 10%. After 1992, a 'third industrial revolution' was initiated - jobs for white-collar workers expanded in the new 'services society'. The pharmaceutical industry expanded, as did the computer, electronics and telecommunications sectors, and the entire export industry began to grow. The 'Swedish model' was questioned, while capital flows and large parts of the economy were deregulated. Industrial relations became more and more decentralised, the welfare system and public sector were cut heavily and the national budget deficit was kept in check.

Political developments

Parliamentary elections were held in September 1998, which resulted in the Social Democratic Party (Socialdemokratiska Arbetarepartiet, SAP) gaining 36.6% of the votes and forming a minority government. Thus, as a minority government, the SAP needs the support of other political parties, such as the Left Party (Vänsterpartiet) and the Green Party (Miljöpartiet de Gröna), both of which are opposed to membership of the European Union. Sweden is not participating in the third stage of EMU, but the government will be working more on the EMU issue during 2000, following SAP's special party congress, to be held in March 2000, which will decide where the ruling party stands. The Prime Minister, Göran Persson, along with the executive committee of SAP, holds a positive attitude to EMU that may be described as 'yes, but later'. One issue for discussion during the SAP congress is whether Sweden should hold a referendum on this issue later in 2000.

Collective bargaining

A large part of the most recent collective agreements on pay at national sectoral level were concluded in 1998 (SE9806190F). Almost all parts of the private and the public sectors were involved in the negotiations. The agreements are in most cases for a duration of three years and renegotiations will start early in 2001. Most of the agreements contained new provisions on working time.

Although 1999 was a quiet year between bargaining periods, some negotiations took place at sectoral level, principally resulting in agreements in four large sectors:

- between bus drivers represented by the Municipal Workers' Union (Svenska Kommunalarbetareförbundet) and the Bus and Coach Employers' Association (Bussarbetsgivarna) (SE9902144N);
- between taxi drivers represented by the Swedish Transport Workers' Union (Svenska Transportarbetareförbundet) and the Swedish Road Transport Employers' Association (Biltrafikens Arbetsgivarförbund) (SE9910103N);
- between electricians represented by the Swedish Electricians' Union (Svenska Elektrikerförbundet) and the Electrical Contractors' Organisation (Elektriska Installatörsorganisationen) (SE9911104N); and
- between construction workers represented by the Building Workers' Union (Svenska Byggnadsarbetareförbundet, Byggnads) and the Swedish Construction Federation (Byggentreprenörerna) (SE9910199N).

The agreements for bus drivers, taxi drivers and electricians were all preceded by some kind of industrial action (see below under 'Industrial action') while, for once, there was no conflict in the construction sector.

Pay

There are as yet no official figures available relating to total pay increases in 1999. However, the impact of the raft of three-year collective agreements currently in force seems to be one of controlled wage increases with only marginal examples of wage drift. The four new collective pay agreements mentioned above all follow the 3% pay increase norm for 1999 that was set in the 1998 bargaining round.

Working time

A working group with the task of examining working time issues was appointed at the end of 1998 by the government. The chair of the group, also the chair of Social Democrat Women in Sweden, Inger Segelström, announced in late 1999 that the working group expects

the government to issue its final report in the autumn of 2000, in which it will set out its view on cuts in working time. The working group itself will report its results - if not in the form of actual proposals, then at least as a basis for a political discussion about different possibilities of cutting working time - in the spring of 2000. The group has also asked the National Institute of Economic Research (Konjunkturinstitutet, KI) to calculate the possible effects for the economy of a legally-enforced reduction of working time. KI is expected to be in a position to respond in February 2000.

In the 1998 collective bargaining round, some trade unions succeeded in introducing some new elements into collective agreements with regard to pay and other working conditions. As there was no bargaining on a large scale in 1999 - most of the agreements run for three years and will thus expire in the spring of 2001 - reducing working time was not the most important issue on the political agenda during 1999. Some studies were published, among them a report on paper workers' views on this subject (SE9904153F). However, it is expected that the discussion on reducing working time will be lively in 2000.

Equal opportunities

There were no significant developments in bargaining on equal opportunities in 1999. However, the office of the Equal Opportunities Ombudsman (Jämställdhetsombudsmannen, JämO) worked on four particularly important cases of wage discrimination handed over to the Labour Court (Arbetsdomstolen), none of which were concluded in 1999. The cases deal with the issue of alleged sex discrimination, centring on claims that male medical technicians are more highly paid than workers in comparable female-dominated professions at the same hospital, such as nurses and midwives. JämO is of the opinion that the workers in question are performing jobs of equal value.

In September 1999, a tightening of the Act on Equality between Men and Women were proposed by a governmental committee chaired by special commissioner Hans Stark, a former chief judge in the Labour Court (SE9909195N). The changes in the Act are aimed at easing the fight against wage discrimination and also at harmonising Swedish law with EU equality legislation. 1999 also saw significant new anti-discrimination legislation (see below under 'Legislative developments').

Job security

The main initiatives in the area of job security during 1999 were taken by the government rather than the social partners. In April 1999, the Swedish parliament voted for a change in the 'order of priority' rules used in cases of redundancy (SE9912111F). A majority in parliament, including the Green Party, voted against the government, which must now produce a proposal of its

own along the lines proposed in the bill. A proposal is expected in spring 2000.

The issue on which the Social Democrat government was outvoted was a bill, drawn up by the Greens, to change the 'order of priority' rules for redundancies in the Employment Protection Act (lagen omanställningsskydd). The change would involve a reversal of the basic principle of 'last in, first out' in a redundancy situation. The parliamentary opposition parties argued that in companies with fewer than 10 workers, it should be possible for the employer to exclude any two employees from the 'last in, first out' rule when drawing up a list of workers to be made redundant. In this way, the employer would be able to retain some of its younger, more skilled and 'key' personnel (SE9905158N).

Training and skills development

Late in December 1999, the Swedish government presented guidelines in the area of individual skills development. These will be examined by a commissioner, who will subsequently propose a new system for individual skills development, which will be available to all individuals and entrepreneurs. A part of the report will be published in the spring of 2000 in order to give the social partners time to examine it within the context of their demands for the 2001 bargaining round. The final proposal is due by 15 January 2001. Parliament has set aside in the national budget SEK 1.35 billion for 2000 and thereafter SEK 1.15 billion per year for the new system of individual skills development (SE0001118N).

Legislative developments

Three new anti-discrimination Acts were approved in March 1999 by the Swedish parliament (SE9903148F). The Acts contain bans on discrimination in working life covering discrimination on grounds of ethnic origin, disability and sexual orientation (SE9912212F) and came into force on 1 May 1999.

In late May 1999, parliament approved a new Act implementing the 1996 EU Directive concerning the posting of workers in the framework of the provision of services. The National Board of Occupational Safety and Health (Arbetarskyddsstyrelsen) has been charged with the responsibility of informing employers about the employment conditions which apply to the posting of workers to Sweden. The social partners are expected to keep the relevant parties informed of any national collective agreements that may be of interest to the posting employer (SE9906172N).

After years of disputes and a long series of failures in trying to solve the different problems relating to Swedish wage formation, the social partners finally conceded defeat in March 1999 (SE9903150N). The government took over and in December 1999 a bill was presented, proposing a new Mediation Authority. The purpose of

the new authority will be to mediate in labour conflicts and work towards satisfactory pay determination. The new authority will start work in June 2000 (SE9912110F).

The Ministry for Industry, Employment and Communication proposed, in November 1999, an increase in maximum daily unemployment benefits. The new rules will, if parliament accepts the bill, come into force on 1 October 2000 (SE9912108N).

The organisation and role of the social partners

A clear tendency to emerge during 1999 within the three Swedish trade union confederations was the readiness to merge. Serious discussions continued throughout 1999 on several possible mergers in the near future. The boundaries between white-collar workers and university graduates are becoming more and more unclear, as are those between blue- and white-collar workers. It is also believed that coordinated negotiations would be more effective. Within the Confederation of Salaried Employees (Tjänstemännens Centralorganisation, TCO), the Union of Civil Servants (Statstjänstemannaförbundet), the Swedish Union of Local Government Officers (Sveriges Kommunal-tjänstemannaförbund) and the Financial Sector Union of Sweden (Finansförbundet) are the unions that have the most advanced merger plans. No decisions have as yet been made - there is, among other factors, a need for the relevant unions to hold congresses in advance of any concrete development. Two central confederations, TCO and the Swedish Confederation of Professional Associations (Sveriges Akademikers Centralorganisation, SACO), are also considering a merger in order to create one central organisation for white-collar workers and university graduates.

On 1 January 2000, the Sheet Metal Workers' Union (Bleck- och plåtslagareförbundet) and the Building Workers' Union - both affiliated to the Swedish Trade Union Confederation (Landsorganisationen i Sverige, LO) - merged. The LO-affiliated Commercial Employees' Union (Handelsanställdas förbund) and the Swedish Transport Workers' Union (Svenska Transportarbetareförbundet) also began discussions in 1999 concerning some form of cooperation in the future.

Industrial action

Three large conflicts took place during 1999 (see above under 'Collective bargaining'). The first occurred in February, when some 8,400 bus drivers went on strike, largely over a working time issue (SE9902144N). The drivers were demanding more breaks between bus journeys. This industrial action ended at the beginning of March. In September, taxi drivers blockaded passenger traffic to the country's four biggest airports in support of demands for an increase in guaranteed pay

(SE9908186N). In September, electricians operated overtime bans and a bar on the employment of new electricians (SE9909190N). This conflict took place primarily for reasons of safety and lasted for six weeks, as did the taxi cab drivers' industrial action.

National Action Plan (NAP) for employment

In its 1998 National Action Plan (NAP) for employment that translated the EU Employment Guidelines into practice, the Swedish government set the objective of reducing unemployment to 4% by 2000 (SE9805185F). The NAP also stated that it is necessary to improve the wage formation process in Sweden. Thus, in December 1999, the government proposed that a new Mediation Authority should be formed (SE9903150N). This announcement follows the inconclusive outcome of the 'exploratory talks' over a 'pact for growth' on this issue between the social partners during 1998. The actual effects of the 1999 Swedish NAP will not be known before the autumn of 2000.

However, experts are united in the belief that the labour market is performing well and that 2000 will be a good year. During 1999, employment increased by 90,000 workers. The Labour Market Board (Arbetsmarknadsstyrelsen, AMS) estimates the increase for 2000 to be another 52,000. The supply of labour is increasing mostly due to the fact that there are rising numbers of graduates. In addition, the number of places on government labour market programmes will be cut from 173,000 in 1999 to 134,000 in 2000. The effect on unemployment will therefore be moderate both for 1999 and 2000. The rate of 'open' unemployment in Sweden decreased from 6.5% to 5.6% during 1999 (preliminary figure). The AMS estimates that open unemployment in 2000 will decrease further, to 5.1%. The private service sector created 64,000 new jobs in 1999 and in 2000 there will be approximately 35,000 more new jobs in that sector. A certain increase is also expected in the local government sector, industry and the construction sector.

However, despite the positive developments experienced recently, some potential problems remain, such as labour shortages, particularly in the case of professionals such as teachers, doctors, dentists and nurses.

During 1999, labour market policies focused on promoting growth. The government declared in its budget proposal for 2000 (presented to parliament on 20 September 1999) that priority should be given to the procurement of new jobs and different kinds of skills development. The government also wants to put more pressure on unemployed people to be active in job seeking (SE9912108N).

In order to stimulate individual skills development in working life, the government has proposed to set aside

SEK 1.35 billion in 2000 and SEK 1.15 billion every year from 2001 (see above under 'Training and skills development'). To avoid 'bottlenecks', the government has proposed to set aside SEK 130 million to train people who are already employed and lacking a required skill.

The impact of EMU on bargaining and industrial relations

As Sweden is not currently participating in the third stage of EMU, the debate concerning its potential effects on collective bargaining is not being carried out in as heated a way as amongst the social partners in many other EU Member States. However, some coordination with other Member States is developing - the limited bargaining which took place during 1999 followed the EU 'norm' (see above under 'Collective bargaining').

Employee representation

In July 1999, a report on employee representation on company boards within the framework of the 1976 Swedish Board Representation Act was presented. The report was based on a survey, undertaken by a researcher, Klas Levinsson, at the National Institute for Working Life (Arbetslivsinstitutet). The results from the survey, which had been carried out among managing directors and board chairs in 660 Swedish companies, showed that management as a whole was very satisfied with the cooperation and work carried out in their respective boards by the employee representatives (SE9907181F).

New forms of work

The temporary work agency sector is growing steadily. In 1999, 22,000 workers were employed by such agencies, and the prognosis for 2000 points to more than 30,000 workers. Some 70% of temporary agency workers are employed in Stockholm, but the phenomenon is growing mostly in the western and southern regions of the country. In the spring of 1999, the Salaried Employees' Union (Tjänstemannaförbundet, HTF) withdrew from the collective agreement for temporary work agencies (SE9905159N). The union maintains that the guaranteed payment for agency workers should be increased from 75% to 100% of monthly pay. Negotiations started but were 'frozen', as the positions of the parties involved were very far apart. The negotiations were planned to restart at the end of January 2000.

Local government and county councils throughout Sweden have been forced to employ, as a consequence of a legislative change, between 30,000 to 40,000 substitute workers in the health and care sector on a permanent basis. The new rules, which came into force on 1 January 2000, have in practice been in operation in

many cases throughout 1999. Under the new rules, workers who have been working as substitutes for a total of three years during a five-year period are to be considered as permanent workers. A spokesperson for one of the employers' bodies, the Swedish Association of Local Authorities (Kommunförbundet), does not see the new legislation as problematic for the moment, particularly as there is likely to be a need to recruit new personnel throughout 2000.

Other developments

The statistical report from the Occupational Safety and Health Administration (Arbetskyddsstyrelsen, ASS) on industrial injuries (occupational accidents and work-related illnesses) for 1998 showed a deterioration, except in the case of fatal accidents, which totalled 23 in 1998 and 66 in 1997. Occupational accidents and work-related illnesses increased after a long period of decline. In a prognosis for 1999, made on the basis of reports from the Labour Inspectorate (Yrkesinspektionen), the workplace inspecting authority controlled by ASS, it is held to be plausible that the negative trend has continued. During the whole of 1999, accidents at work are estimated to have increased by 6% compared with 1998, when there were 34,800 occupational accidents. In parallel, work-related illnesses increased by some 20%, according to ASS. In 1999 some 22,000 incidences of work-related illnesses were registered, compared with 16,800 in 1998. One-third of the total number of work-related accidents and illnesses are related to musculo-skeletal disorders, mostly among female workers, fitters, process operators, machine operators and nurses' assistants. In its plan of activities for 1997 to 1999, the priority supervision areas for ASS were musculo-skeletal disorders, psychological and social conditions, hypersensitivity, dangerous machinery and serious accidents. An evaluation of its work is expected later in 2000.

Outlook

Sweden is hoping to have a good year in 2000, in terms of more jobs and lower unemployment. In terms of collective bargaining, the leading actors will be busy throughout 2000 preparing the bargaining round which starts at the beginning of 2001. A new Mediation Authority will start its work during the year, and will be able to provide the social partners with essential economic information and mediation. The issue of whether Sweden will apply for membership of the third stage of EMU will be politically crucial.

The trend towards trade union mergers, or forms of close cooperation, is likely to continue. Finally, working time is set to maintain its high profile in 2000, as parliament may be considering a government bill on the reduction of working hours.

Sweden: 1999 Records

January	<i>In briefs</i>	Talks on 'pact for growth' to reopen after breakdown Skills validation system should help foreign workers	SE9901135N SE9901136N		
	<i>Features</i>	Do employers tend to exaggerate plans for redundancies?	SE9902141F		
February	<i>In briefs</i>	Employers need not reveal pay records, Commission rules Bus drivers strike for improved working conditions Engineering employers withdraw from agreement on suggestion schemes Assi Domän workers go sick after announcement of job losses	SE9902142N SE9902144N SE9902145N SE9902147N		
	<i>Features</i>	Three new anti-discrimination Acts approved by parliament	SE9903148F		
	<i>In briefs</i>	New agreements on pay and working time for bus drivers Government to act on pay bargaining	SE9903149N SE9903150N		
	April	<i>Features</i>	Paper workers prefer working time reductions to cash payments Some increase in freedom and privileges at work, though injustices remain	SE9904153F SE9904155F	
		<i>In briefs</i>	Employer agrees substantial payments following sudden closure of factory LO unions lose members Workers' representation on board of Stora Enso promised within a year	SE9904154N SE9904156N SE9904157N	
May		<i>Features</i>	Are trade union activities expensive for employers? Nurses resign to seek better pay and conditions	SE9905161F SE9905163F	
		<i>In briefs</i>	Parliament orders changes in redundancy rules HTF withdraws from agreement for temporary work agencies Private sector pay increases by over 3% Skanska accused of violating Work Environment Act Trade union leader appointed as director of National Institute for Working Life Employers advocate radical changes in employment law	SE9905158N SE9905159N SE9905160N SE9905162N SE9905166N SE9905168N	
	June	<i>Features</i>	Illegal strikes not always cause for dismissal	SE9906169F	
		<i>In briefs</i>	Female graduates receive lower starting salaries than their male counterparts New Act lays down rights of posted workers Bill clarifies employers' responsibility for occupational health Partial Labour Court victory for sympathy action by airport workers Mediators' proposal avoids industrial action in bus transport	SE9906171N SE9906172N SE9906173N SE9906174N SE9906175N	
		July	<i>Features</i>	Trade unions open their doors to the self-employed Managing directors positive about employee representatives on the board	SE9907178F SE9907181F
			<i>In briefs</i>	Commissioner to examine rehabilitation of incapacitated employees Impartial chairs appointed for industry sector negotiations	SE9907177N SE9907182N
		August	<i>Features</i>	Five years of negotiations over supplementary pensions end in failure Report finds that wage rigidity remains high, even during high unemployment	SE9908180F SE9908184F
<i>In briefs</i>	Fewer new companies set up in 1998 Possible conflict over taxi-drivers' pay		SE9908183N SE9908186N		
September	<i>Features</i>		Ericsson provides extra parental leave pay	SE9909192F	
	<i>In briefs</i>	Unemployment continues to fall Controversy over stock option programme for Stora Enso managers Electricians take industrial action over new agreement Stricter rules against sex discrimination proposed by committee	SE9909185N SE9909189N SE9909190N SE9909195N		
	October	<i>Features</i>	Survey finds that municipal workers are in favour of individual pay Study examines workers' freedom of expression on working environment	SE9910102F SE9910198F	
		<i>In briefs</i>	Teachers demand 15% extra pay over five years Taxi-drivers' agreement concluded after six weeks of conflict Construction agreement follows 3% pay increase norm	SE9910100N SE9910103N SE9910199N	
		November	<i>Features</i>	Journalist fairly dismissed for revealing source of information	SE9911197F
<i>In briefs</i>			Safety issues resolved in new electricians' agreement Commissioner examines protection of personal integrity in working life Government wants to increase collectively agreed retirement age to 67	SE9911104N SE9911105N SE9911106N	
December	<i>Features</i>		New Mediation Authority to be established Seniority rules examined New Ombudsman fights discrimination on grounds of sexual orientation	SE9912110F SE9912111F SE9912212F	
	<i>In briefs</i>		Ministry proposes new rules on unemployment insurance Employers take builders' union to court over 'examination fee' Telia management and unions welcome end of merger with Telenor	SE9912108N SE9912109N SE9912115N	

UNITED KINGDOM

Economic developments

1999 saw GDP growth decrease to 1.2%, from 2.2% in 1998 and 3.5% in 1997. However, inflation slowed, to 1.3% compared with 3.2% in 1998 and 2.8% in 1997. The unemployment rate decreased slightly from 6.4% (1,804,000 people) in 1998 to 6.3% (1,778,000) in 1999, continuing the decline which has been witnessed since 1993, when the rate stood at 10.7% (2,996,000). Public debt as a percentage of GDP fell from 41.4% in 1998 to 39% in 1999, continuing a decline from the recent high-point of 44.2% recorded in 1996.

Political developments

The way in which the UK is governed changed in a major way during 1999 through the devolution of some power to Scotland, Wales and Northern Ireland. Elections to the Scottish Parliament and Welsh Assembly resulted in the installation of a Labour-Liberal Democrat coalition in Scotland and a minority Labour administration in Wales. However, industrial relations legislation continues to apply on a Britain-wide basis. Traditionally, separate but parallel legislation has generally applied in Northern Ireland, which is now expected to be dealt with by the new Northern Ireland Assembly (which was suspended in early 2000) The Labour government elected in 1997 continued in office; the next general election is due by May 2002 but is widely expected in the spring of 2001.

Collective bargaining

As there is no system for registering collective agreements in the UK, establishing an accurate assessment of the number of agreements is extremely difficult. (One estimate from the early 1990s suggested that there were that some 10,000 'pay control points' across the UK economy at which negotiations between employers and trade unions took place.) Collective bargaining in the UK continues to be highly decentralised: most bargaining is at workplace or company level, with little multi-employer bargaining taking place outside the public sector. Some UK companies have replaced collective bargaining with individual employment contracts, but research published in February 1999 by the Department of Trade and Industry suggests that this has generally resulted in a greater standardisation of terms and conditions of employment (UK9902186N).

Pay

Collectively-agreed basic pay rose by an average of 3% during 1999, with the increase in average earnings being higher, at 4.9%. Despite the continuing recession in

manufacturing there seemed to be little in the way of pay freezes or cuts. A survey by the Engineering Employers' Federation highlighted the fact that the level of earnings in industries such as engineering has grown at a faster rate than pay due to workforce reductions, skill shortages and increased overtime working (UK9901171F).

In the public sector, the government agreed to implement above-inflation pay awards. It accepted in full the recommendations of independent pay review bodies covering 1.3 million public sector workers, including teachers, nurses, doctors, judges, the armed forces and senior civil servants. The average increase recommended was 4.1% from April 1999, but this figure included wide variations between the different pay review bodies and within occupational groups, reflecting recruitment and retention problems (UK9903188F).

Working time

Average collectively-agreed normal weekly working time during 1999 was 38.4 hours - a slight increase on the previous year. Average actual weekly working hours fell slightly to 40.0 hours.

The number of full-time employees stood at almost 18 million, whilst for part-time employees the figure was almost 6 million. There has been a significant increase in the number of self-employed part-time workers, which over the last year grew by 5.4%. The distribution of hours worked by UK workforce is set out in table 1 below.

Table 1. Distribution of weekly hours of UK workforce, 1999

Under 6 hours	1.8 %
6-15 hours	7.8 %
16-30 hours	15.6 %
31-45 hours	50.3 %
Over 45 hours	24.5 %

Source: Labour Market Trends, December 1999.

The largest increase over the previous year (3.1%) was in the number of employees working over 45 hours.

The 1999 Warwick Pay and Working Time Survey, covering four sectors, found that most organisations have recently introduced some form of change to working time arrangements. This was so for 78% of respondents in the printing industry, 69% in engineering, 69% of National Health Service (NHS) trusts and 92% of retailers. In all four sectors, the main changes revolved around changing shift patterns to increase total available hours, but in the NHS and retailing there was also an increasing trend toward part-time working. The survey also gives some indication as to whether working time

issues were negotiated or consulted over, as shown in table 2 below.

Table 2. Extent of consultation and negotiation on working time issues

Sector	Consulted (%)	Negotiated (%)
Engineering	62	60
NHS	58	31
Print	78	63
Retail	56	33

Source: 1999 Warwick Pay and Working Time Survey.

Equal opportunities

The main driving force of equal opportunities policies in UK companies has traditionally been legislation rather than collective bargaining. However, in recent years there appears to have been some increase in the incidence of bargaining to promote equality, with unions and employers seeking to introduce positive workplace action to complement regulatory requirements. The approach taken by the December 1999 parental leave Regulations (UK9912144F), which facilitate collective or 'workforce' agreements in place of the statutory provisions, is likely to encourage such a development. During the year, the government rejected proposals from the Equal Opportunities Commission for a major reform of UK sex equality laws. Instead ministers stressed the importance of working in partnership with employers and employees to foster change, and of guidance on good practice (UK9909130N) - for example, in June it issued a code of practice designed to encourage employers to eliminate unfair age discrimination in employment (UK9906110N).

One high-profile example of collective bargaining over equal opportunities issues was at the Ford motor company, where an employment tribunal case over the racial abuse of an Asian employee led to an agreement between the president of the company and senior trade union leaders on new measures to combat racial discrimination and harassment within Ford's UK plants (UK9911139N).

Job security

The incidence of employment security agreements in the UK appears to be on the increase, but their coverage remains limited. The results of the 1998 Workplace Employee Relations Survey (WERS), published in September 1999, show that 8% of all private sector workplaces and 21% of establishments in the public sector are covered by a job security or 'no compulsory redundancy' policy. There are, however, significant sectoral variations. In financial services, for example,

where staff in almost 40% of workplaces are covered by such a policy, major restructuring and job losses over the 1990s have led to job security becoming a major issue of concern, and some of the UK's leading financial services organisations have concluded agreements or made commitments on employment security (UK9910135F).

Training and skills development

Traditionally, collective bargaining over vocational education and training issues has been relatively rare in the UK, but trade unions are now increasingly attempting to incorporate training into the bargaining agenda through initiatives such as the *Bargaining for skills* project of the Trades Union Congress (TUC). Company-sponsored employee development schemes and open learning facilities appear to be on the increase. These typically encompass employer-funded or -subsidised voluntary personal development activities which need not be job-specific and which take place in employees' own time. Such developments are likely to be given further impetus by government initiatives to promote lifelong learning, such as 'individual learning accounts' and the Union Learning Fund established to support trade union projects to promote vocational education (UK9906109F). Unions and employers' organisations are also involved in the development and delivery of the government's University for Industry initiative.

Other issues

The advent of the new millennium generated extensive and high-profile bargaining over the issue of incentives for working over the extended Christmas/New Year holiday period and dealing with the possible consequences of the millennium computer 'bug'. In the event, early expectations of a pay bonanza for staff proved largely unfounded, except for those in key sectors such as information technology (UK9911140F).

Legislative developments

The year saw a high level of legislative activity in the industrial relations sphere, with further moves to implement the package of individual, collective and 'family-friendly' employment rights set out in the Labour government's 1998 *Fairness at work* white paper.

The principal developments were the introduction of the UK's the first-ever statutory national minimum wage on 1 April 1999 (UK9904196F) and the enactment of the Employment Relations Act 1999 (UK9902180F), the phased implementation of which began in the autumn (UK9912145F). Other key legislative developments included the reduction in the qualifying period of employment for protection against unfair dismissal (UK9905104N), the reform of the statutory consultation procedure on redundancies and transfers (UK9910134F), and the introduction of new statutory parental leave entitlements (UK9912144F). In December 1999, the government laid draft Regulations before Parliament to

implement the EU European Works Councils (EWCs) Directive (UK0001146N).

Successive legislative changes gave rise to frequent employer criticisms of the growth in labour market regulation (UK9905106N and UK9909131N), prompting ministerial pledges to reduce the regulatory burden on businesses (UK9903195N and UK9906111N). Government proposals to amend the Working Time Regulations 1998 in response to employer concerns were bitterly opposed by trade unions (UK9907117N), but were implemented in December 1999.

The organisation and role of the social partners

In May 1999, a TUC analysis of official statistics showed that the 18-year decline in trade union membership in Britain (ie excluding Northern Ireland) had been halted, steadying at some 6.8 million employees (UK9905105N).

The merger of three unions in the financial services sector in May to form UNIFI (UK9903193N) was followed in November by confirmation that two major unions with substantial memberships in manufacturing - Manufacturing Science Finance (MSF) and the Amalgamated Engineering and Electrical Union (AEEU) - were engaged in talks about a possible merger which would create the UK's second largest union (UK9912142N). On the employers' side, there were press reports that the Confederation of British Industry (CBI) and the British Chambers of Commerce were discussing a possible organisational link-up.

Industrial action

Official statistics on the incidence of labour disputes in 1998, published in June 1999, showed that strike activity in the UK remains at its lowest level since records began in 1891. The number of recorded disputes was the smallest ever and the number of workers involved the fewest for 70 years. The number of working days lost through industrial action was lower than every previous year, with the exception of 1997 (UK9907215F). The available statistics for 1999 suggest that strike activity remains at historically low levels. Strikes occurring during the year included those at Lufthansa (UK9907121N) and BT (UK9912143N) and by university teachers (UK9907215F). Elsewhere, industrial action was threatened, but not carried out, by teaching unions over the introduction of performance related pay (UK9904199N) and by junior doctors over working time grievances (UK9910136N).

National Action Plan (NAP) for employment

As in 1998, the government initiated consultation with CBI and TUC on the content of its 1999 UK National

Action Plan (NAP) for employment, in response to the EU Employment Guidelines. Officials of the two organisations drew up a joint contribution to the Plan along similar lines to the previous year's, but as well as covering the issues of employability and the modernisation of work organisation, the contribution also commented on the development of equal opportunities policies (UK9904198N).

Impact of EMU on bargaining and industrial relations

Although the UK remains outside the euro single currency, it has been argued that EMU will have similar implications for industrial relations in the UK as in the 11 countries which currently form the 'euro-zone' (UK9812174F). As both home and host to a larger number of multinational companies than any other EU country, the UK is unlikely to remain immune from the industrial relations consequences of the wage transparency provided by EMU and the enhanced potential for cross-country comparisons, nor the pressure for restructuring and the intensification of 'regime competition' that EMU is likely to stimulate.

Both CBI and TUC welcomed the government's 'national changeover plan' for potential UK entry into the single currency which was outlined by the Prime Minister in February 1999 (UK9902184N). Representatives from both organisations have been involved in a government committee to oversee the preparations for joining the single currency. While the leadership of both CBI and TUC support eventual euro-entry, there is a vocal minority in each camp which takes a more 'euro-sceptic' stance.

In January 1999, TUC published a report, *Preparing for the euro*, which reviewed a range of key issues concerning EMU without reaching a conclusion about the desirability of UK entry, and in May TUC held a major conference on the issue at which a range of views were expressed by union participants (UK9905102F). A resolution at TUC's annual congress in September called on the government actively to pursue UK entry into the euro early in the new decade, but TUC's two largest affiliates did not support this policy (UK9909129N). In July, following an extensive consultation exercise involving member companies, the national council of CBI adopted a policy statement confirming its support for the principle of UK entry into EMU once key conditions for success are in place (UK9907118N).

Employee representation

The Employment Relations Act's statutory trade union recognition procedure - the legislation's most contested element - is not scheduled to come into force until after Easter 2000 (UK9912145F) but is already influencing

employer attitudes, with an increase in union recognition agreements being reported (UK9902183N). There were further developments in the area of issue-specific employee representation mechanisms in the absence of union recognition, with amendments to the statutory consultation procedure on redundancies and transfers (UK9910134F) and new provision for 'workforce agreements' with non-union employee representatives on parental leave issues (UK9912144F).

In October 1999, the general secretary of TUC strongly criticised the UK government for continuing to oppose the draft EU Directive on national information and consultation rules (UK9911138N). The UK government and CBI both consider that the proposal would be inconsistent with the principle of subsidiarity and would cut across existing practices.

Consultation took place on draft Regulations to implement the EWCs Directive in the UK (UK9907220F) and revised Regulations came into force on 15 January 2000 - one month later than the implementation date set by the 1997 EWCs 'extension' Directive which reversed the UK's 'opt-out' from the original EWCs Directive. TUC is disappointed at the absence of any guaranteed role for recognised unions under the Regulations in selecting UK members of special negotiating bodies and statutory EWCs based on the Directive's subsidiary requirements.

New forms of work

Official statistics show increases over the 1980s and 1990s in the number of people working part-time, as self-employed, for an agency or as other types of temporary worker. WERS 1998, published during 1999, documented the distribution of part-time workers across UK workplaces according to sector, workplace size and so on. Across all workplaces, full-timers accounted for 75% of employment and part-timers 25%. Part-time workers were in the majority in 26% of all workplaces, notably in wholesale and retail, hotels and restaurants and education and health, and also more prevalent in workplaces belonging to very large organisations and in private sector workplaces with no skilled employees. The use of subcontracting and other non-standard forms of labour is also widespread. WERS reported 90% of workplaces using subcontracting, 44% using fixed-term contracts. 28% temporary agency workers and 13% freelance workers.

There was no major legislation during 1999 dealing with part-time or temporary employees in the UK but Regulations to implement the EU part-time work Directive are due to be introduced by April 2000.

New, more flexible forms of work organisation have continued to feature prominently in UK industrial relations debates, following company agreements covering issues such as teamworking, working time flexibility, job flexibility and security and harmonisation/single status, as well as the introduction of more generalised 'partnership' arrangements (UK9906108F and UK9907214F). On the issue of teamworking - a central element of the new forms of work organisation - WERS 1998 shows that two-thirds of UK workplaces reported teamworking among the core workforce, but in only 3% of workplaces did this correspond fully to the model of autonomous teamworking.

Other relevant developments

'Partnership' has been a key theme of the Labour government's industrial relations policy (UK9907214F). TUC too has been advocating a 'partnership' approach and held a high-profile conference on the issue in May which was addressed by both the Prime Minister and the director-general of CBI (UK9906108F). However there is disagreement over the interpretation of 'partnership', with both the government and CBI stressing that workplace partnership can take non-unionised as well as unionised forms, whereas TUC sees union involvement as essential to effective partnerships (UK9907116N).

Outlook

Most of the government's manifesto commitments in the industrial relations field are now in place. Although the government regards the Employment Relations Act 1999 as an 'industrial relations settlement' to last for the remainder of the current parliament, the phased introduction of the Act's provisions and associated regulations will inevitably entail successive changes to the UK's employment law framework over 2000 and perhaps beyond, fuelling business concerns about the ability of employers, particularly small firms, to assimilate frequent regulatory reforms. On past experience, it is the statutory trade union recognition procedure (UK9903189F), which is not scheduled to become operative until mid-2000, which is potentially the most controversial aspect of the Act (UK9912145F).

United Kingdom: 1999 Records

January	<i>Features</i>	Recession in engineering intensifies pressures on jobs, pay and working time	UK9901171F
		Industrial relations in German-owned companies in the UK	UK9901172F
		Government announces refinements to 'Fairness at work' proposals	UK9901173F
	<i>In briefs</i>	Equal Opportunities Commission urges new sex equality law	UK9901175N
		Union mounts legal challenge to working time Regulations	UK9901176N
		TUC reports fewer unions balloting on industrial action	UK9901177N
		Ex-GCHQ staff win compensation	UK9901178N
February	<i>Features</i>	Employment Relations Bill published	UK9902180F
		Non-union forms of employee representation	UK9902181F
		Productivity, competitiveness and the knowledge-driven economy: a new agenda?	UK9902182F
	<i>In briefs</i>	Increase in union recognition ahead of statutory procedure	UK9902183N
		UK social partners welcome euro changeover plan	UK9902184N
		National minimum wage moves a step nearer	UK9902185N
		New research on the individualisation of employment contracts	UK9902186N
March	<i>Features</i>	Conference debates strategies for union renewal	UK9903187F
		Above-inflation pay awards for public sector workers	UK9903188F
		Trade union recognition and the Employment Relations Bill	UK9903189F
	<i>In briefs</i>	More legal action over working time rules	UK9903191N
		TUC poll highlights case for parental leave to be paid	UK9903192N
		Finance workers vote for merged super-union	UK9903193N
		Government responds to employer criticism of labour market regulation	UK9903195N
April	<i>Features</i>	The UK's first national minimum wage	UK9904196F
		Information and consultation in the UK: an alien imposition?	UK9904197F
	<i>In briefs</i>	Government aid package secures future of Rover plant	UK9904100N
		UK and Italy hold bilateral talks on EU employment issues	UK9904101N
		UK social partners agree joint contribution to 1999 NAP	UK9904198N
		Teachers' unions threaten industrial action over performance-related pay	UK9904199N
May	<i>Features</i>	UK trade unions and the euro	UK9905102F
		Labour's 'family-friendly' employment agenda	UK9905103F
	<i>In briefs</i>	Coverage of unfair dismissal law extended	UK9905104N
		Union membership steadies after 18 years' decline	UK9905105N
		CBI warns against further labour market regulation at both UK and EU level	UK9905106N
June	<i>Features</i>	TUC's partnership agenda wins qualified support from government and employers	UK9906108F
		Skills and training policies reviewed	UK9906109F
	<i>In briefs</i>	New code of practice targets age discrimination in employment	UK9906110N
		Government moves to limit regulation of business	UK9906111N
		Details of Rover financial aid package announced	UK9906112N
		EU social affairs Council decision fuels junior doctors' grievances over working hours	UK9906113N
July	<i>Features</i>	Assessing the significance of partnership agreements	UK9907214F
		Strikes in the UK: withering away?	UK9907215F
		UK government publishes proposals for implementing EWCs Directive	UK9907220F
	<i>In briefs</i>	Differences over partnership widen	UK9907116N
		Government proposes changes to working time Regulations	UK9907117N
		CBI review reaffirms pro-EMU policy	UK9907118N
		Legal protection for 'whistleblowers' takes effect	UK9907119N
		UK unions boycott Lufthansa over strike sackings	UK9907121N
August	<i>Features</i>	More women elected to representative positions in unions	UK9908124F
		The industrial relations implications of the British Steel/Hoogovens merger	UK9908125F
	<i>In briefs</i>	Government unveils proposals for statutory parental leave	UK9908123N
September	<i>Features</i>	Leading manufacturers make employment case for EMU	UK9909126F
		The Health and Safety at Work Act after 25 years	UK9909127F
	<i>In briefs</i>	Trade unions debate future strategy	UK9909128N
		TUC calls for early euro entry	UK9909129N
		Ministers decide against major reform of sex equality laws	UK9909130N
		CBI survey highlights worries over employment laws	UK9909131N

October	<i>Features</i>	The changing meaning of 'skill' and its implications for UK vocational education and training policy	UK9910133F
		Consultation procedure on redundancies and transfers reformed	UK9910134F
		Employment security in banking: the case of the Co-operative Bank	UK9910135F
	<i>In briefs</i>	Negotiations over junior doctors' working hours	UK9910136N
		CBI and TUC give evidence to Low Pay Commission	UK9910137N
November	<i>Features</i>	Bargaining over the millennium	UK9911140F
		Attendance management: beyond the basics?	UK9911141F
	<i>In briefs</i>	UK union leader renews call for adoption of EU consultation Directive	UK9911138N
		Racist incidents lead to new equality initiative at Ford	UK9911139N
December	<i>Features</i>	UK introduces new rights to time off work for family and domestic reasons	UK9912144F
		Employment Relations Act starts to take effect	UK9912145F
	<i>In briefs</i>	Manufacturing unions in merger talks	UK9912142N
		Strike at BT highlights union concern over conditions in call centres	UK9912143N

About EIRO

European Industrial Relations Observatory

The European Industrial Relations Observatory (EIRO) is a major project of the European Foundation for the Improvement of Living and Working Conditions. EIRO initiates, collects, stores, disseminates and provides access to information and analysis on developments in industrial relations in (at present) the 15 EU Member States, plus Norway, and at European/international level. EIRO is a network, made up of 16 National Centres and an EU-level centre, from which information and analysis flows in to a central unit at the Foundation. This information is then processed and entered into a database, *EIROOnline*, which is made available through the World-Wide Web as the main means of dissemination.

EIRO aims primarily to meet a need in the European Commission and other EU institutions, and among national and European-level organisations of the social partners and governmental organisations, for information and analysis on developments in industrial relations in the Member States and at European level. EIRO seeks to provide this information and analysis in a manner which is comprehensive, authoritative, accurate, up-to-date, contextual, relevant and electronically-based.

EIRO's structure

There is one EIRO National Centre (NC) for each of the 15 EU Member States and Norway, plus one Centre covering the overall EU level — see pp. 143-144 for a list of the Centres. Each NC has been selected in a tendering procedure, on the grounds of its professional standing, experience and expertise, its information and technical set-up, and the extent to which it enjoys the confidence of the social partners.

The central unit, both based at the Foundation in Dublin and involving external expert contractors, is made up of: a management team (responsible for the overall operation of EIRO, and for contractual relations with National Centres); an editing unit (responsible for editing and the front-line management of EIRO and the network of NCs); a technical unit (responsible for processing information and the creation and maintenance of the database); and an information unit (responsible for information dissemination and enquiries). See p. 141 for details of the central team.

The Directorate of the European Foundation for the Improvement of Living and Working Conditions has ultimate responsibility to the Foundation's Administrative Board for the Observatory, as for all Foundation projects.

EIRO has a Steering Committee (see p. 141) made up of: representatives from each of the four groups on the Foundation's Administrative Board (employers, trade

unions, governments and the European Commission); representatives of each of main European-level social partner organisations (ETUC, UNICE and CEEP); and the Directorate of the Foundation. The Steering Committee has been closely involved in the establishment and operation of the Observatory, translating the project's general principles into practice, and monitors its work. The committee helps ensure that EIRO's products and services meet the needs of its main users.

EIRO's audience

EIRO exists to serve the needs of a specific target audience of high-level industrial relations practitioners and policy-makers in EU institutions, trade union and employers' organisations and government departments. The nature of the information and analysis produced by the Observatory is guided by this target group — ie the approach is essentially practical, providing factual information and pertinent analysis, which is of use to users in their work. The information and analysis collected and stored through EIRO is also of value to a wider group — notably among practitioners and in the academic and research communities — and access is provided to this group through *EIROOnline* on the World-Wide Web.

EIRO's information

The basic operation of EIRO is based on a monthly cycle, and on the reporting of events and issues through 'in brief' and 'feature' items. On top of this, EIRO also conducts comparative research on specific themes.

Each month, the EIRO National Centres submit reports - either 'in briefs' or 'features'— on the most important and topical industrial relations events and issues occurring in their country in that month. In brief items are short factual articles, providing the relevant data about an event or issue which has a significant impact on industrial relations in the country concerned, or other important economic and social consequences. Features are longer articles. As with in brief items, features set out the main factual elements of the events and issues in question, though the greater length means that more detail can be included. Features also include a commentary, designed to be useful and relevant to the target audience, providing an assessment of the event/issue/activity in question. Features cover the most significant industrial relations developments, activities and issues, and those which can benefit most from the greater degree of analysis and background which the longer format allows.

EIRO is an international and comparative project, and its viewpoint is not restricted to individual countries. As well as the comparative theme running through all EIRO's work, EIRO also conducts comparative studies and produces 'annual updates'. For comparative studies, National Centres submit information on a specific theme, and its treatment in their country. The information

provided by the NCs — sometimes supplemented with relevant material from other Foundation research projects and elsewhere — is used to draw up a comparative overview of the treatment of the theme in question across the EU, and a series of national reports on the subject in a uniform format. In 1999, comparative studies covered:

- temporary agency work in Europe (TN9901201S);
- a new organisation of work: the EU Green Paper and national developments (TN9903201S);
- industrial relations and SMEs (TN9905201S);
- the 'Europeanisation' of collective bargaining (TN9907201S);
- posted workers and the implementation of the Directive (TN9909201S); and
- privatisation and industrial relations (TN9912201S).

For annual updates, all EIRO national centres provide, in response to short questionnaires, basic, largely quantitative data on specific key industrial relations issues. The data collected is then presented in comparative, tabular or graphical form supplemented by explanatory notes and a brief analysis. The updates for 1999 cover:

- pay (TN0002401U);
- working time (TN0002402U); and
- industrial action (TN0003401U).

EIRO products and services

The *EIROOnline* database contains all in brief, feature and comparative records (studies and updates) submitted by the National Centres, edited technically and for content into a uniform format and style. The database thus constitutes a unique information resource on industrial relations in Europe, providing comprehensive coverage of all the most significant events and issues, along with comparative overviews. *EIROOnline* is publicly available on the World-Wide Web at <http://www.eiro.eurofound.ie/>.

EIRO issues a regular publication, *EIRObserver*, both on paper and in electronic PDF format. *EIRObserver* currently contains an edited selection of records submitted for the database, plus 'comparative supplements' based on the comparative studies conducted by EIRO.

The EIRO *Annual Review* is the final main product of the Observatory, published both on *EIROOnline* and in printed format.

Most electronic and printed publications are currently available in the English language only. However, from 1999, EIRO comparative studies are being translated into French and German and published on *EIROOnline*, while the 1999 *Annual Review* will also be translated into these languages. Furthermore, in many cases an original-language text is also available for *EIROOnline* database records, in the language of the country in question (these texts have not been edited or approved by the Foundation, which takes no responsibility for their content).

Using *EIROOnline*

This *Annual Review* contains a brief summary of the main trends, events and issues in European industrial relations in 1999. While the aim is that the *Review* should be useful and interesting in itself, it should ideally be read in conjunction with the *EIROOnline* database. The text of the *Review* contains numerous references to records which provide fuller information on the issues in question, and which can be found on the database. These records form part of the comprehensive set of reports submitted each month by the network of EIRO National Centres, edited technically and for style and content, and loaded onto *EIROOnline*, which is the heart of EIRO's operations. *EIROOnline* is generally available via a site on the World-Wide Web, providing access to a wealth of information and analysis. In this section, we provide some information on using *EIROOnline*, aimed at helping readers get the best out of the database and to find records referred to in the *Annual Review*.

Getting started

All that is required to make use of *EIROOnline* is Internet access and browser software. Simply go to the following URL address:

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

This will bring you to the home page. EIRO's central operation is based on a monthly cycle, with National Centres submitting in briefs and features on the main issues and events in each month. These records are processed, edited and then uploaded from early in the next month. Thus, the records relating to events in June, for example, will appear on the website from early July.

The home page indicates the last time that *EIROOnline* was updated (updating occurs frequently) and provides direct links to the most recently added records. These are designated as either features, in briefs, studies or updates, with the titles in blue lettering, underlined. Whenever you see such blue (or green) underlined text in *EIROOnline*, this indicates that clicking on the text in question will link you to further information.

In the top left-hand corner of the home page, and of every page of *EIROOnline*, there is a blue and black *EIROOnline* logo. Clicking on this will always return you to the home page.

To the left of the home page in the green side-bar is a list of additional facilities — **comparative studies, about EIRO, register, help, feedback, EIRObserver, contacts, related sites** and **EMIRE**. Clicking on these

will take you to the facility in question - these facilities are detailed in the box below.

Along the top of the home page there is the *EIRO*online navigation bar, containing four links: **in briefs** connects to a list of all the in brief items for the current month, and **features** to a list of all that month's feature items; **site map** connects to a variety of useful ways of browsing *EIRO*online records; and **search** connects to a powerful search engine for finding information on *EIRO*online. All of these links aim to help users find the information they are looking for.

All *EIRO*online pages contain in the left-hand side-bar the logo of the **European Foundation for the Improvement of Living and Working Conditions**. Clicking on the logo connects users to the Foundation's own website. The home page side-bar also contains a © 2000 symbol, which links to a copyright notice and disclaimer - useful information for users who wish to make further use of EIRO material.

In briefs and features

The basic content of EIRO is made up of in briefs and feature records. In brief items are short factual articles, typically of up to 600 words in length, providing the

relevant facts about a significant event or issue in industrial relations in the country concerned. Features are longer articles, typically of around 1,000-2,000 words. Like in briefs, features set out the main factual elements of the events and issues in question, though the greater length means that more detail can be included, and a commentary ('signed' by the author(s)) is provided. Features cover the most significant industrial relations developments, activities and issues, and those which can benefit most from the greater degree of analysis and background which the longer format allows

From the home page, clicking on **in briefs** or **features** on the *EIRO*online navigation bar connects to lists of the in briefs and features for the most recent month. This is an ideal form of browsing for users who are interested in quick access to the latest and most up-to-date records loaded onto the database. (Where the *EIRO*online navigation bar appears in other *EIRO*online records — ie, not on the home page or country index pages (see below) — the **news** or **features** links will connect to the lists of news and features for the month to which the record in question refers.)

Site map

The **site map** — accessible from the *EIRO*online navigation bar on the home page or every *EIRO*online

Additional facilities

*EIRO*online's various additional facilities are best accessed from the list on the left-hand side-bar of the home page. They provide a variety of assistance and further information on EIRO, and also in some cases help us better meet the needs of readers.

- **comparative studies** links directly to a list of all the comparative studies and annual updates which are available on *EIRO*online.
- **about EIRO** provides further information about the EIRO project's operations and purposes. It also provides a **credits** link to information on the people most closely involved in the design, maintenance and production of *EIRO*online.
- **register** invites all users to provide us with information on themselves and the countries and sectors which interest them. You are encouraged to register, not least because it provides you with automatic e-mail delivery of the *EIRO*observer bi-monthly bulletin in PDF format (see below).
- **help** provides some hints on how to make the best use of *EIRO*online in terms of navigation and browsers. It also contains a version of this guide.
- **feedback** enables users to tell us what they think about *EIRO*online. This feature allows you to assess the content and design of the database, and to make suggestions and comments.
- **EIRO**observer allows users to download electronic facsimile editions of each issue of *EIRO*observer, for reading or printing from their own PC. As mentioned above, by registering, users can have the electronic edition sent to them automatically, as soon as it is available, thus avoiding the printing and delivery delays inherent in paper publications (this can mean

receiving *EIRO*observer two weeks or more earlier). *EIRO*observer is available as an Adobe Acrobat (.PDF) file, and reading it requires the free Adobe Acrobat Reader, which users can download from the Adobe website via this *EIRO*online page if they do not already have it.

- **contacts** gives the fax and telephone numbers of the members of the central *EIRO*online team and allows e-mail to be sent directly to them. Details of fax and telephone numbers, addresses and contact persons are provided for each of the National Centres, along with direct e-mail contact in most cases, and there are links to the Centres' own websites, where available.
- **related sites** provides World-Wide Web links which may be of interest to *EIRO*online users. The links (of which there are several thousand) are grouped by country, and within countries under the categories of employers, trade unions, government and 'other'. There are also links to: the EU institutions and related bodies, plus recent documents of relevance; other European and international organisations; and European and international trade union and employers' organisations. Users are encouraged to suggest additions to the list.
- **EMIRE** is the online version of the European Employment and Industrial Relations Glossaries, which explain the national industrial relations systems of the EU Member States through their terminology. It currently covers Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain and the UK; glossaries on Austria, Finland and Sweden are forthcoming. Many EIRO records contain specific links to EMIRE definitions, and users can browse the alphabetical list of terms for each country, or search for specific topics in the text of EMIRE.

page — is probably the most useful starting point for browsing the contents of the database.

Comparative studies and updates

The site map provides a chronological list (with links) of the titles all the **Comparative studies** and **Annual updates** produced by EIRO. The comparative studies focus on one particular topical issue in industrial relations and its treatment across the countries covered by EIRO. They consist of a comparative overview, based mainly on brief national reports drawn up by each national centre. Clicking on a study's title connects to a page providing: an abstract of the study; a link to the overview; links to Word versions of the individual national reports (these are not edited or approved by the Foundation, which takes no responsibility for their content); and a link to the questionnaire on which the national reports are based. The annual updates are single records providing basic comparative data on a key industrial relations issue, often in graphical form. Elsewhere in the database, the comparative studies and annual updates are classified as transnational records.

Country

The site map provides a list of all the countries covered by EIRO, plus the EU level and transnational (records

covering more than one country). Clicking on any of the **country** names will connect to a full list of all the records submitted in the current year for that country, in reverse chronological order with features and in briefs distinguished. Links to lists of records for previous years are provided at the top and bottom of the page. This is of considerable assistance for users interested in developments in a particular country or at EU/transnational level.

Date

It is also simple to navigate the contents of *EIROOnline* by **date**. Each month since EIRO started collecting data in February 1997 is listed on the site map, and clicking on a particular month connects to its **editorial page**, from where the **news** or **features** links on the *EIROOnline* **navigation bar** provide access to all the month's records. The **date** section also contains links to the **Annual Review** for each year.

Record ID

For readers of the *Annual Review* who wish to follow up a reference in the text, and read the full version of the original record referred to, the most direct way of finding the record on *EIROOnline* is to input its **Record ID**. Each record is allocated a unique ID, such as SE9904111F, made up of: a two-letter country code (such as SE for Sweden); the month to which it refers (eg 9904 for April

Useful features within EIRO records

EIROOnline records contain a number of features aimed at helping users and giving them access to further relevant information. At the beginning of each record, to the left of the main text in the side-bar, can be found the name of the **country** concerned and the month — clicking on these links will connect to the full list of *EIROOnline* records for this country or to the editorial page for the month in question. All records also contain, at top and bottom, the *EIROOnline* **navigation bar** (see main text). On the left of the main text at the end of each record is a link back to the **top** of the record. In the side-bar at the beginning of each record, there is a link to information **about this record**, which includes: the record ID; the title/subtitle; the name of the original author and of the National Centre organisation; the date of submission; and the language in which the record was originally composed. Usefully, for most countries, the title/subtitle and abstract of the record are also provided here in the native language(s) of the country. Most EIRO records are originally written in languages other than English and, in many cases, users can obtain the full original-language text. In the records where this facility is available, a link under the title states **Download article in original language**. Clicking on this allows you to download a Word text of the original-language version onto your own computer, or you can set your browser to read the file directly. It should be noted that these versions have been neither edited nor approved by the Foundation, which is not responsible for their content and accuracy. This responsibility lies with the EIRO National Centre that originated/provided the information.

There are three types of link found within the text of EIRO records, all of which are identified as **clickable** links by appearing in blue or green underlined text:

- internal *EIROOnline* links (blue). These are the titles and IDs of other records on the *EIROOnline* database, which appear in brackets. Clicking on them connects to the relevant record. To return to the original record, click on the browser's **back** button;
- links to the **EMIRE** glossaries (green). Within records for a number of countries, there are links to EMIRE, the electronic version of the European Employment and Industrial Relations Glossaries (see box opposite). These links consist of relevant words in the text (*works council* or *minimum wage*, for example), which connect to a definition of the organisation, structure, process etc concerned. To return to the original record, close the box which has appeared with the **EMIRE** definition in it; and
- external links. Some records contain links to material on websites outside *EIROOnline* which is relevant to the record. These typically connect to a document or report (such as a Communication or White/Green Paper from the European Commission, an EU Directive or an ILO Convention) or some other useful information. To return to the original record, close the page which has appeared with the external material in it.

Finally, users will notice that many names of organisations, people, places etc appear in red text (not underlined). These are not links, but indicate that the names in question have been 'tagged' for indexing purposes.

1999); a National Centre organisation identification number (1 in most cases, but 2 or 3 in countries where the National Centre is made up of two or three separate organisations); a sequential number (eg 11); and an N, F, S or U to denote in brief, feature, comparative study or annual update respectively. If the ID is typed into the empty field alongside Record ID in the site map, and the **Search** button is clicked, this will connect directly with the record in question. The IDs of records referred to are provided at the relevant points of the text of the *Annual Review*.

Organisations

Users who are interested in information on particular organisations (companies, trade unions, employers' organisations, industrial relations institutions etc) will find the site map's **Organisations** facility useful. Clicking on **Index** connects you to a list of all the countries covered by EIRO, plus the EU level, and an alphabetical list of letters. Clicking on any country will connect to a list of all the significant organisations mentioned in records referring to that country, and clicking on the name of any organisation provides a list (with links) of all the records in which it is mentioned. The alphabetical list sets out all the organisations mentioned in *EIROOnline*, and again provides links to records mentioning each.

Searching

The most sophisticated way of finding information in *EIROOnline* is to use the search option - accessible from the *EIROOnline* **navigation bar** on the home page or every *EIROOnline* page. EIRO uses a powerful search engine and offers users two basic types of search — **full text** and **advanced**. Before starting to search, it is strongly recommended that you click on **help**, which connects to useful tips on how to conduct all three types of search. Very briefly:

- **full text** is the simplest form of searching. Type in the word or words you are looking for (in lower case) and click the **find** button; placing a + in front gives words more emphasis, while a - (minus sign) means less emphasis. You can also decide on how narrow you want your search to be — choosing anywhere

between 100% (an exact match with all the words you are looking for) and 0%. After clicking on **find**, you will be returned a list of **hits** — the titles and abstracts (with links) of all the EIRO records that contain the words you are looking for (along with the date of publication). For features, the terms used to index the records are also provided. The screen displays 10 hits at a time, and buttons at the bottom of the page allow you to move on to the next (or previous) 10; and

- **advanced** search allows for searches to be narrowed down in terms of countries, sectors and dates, and also for the use of the logical operators **AND, OR, NOT** (the **help** screen is invaluable in advising on how to use these). Furthermore, the advanced search also enables subject areas to be selected by using the **thesaurus** search facility. This has been developed to help users find more precise results when searching *EIROOnline*. EIRO features are indexed using subject descriptors from the Foundation's EFICET thesaurus (a controlled vocabulary of terms in the area of living and working conditions), and the thesaurus searches for records indexed with these keywords (not for words in the text of the record). Clicking on **thesaurus** within advanced search leads to the full thesaurus pages, including a help facility which users are strongly recommended to consult before searching in this way.

Feedback

A written guide to a website/database is only ever of limited use. Readers are urged to gain access to *EIROOnline* itself, in order to experience how it works and what it offers. *EIROOnline* is still being developed and improved continuously (some features are not yet fully operational), and we would welcome the views, comments and queries of users in order to feed into this process. As well as using the **feedback** form available on the website itself, please send any such input about the content, design or overall ease of use of *EIROOnline*, by e-mail to eiroinfo@eiro.eurofound.ie (or to the contact address, telephone and fax numbers listed on p. 141).

Steering Committee and EIRO team

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