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# The Coordination of Collective Bargaining in Europe

**Annual Report 2006**

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## **1. Introduction**

As in previous year, this annual report presents information on the practices and outcomes of collective bargaining and wage formation in Europe. The aim of the report is to facilitate the development of collective bargaining strategies by trade unions in a context of the advancement of European economic integration. This integration process, as well as changed practices by employers and, in particular, multinationals, have led to a situation in which collective bargaining processes in individual European countries become more and more linked to and influenced by collective bargaining in the rest of the continent. More and more trade unions require such information to develop their bargaining strategies and to coordinate their practices with developments elsewhere. It allows trade unionists to cope more effectively with issues like competitive wage dumping, sectoral bargaining, collective bargaining in multinationals, etc.

This report focuses on the period 2003-2006 and presents the answers given by national trade unions from 21 countries to a yearly ETUC questionnaire enquiring about wage developments, wage expectations and a number of qualitative aspects of collective bargaining. It also uses other data sources to complete the picture. Section 2 presents the context in which bargaining has taken place. Section 3 deals with wage negotiations, while section 4 discusses the gender wage gap and respective bargaining. Section 5 deals with the position of young workers, while section 6 provides an outlook on 2007.

## **2. The bargaining context: slow growth and high unemployment.**

In 2006, economic growth in the EU25 is estimated to reach 2.3 percent , and improvement compared to the 1.7 percent of the previous year and the same figure as was reached for 2004 (Table 1). As in previous years, on average growth in the Euro area remained slightly behind the rest of Europe. Over the entire four-year period, accumulated growth in the EU25 was 7.8 percent, compared to 6.3 percent in the Euro area. The Euro area

does not only lag behind the new EU member states but as well behind the non-Euro countries of the EU15, as indicated by the difference of 0.9 percentage points accumulated growth between the EU15 and the Euro area in 2003-2006.

Looking at individual countries, over the period 2003-2006, accumulated growth has been remarkably low in Portugal, Malta, Italy and Germany, all remaining below 4 percent. On the contrary, growth has been particularly high in most of the NMS, the upcoming members Romania and Bulgaria, as well as Iceland and Ireland. Especially the Baltic countries, with over 35 percent, have been booming. It has to be noticed, however, that most of the good performers over the 4 year period saw growth slowing down in the last year, contrary to the general trend for the EU25. This indicates that the growth differences in Europe in the last year have become smaller, if only a little bit.

As a result of these growth differences, also the income differences within Europe have narrowed somewhat (Table 2). In terms of GDP per capita (expressed in purchasing power standards), all NMS (with the sole exception of Malta), as well as the candidate countries have improved their position compared to the average of the EU25 over the period 2003-2006. Again the relative performance of the Euro area lags behind the rest of Europe, following in particular the declining position of France, Italy and Portugal.

<b>Table 1: Real GDP growth rate</b>					
	2003	2004	2005	2006 (a)	Cumulative growth 2003-2006.
EU countries) <sup>(25)</sup>	1.3	2.3	1.7	2.3	7.8
EU countries) <sup>(15)</sup>	1.1	2.2	1.5	2.2	7.2
Euro area	0.8	1.9	1.4	2.1	6.3
Portugal	-1.1	1.2	0.4	0.9	1.4
Malta	-2.4	0.0	2.2	1.7	1.4
Italy	0.0	1.1	0.0	1.3	2.4
Germany	-0.2	1.2	0.9	1.7	3.6
Switzerland	-0.2	2.3	1.9	1.8	5.9
Netherlands	0.3	2.0	1.5	2.6	6.5

France	1.1	2.3	1.2	1.9	6.7
Belgium	0.9	2.6	1.2	2.3	7.2
Austria	1.1	2.4	2.0	2.5	8.2
Denmark	0.7	1.9	3.0	3.2	9.1
Norway	1.1	3.1	2.3	2.5	9.3
United Kingdom	2.7	3.3	1.9	2.4	10.7
Sweden	1.7	3.7	2.7	3.4	12.0
Finland	1.8	3.5	2.9	3.6	12.3
Spain	3.0	3.2	3.5	3.1	13.4
Luxembourg	1.3	3.6	4.0	4.4	13.9
Cyprus	1.9	3.9	3.8	3.8	14.1
Slovenia	2.7	4.4	4.0	4.3	16.3
Greece	4.8	4.7	3.7	3.5	17.8
Poland	3.8	5.3	3.2	4.5	17.9
Hungary	4.1	4.9	4.2	4.6	19.0
Ireland	4.3	4.3	5.5	4.9	20.4
Czech Republic	3.6	4.2	6.1	5.3	20.6
Bulgaria	4.5	5.6	5.5	5.4	22.7
Slovakia	4.2	5.4	6.0	6.1	23.5
Iceland	2.7	7.7	7.5	4.6	24.4
Romania	5.2	8.4	4.1	5.5	25.2
Lithuania	10.3	7.3	7.6	6.5	35.6
Latvia	7.2	8.6	10.2	8.5	39.2
Estonia	7.1	8.1	10.5	8.9	39.3
(a) estimate					
Eurostat					

Still, there continues to be a quite strong income divide between the Western and Eastern part of Europe: in all NMS and candidate countries, GDP per capita remains far below the average for the EU25, and in most of them the difference is of 30 percent or more. From the EU15 only Portugal Greece and Spain are below this average, while 5 EU15 countries, as well as Norway, Switzerland and Iceland exceed it by more than 20 percent.

**Table 2: GDP per capita in Purchasing Power Standards (PPS), (EU-25 = 100)**

	2003	2004	2005	2006 (a)	2006- 2003
EU 25	100	100	100	100	0
EU 15	109	108.6	108.3	108.1	-0.9

Euro area	107.2	106.5	106.3	105.9	-1.3
Bulgaria	29.7	30.5	32.1	33.2	3.5
Romania	29.9	32.1	34.7	36.0	6.1
Latvia	40.8	42.8	47.2	50.3	9.5
Poland	46.9	48.7	49.8	51.0	4.1
Lithuania	45.2	47.8	52.1	54.5	9.3
Slovakia	51.9	52.9	55	57.1	5.2
Hungary	60.1	60.9	61.4	63.1	3.0
Estonia	50.3	53	60.1	64.4	14.1
Malta	73.7	70.2	69.5	68.6	-5.1
Portugal	72.7	72.3	71.2 (a)	70.0	-2.7
Czech Republic	68.3	70.5	73.8	76.1	7.8
Slovenia	75.9	79.2	80.6	82.2	6.3
Greece	80.9	81.8	82	82.9	2.0
Cyprus	79.8	82.6	83.3	83.2	3.4
Spain	97.4	97.7	98.6	98.5	1.1
Italy	107.6	105.5	102.6	101.7	-5.9
France	111.6	109.5	108.8	108.1	-3.5
Germany	108.1	108	109.3	109.0	0.9
Finland	112.6	113.7	113.3	114.9	2.3
Sweden	115.6	117.1	114.5	115.6	0.0
United Kingdom	116.4	117.1	116.5 (a)	116.5	0.1
Belgium	117.9	118.1	117.5	117.6	-0.3
Austria	120.3	121.7	122.5	122.4	2.1
Netherlands	124.7	124.4	124.2	124.8	0.1
Denmark	120.8	121.5	124.2	125.5	4.7
Switzerland	130.3 (a)	131.6 (a)	127.2 (a)	126.7	-3.6
Iceland	121	126.6	127.5	129.7	8.7
Ireland	133.7	135.8	137.5	138.4	4.7
Norway	145.9	153.2	164.5	164.3	18.4
Luxembourg	232.7	237.5	247.5	251.7	19.0
(a) estimate					
Eurostat					

The differences in growth are however not reflected equally in the labour market. As can be seen in table 3, the employment rate for the EU25 area went up by 0.9 percentage points in the period 2003-2005, but half of the NMS and candidate countries remained behind this average increase. Actually, in only 4 countries (Bulgaria, Slovenia, Spain and Ireland) the employment rates increased by more than 2 percent in 2003-2005, while in one-third of the countries the employment rate declined slightly.

<b>Table 3: Employment rate (15-64 years old)</b>				
	2003	2004	2005	2005-2003
EU 25	62.9	63.3	63.8	0.9
EU 15	64.3	64.7	65.2	0.9
Euro area	62.6	63	63.5	0.9
Poland	51.2	51.7	52.8	1.6
Malta	54.2	54	53.9	-0.3
Bulgaria	52.5	54.2	55.8	3.3
Hungary	57	56.8	56.9	-0.1
Italy	56.1	57.6	57.6	1.5
Romania	57.6	57.7	57.6	0
Slovakia	57.7	57	57.7	0
Greece	58.7	59.4	60.1	1.4
Belgium	59.6	60.3	61.1	1.5
Lithuania	61.1	61.2	62.6	1.5
France	63.3	63.1	63.1	-0.2
Spain	59.8	61.1	63.3	3.5
Latvia	61.8	62.3	63.3	1.5
Luxembourg	62.2	62.5	63.6	1.4
Estonia	62.9	63	64.4	1.5
Czech Republic	64.7	64.2	64.8	0.1
Germany	65	65	65.4	0.4
Slovenia	62.6	65.3	66	3.4
Portugal	68.1	67.8	67.5	-0.6
Ireland	65.5	66.3	67.6	2.1
Finland	67.7	67.6	68.4	0.7
Cyprus	69.2	68.9	68.5	-0.7
Austria	68.9	67.8	68.6	-0.3
United Kingdom	71.5	71.6	71.7	0.2
Sweden	72.9	72.1	72.5	-0.4
Netherlands	73.6	73.1	73.2	-0.4
Norway	75.5	75.1	74.8	-0.7
Denmark	75.1	75.7	75.9	0.8
Switzerland	77.9	77.4	77.2	-0.7
Iceland	83.3	82.3	83.8	0.5
Eurostat				

Similarly, unemployment in the EU25 declined only by 0.2 percentage points in 2003-2005 and hence remains high at 8.8 percent (Table 4). Only in half of the countries unemployment declined, while in

Cyprus, Hungary, Sweden and Portugal, unemployment went actually up by more than 1 percentage point.

<b>Table 4: Unemployment rate</b>				
	2003	2004	2005	2005-2003
EU 25	9	9.1	8.8	-0.2
EU 15	8	8.1	7.9	-0.1
Euro area	8.7	8.9	8.6	-0.1
Ireland	4.7	4.5	4.4	-0.3
Luxembourg	3.7	5.1	4.5	0.8
Norway	4.5	4.4	4.6	0.1
Netherlands	3.7	4.6	4.7	1.0
Denmark	5.4	5.5	4.8	-0.6
United Kingdom	4.9	4.7	4.8	-0.1
Cyprus	4.1	4.6	5.2	1.1
Austria	4.3	4.8	5.2	0.9
Slovenia	6.7	6.3	6.5	-0.2
Hungary	5.9	6.1	7.2	1.3
Malta	7.6	7.4	7.3	-0.3
Portugal	6.3	6.7	7.6	1.3
Italy	8.4	8.0	7.7	-0.7
Sweden	5.6	6.3	7.8	2.2
Czech Republic	7.8	8.3	7.9	0.1
Estonia	10	9.7	7.9	-2.1
Romania	6.8	7.6	7.9	1.1
Lithuania	12.4	11.4	8.3	-4.1
Belgium	8.2	8.4	8.4	0.2
Finland	9.0	8.8	8.4	-0.6
Latvia	10.5	10.4	8.9	-1.6
Spain	11.1	10.6	9.2	-1.9
Germany	9.0	9.5	9.5	0.5
Greece	9.7	10.5	9.8	0.1
France	9.5	9.6	9.9	0.4
Bulgaria	13.7	12.0	10.1	-3.6
Slovakia	17.6	18.2	16.3	-1.3
Poland	19.6	19	17.7	-1.9
Eurostat				

### 3. Collective bargaining on wages

Within the above context, it has been difficult for trade unions to achieve positive results in wage bargaining. In 2006, in only 5 of the 15 countries in Table 5, real wage increases resulting from collective bargaining exceeded 1 percent, while in 4 of them the results were actually negative. In cumulative terms, over the 2003-2006 period, only in the Nordic countries and in the NMS (except Slovenia) wage increases resulting from collective bargaining surpassed the 4 percent, with good results especially in Hungary and Slovakia. At the same time, in Belgium, the Netherlands and Portugal this figure remained below 1 percent, and in Slovenia it is negative.

<b>Table 5: Real value of average wage increases resulting from collectively bargaining, 2003-06.</b>					
	2003	2004	2005	2006 (est.)	Cumulative 2003-06
BE	0.2	0.3	-0.4	0.5	0.6
CZ	4	1	2	0.9	8.1
DE	1.4	0.4	-0.4	-0.2	1.2
DK	1.7	2.1	1.5	1.3	6.8
ES	0.7	0.6	0.6	-0.7	1.2
FI	2	2.2	1.6	0.4	6.3
HU	3.5	1.2	3.5	1.9	10.5
IT	0.1	0.9	0.2	0.3	1.5
NL	0.8	0.6	-0.7	-0.2	0.5
NO	2	3.1	1.7	1.5	8.6
PL	2.2	-0.3	2.4	2.6	7.1
PT	-0.4	0.5	0.4	0.2	0.7
SE	0.3	1.5	1.5	0.8	4.2
SI	-0.9	-0.4	0.2	-0.3	-1.4
SK	-2.2	2.7	6.5	3.2	10.4

Notes: ES: Data include effect of the revision clause, except for 2006. HU: 2004 refers only to MSZOSZ agreements; 2006 refers to the agreement in the National Interest Reconciliation Council. NO: Wages are only calculated as total wages, so collectively bargained and total wages are the same. PL: Data concern the proposals for wage increases of the national Tripartite Commission. In 2003, 2005 and 2006, no agreement was achieved and the guideline was established by the government.

Source: ETUC Questionnaires

The bargaining results however prove not always to be good indicators for total real wage increases, following from the limited coverage of collective



agreements in some countries, as well as from both positive and negative wage drift (Table 6). In 2006, most countries in the table achieved the same or higher total wage increases than the year before, with the exception of Finland, Norway and Sweden. Also, only in 2 countries wage increases were negative, compared to 4 countries in 2004 and 2005. Still, over the entire 2003-2006 period, in Belgium, Germany and Spain the cumulative wage increase has been negative, reaching no less than -3.3 percent in Germany and 3.7 percent in Spain. Again it is in the NMS and the Nordic countries where results have been best. This includes Slovenia: whereas over these 4 years the cumulative wage increase resulting from collective bargaining was negative, the total wage increase amounts to 9.5 percent. Best performers, with increases of over 10 percent, have been the Czech Republic, Hungary and Finland over these 4 years. With the sole exception of Finland, total wage increases have been limited in the Euro area.

<b>Table 6: Total average real wage increase 2003-06</b>					
	2003	2004	2005	2006 (est.)	Cumulative 2003-06
BE	-0.1	-0.2	-1.0	0.5	-0.8
CZ	6.5	3.8	3.6	4.0	19.1
DE	0.5	-1.2	-1.3	-1.3	-3.3
DK	2.0	1.9	1.0	1.3	6.3
ES	-0.2	-0.8	-1.4	-1.3	-3.7
FI	3.1	3.6	2.9	1.5	11.6
FR	0.6	1.2	0.8	0.9	3.5
HU	7.3	-0.7	3.4	4.6	15.2
IT	0.1	0.9	0.2	0.3	1.5
NL	1.7	1.3	-0.4	0.2	2.8
NO	2.0	3.1	1.7	1.5	8.6
PL	2.4	0.5	2.0	3.9	9.1
SE	1.6	2.8	2.6	1.4	8.7
SI	2.7	2.1	2.2	2.2	9.5

Notes: In BE, DE DK, IT, NL and SE the data refer to wages per hour, in the rest to wages per person.

Source: ETUC Questionnaires

Finally, it is of interest here to compare wage growth with productivity developments. This allows for an evaluation of the extent to which wage developments in the European countries conform to the collective bargaining guideline of the ETUC. In the year 2000, the ETUC adopted a

resolution on the coordination of collective bargaining, arguing that, over the medium term, nominal wages increases should at the very least compensate for inflation. In addition, wage increases should also reflect the greater part of productivity growth, with the remaining margin being used for qualitative improvements in working conditions.

Table 7 shows to what extent real wage growth resulting from collective bargaining compensates for productivity improvements. A negative score in the table means that real wage growth resulting from collective bargaining remains below productivity growth and vice versa. Clearly, over the 2003-2006 period, in all countries productivity increased much more than collectively bargained wages. The only exception might be Spain because 2006 data on Spain do not yet include the effect of the revision clause that kicks in at the end of the year.

<b>Table 7: Real increase of collectively agreed wages minus productivity increase.</b>					
	2003	2004	2005	2006 (est.)	Cumulative 2003-06
BE	-1.1	-1.6	-0.6	-1.1	-4.3
CZ	-0.3	-3.8	-2.8	-3.9	-10.4
DE	0.2	-0.5	-1.9	-2.2	-4.3
DK	-0.4	1.2	-1.6	-0.8	-1.6
ES	0.1	0	0.2	-1.3	-1.0
FI	-0.5	-1	0.3	-1.8	-3.0
HU	0.7	-4	-0.5	-	-3.8
IT	0.7	-0.1	-0.2	-0.7	-0.3
NL	0	-3.7	-3.4	-3	-9.8
NO	-2.4	1.1	-2.7	-	-4.0
PL	-2.7	-4.4	-5.3	-	-11.9
PT	0.4	-0.5	0.1	-1	-1.0
SE	-4	-2.4	-0.9	-3	-9.9
SI	-3.8	-4.1	-2.9	-3.7	-13.7
SK	-9.4	-8.8	0.1	-3.2	-19.9

Notes: In BE, DE FI, NL, NO, PL, and SE the data refer to productivity per hour, in the rest to productivity per person. In HU, NO and PL, data, the cumulative figure refers to 2003-05. ES: Data include the effect of the revision clause, except for 2006. HU: 2004 refers only to MSZOSZ agreements; 2006 refers to the agreement in the National Interest Reconciliation Council. NO: Wages are only calculated as total wages, so collectively bargained and total wages are the same. PL: Data concern the proposals for wage increases of the national Tripartite Commission. In 2003, 2005 and 2006, no agreement was achieved and the guideline was established by the government.

Source: ETUC Questionnaires

Hence, in wage negotiations, unions were not able to make up for productivity improvements. This difference has been highest in the fast growing NMS, including and astonishing -19.9 percent in Slovakia. It is in the NMS where union have most difficulty in negotiating real wage increases in line with productivity improvements. However, in the NMS collective bargaining also often plays a less decisive role in the determination of total wage growth, for which the difference with productivity developments is much smaller (with the exception of Poland) (Table 8).

<b>Table 8: Real total wage increase minus productivity increase</b>					
	2003	2004	2005	2006 (est.)	Cumulative 2003-06
BE	-1.4	-2.1	-1.2	-1.1	-5.7
CZ	2.2	-1	-1.2	-0.8	-0.8
DE	-0.7	-2.1	-2.8	-3.3	-8.6
DK	-0.1	1.0	-2.1	-0.8	-2.0
ES	-0.8	-1.4	-1.8	-1.9	-5.8
FI	0.6	0.4	1.6	-0.7	1.9
FR	-0.5	-1.6	0.4	-0.6	-2.3
HU	4.5	-5.9	-0.6	-	-2.3
IT	0.7	-0.1	-0.2	-0.7	-0.3
NL	0.9	-2.2	-3.1	-2.6	-6.9
NO	-2.4	1.1	-2.7	-	-4.0
PL	-2.5	-3.6	-5.7	-	-11.4
SE	-2.7	-1.1	0.2	-2.4	-5.9
SI	-0.2	-1.6	-0.9	-1.2	-3.8

Notes: In BE, DE DK, IT, NL, SE the data refer to wages per hour, in the rest to wages per person. In BE, DE FI, NL, NO, PL, SE the data refer to productivity per hour, in the rest to productivity per person. In HU, NO and PL, the cumulative figure refers to 2003-05.

Source: ETUC Questionnaires

Where total real wage increases are concerned, again in all European countries they remain below productivity improvements, with the sole exception of Finland (Table 8). The difference is most pronounced in Poland (11.4 percent over 3 years) followed by Germany where negative wage growth has become stronger year by year. Striking is also that in all countries where 2006 data are available, real wages trail behind productivity, whereas in previous years there were always several countries where real wages would outperform productivity. For example,

whereas in France, Finland and Sweden wages outperformed productivity in 2005, in 2006 this is not anymore the case, This indeed suggests that over time the position of labour is weakening.

#### **4. Wage bargaining and gender wage differences.**

One of the persistent features of wage structures in Europe is that there is still a gap between the wages men and women receive. In 2004, according to Eurostat data, this gap was 15 percent (Table 9). The good news here is that over the years there has been an improvement: in 2001 the gender pay gap was still 17 per cent and in 1996 it was 18.4 per cent. At the same time, improvements are slow and the gap remains substantial. Also, in several countries the gap has been increasing in the last years.

The gender pay gap is partially is the result of a series of factors, including the sectoral and occupational segregation of the labour market, overall wage inequality, educational differences, labour market participation rates, and straightforward discrimination. For example, the countries in which the gender pay gap is low are not necessarily countries where men and women are treated equally; in most cases they have low female participation rates, and the relatively small group of women that is in the labour market is often relatively highly educated and in relatively well-paid jobs. In other countries, high participation of women is often concentrated in low-paid service occupations, leading to a larger pay gap. In some countries human capital differences explain a major part of the gender pay gap (for example, 41.6 per cent in Belgium) but and in others only a small part (for example, 6.4 per cent in Denmark).<sup>1</sup>

Gender equality has traditionally been a key issue for trade unions in Europe. Still, it is only marginally addressed in wage bargaining in Europe. For most trade unions gender equality is a political objective but this is often not reflected much in their bargaining strategies or in

<sup>1</sup> On these issues, see ETUI/ETUC (ed.) *Benchmarking Working Europe 2006*, Brussels (chapter 4); Plasman, R. and Sissoko, S. (2004) *Comparing Apples with Oranges: Revisiting the Gender Wage Gap in an International Perspective*, IZA Discussion Paper 1449, Bonn: IZA.

bargaining results and the gender pay gap is reported to have been decreasing only slightly.

**Table 9: the gender wage gap, 1996-2004**

	1996	2001	2004
MT	-	10	4
IT	8	6	6
PT	6	10	9
SI	15	11	9
PL	-	15	10
GR	15	18	10
IE	21	17	11
HU	21	19	11
BE	10	12	12
FR	13	14	12
LV	20	16	15
ES	14	17	15
EU25	18.4	17	15
LT	22	16	16
SE	17	18	17
AT	20	20	17
DK	15	15	18
NL	23	19	19
CZ	23	26	19
FI	17	17	20
UK	24	21	22
DE	21	21	23
SK	19	20	24
EE	27	24	24
CY	28	26	25

Note: The gender pay gap is given as the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees. The population consists of all paid employees aged 16–64 who are 'at work 15+ hours per week'.

Source: Eurostat

There are some exceptions to this general trend. For example, in Finland, a gender equality allowance is paid in 2006, aimed at increasing wages in sectors that employ large numbers of women. Also, in Norway, in the state/government sectors guidelines were established for collective bargaining to give women a bigger share of the wage increases negotiated. In addition, in Denmark, equal pay statistics are elaborated to make the gender pay gap more visible.

## 5. Young workers

Around Europe there are concerns about the position of young workers on the labour market, their high unemployment rate and the precarious nature of the jobs young people have, often characterised by flexible and insecure contracts, low wages and other disadvantages.

Low wages for young workers are linked to a number of factors. One simple fact is that many wage systems are to some extent seniority-based. Also, for example in France, young people more often get the minimum wage. Another is that many countries there is a lower minimum wage for young people, determined by law or collective agreements. This is the case in, among others, the Czech Republic, the Netherlands, Luxembourg and Poland, and Norway. In the Czech Republic this has little impact, considering that very few persons receive wages at the level of the minimum wage. However, in Poland, where a reduction of the minimum wage for new entrants (i.e. graduates) was legislated in 2005, this has not led to the increase of employment for young people, but rather in an increased outward migration of youngsters to Western Europe. Hence, trade unions in Poland are against this reduced minimum wage. In the Netherlands, the youth minimum wage in some sectors concerns persons up to 23 years and the unions are not so much to get rid of the youth minimum wage but to lower the age to which it applies.

Improving the access of young workers to jobs, and preferably regular jobs, is high on the agenda for many unions. For example, in Spain unions argue for the improved access to young people to regular jobs instead of the fixed-term jobs they are getting today. In Germany, unions demand more apprenticeships for young people, binding targets on the number of apprenticeships and binding regulations on the inflow from apprenticeships into regular jobs. In Poland, unions demand more training and special support to graduates to find their first job, while they are also making special efforts to organise young workers to allow them to fight for their rights through trade unions. In Portugal the unions oppose the legal regulation that foresees fixed-term contracts for first employment without

taking into account the nature of the job. They try to restrict this type of contracts by including limits on their incidence in collective agreements.

## **6. Outlook 2007**

Finally, what issues do trade unions see coming up in 2007 and what are their priorities and objectives for next year? In **Belgium**, the unions' priority is to improve purchasing power, first of all through an increase of the minimum wage. In addition, it argues for more investment in training and innovation, the improvement of the quality of work, and equal pay for equal work for men and women. They expect employers to put the emphasis on increasing flexibility through lower overtime payments and working time accounts. In the **Czech Republic**, wages are the priority, followed by an improvement of the work-life balance. Wage developments are expected to be similar to 2006. In **Germany**, collective bargaining will take place in a difficult context that includes a 3 percent rise in VAT, an increase of the employee contribution to social security of 0.4 percent, rising energy prices and planned mass dismissal at, among others, Volkswagen. Wage demands will be at least at the level of 2006, but there is a danger declining real wages. In **Denmark**, on the other hand both the labour market and the economy are doing very well. Collectively agreed wage increases are therefore expected to be slightly above the 2006 level. In addition, training and life-long learning, especially for the unskilled, will be a focal point in collective bargaining. Also in **Estonia**, the economy and labour market are doing well: in 2007 the economy is expected to grow by 10 percent and average real wages by 8.7 percent. Less positive is that employers are reluctant to sign collective agreements, arguing that these reduce flexibility. The unions prioritise wage increases in line with the ETUC formula, and especially a higher-than-average increase of the minimum wage. Also, in certain sectors, wage demands are far above the average (e.g. 40 percent in health, 50 percent for civil servants and state employees). In addition, unions want to agree with employers on the terms of extensions of collective agreement and on the increase of vocational education. In **Spain**, following continued economic growth, it is expected that the purchasing power of wages will increase in 2006 and

2007 (after the revision clause comes into effect). In **Finland**, the priority issues for trade unions will be wage increases, the problems related to temporary work, employee security in labour market changes, and opening clauses and the rights of shop stewards. Wage increases in 2007 are expected to be above those of 2006. In **France**, unions emphasise employment, wages and purchasing power, and social protection. However, the national context, including presidential elections, is not favourable. In **Hungary**, the government's drastic austerity package, the increase of VAT, rising energy prices and mounting inflation (expected to reach 7 percent in 2007) constitute unfavourable factors for wage negotiations. They threaten economic growth and purchasing power, and especially in the public sector wages and employment are under pressure. Hence wages are expected to increase less in 2007 than in 2006. In **Italy**, unions plan to resist the pressure by employers to decentralise collective bargaining, and to have a mass consultation on workers' rights and work organisation. Wage increases are expected to exceed those of 2006. In **Luxembourg**, unions focus on wage increases, access to continuous education and training, and agreements on working time. Wage increases in 2007 are expected to match those of 2006. In **Latvia**, at the national level unions prioritise the raising of the minimum wage, while at sectoral and company level a rise of the average wage is the focus. Collectively agreed wage increases are expected to be higher than in 2007. In **the Netherlands**, in the context of good economic prospects, employment growth and possibly a different government, a wage increase of about 2.5 percent is pursued and it is expected that this can be achieved. In addition, training and reintegration of sick people are emphasised. In Norway, 2007 is the second year of a two-year agreement so little wage bargaining will take place: only adjustments to prices are open for bargaining. Maintaining purchasing power has the priority, and wages are expected to rise a bit less than in 2006 because inflation is expected to be lower. In **Poland**, the economy is expected to continue to grow, labour supply is expected to fall further because of migration, foreign investment is expected to remain significant, and unemployment is expected to decline. Unions will focus on a national agreement on the reduction of poverty and social exclusion through fast and long-term economic growth.



They also want an agreement to link wage increases to productivity. At the company level limiting precarious contracts and wage increases reflecting profits are priorities, while attempts will continue to start collective bargaining in sectors controlled by foreign capital. It is expected that the government will establish a wage guideline of 3.4 percent nominal increase, but that this will be exceeded in company level bargaining. In the public sector wages are under pressure as the government is seeking budget savings. In **Portugal**, unions underline the need for a more growth-oriented macro-economic policy, promoting investment, innovation and training. Also an increase of the minimum wage is proposed, as well as the increase of the purchasing power of wages through clear criteria. In addition, issues like precarious work working time, gender equality, health and safety and mechanisms for conflict resolution are on the bargaining agenda. In **Romania**, the entry into the EU is expected to put pressure on the budget, which will reflect on collective bargaining. It is also expected to lead to rising prices. Unions are pushing for an increase of the minimum wage, both the statutory minimum wage and that negotiated with employers. Wage increases in 2007 are expected to be above those for 2006. In **Sweden**, wage increases will be the same as in 2007, while unions will emphasise the decreasing of the gender pay gap. In **Slovenia**, the strengthening of branch and sectoral collective bargaining is an important objective, while wages should also be linked more to company performance. At the national level, a 2 percent wage increase is already agreed for 2007, but further increases may be achieved at the sectoral level. In **Slovakia**, the new social-democratic government is expected to improve the (legal) conditions for collective bargaining and trade unions want to conclude a national general agreement among the social partners. Collectively agreed wage increases in 2007 are expected to be above those in 2006.