



# Industrial Relations in Europe

## 2008





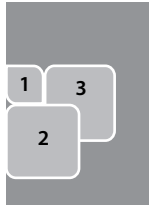
# Industrial Relations in Europe 2008

**European Commission**

Directorate-General for Employment, Social Affairs and Equal Opportunities  
Unit F.1

Manuscript completed in September 2008

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Luxembourg: Office for Official Publications of the European Communities, 2009

ISBN: 978-92-79-10487-9  
DOI: 10.2767/87370

# Executive summary

*An increasing convergence in European industrial relations can be attributed to a combination of factors: the existence of a consensus around a set of common values and standards; the actions of the Union itself through the exercise of regulatory power and the outcomes of social dialogue at European level, but particularly to the existence of an EU-wide set of concrete objectives to which all stakeholders and actors can sign up to, in a mutually self-reinforcing mechanism.*

The European Union is unique among world economic groupings in combining a market building agenda with a social agenda that includes emerging transnational industrial relations arrangements. In other global regions this process has barely begun and the EU is sometimes seen as a model for the development of a regional social dialogue. The distinguishing factor is the capacity to promote minimum standards and common values to support the policies of Member States in this area. At the same time, implementation of EU rules and standards includes a high degree of flexibility, allowing for differences in national customs and practices (Chapter 1).

The contribution of the social partners to achieving the Lisbon agenda is particularly important for reaching the employment targets and implementing the flexicurity agenda. The involvement of social partners in policymaking and policy implementation varies widely across Member States, but generally there is a trend towards the use of a wider mix of instruments to pursue policy objectives. Nevertheless, the quality of the social and institutional support that social partners enjoy is probably the major determinant of the quality of the social partners' contribution to the Lisbon Strategy (Chapter 2).

Collective bargaining and wage determination are anchored in national customs and practices. Despite the increasing weakness of wage bargaining actors, with declines in trade union density in particular, wage bargaining institutions have remained relatively unchanged in recent years. There are wide disparities across the EU. However, the degree

of employers' density seems to be the principal factor determining bargaining coverage. Wage bargaining institutions seem to have a small but positive effect on economic performance, but not on wage inequality, where it is trade union density which produces a statistically significant result. A rise in trade union density is associated with a fall in wage inequality. High bargaining coverage rates appear to lead to lower proportions of in-work poor, other things being equal (Chapter 3).

At European level, the social partners are delivering on their commitments. They concluded agreements on violence and harassment and on maritime labour standards, and made valuable contributions to employment and social policy-making. The sectoral coverage of European social dialogue continues to increase (Chapter 4). Social partners know the world of work best, and they contribute to better governance by following-up joint commitments and recommendations on the ground. First evidence of implementation of European social dialogue texts, in particular of the first cross-industry autonomous agreement on telework, shows that they make a difference (Chapter 5). Furthermore, there has been considerable activity in the field of European legislation in the period since the last *Industrial Relations in Europe* report, including labour law (Chapter 6).

The capacity of the social partners to deliver high-quality industrial relations, and thus their ability to play their role in achieving the EU's economic and social objectives varies widely across the EU, and particularly in the 12 Member States that joined the EU in 2004 and 2007 (EU-12) where the tradition of autonomous bipartite industrial relations is less developed. In recognition of this, assistance is now available through the European Social Fund to help build the capacity of social partners in these countries, and there is evidence of increased participation of social partners in the implementation of the Structural Funds. European social partner organisations also continue to carry out a wide range of capacity building exercises themselves (Chapter 7).

## Chapter 1 — Europe's industrial relations in a global perspective

Industrial relations arrangements in post-1945 western Europe have rested on four institutional pillars: union organisation or density; coordination of bargaining; employee representation in firms; and social partners' involvement in consultation over social and economic policies on a regular basis. Developments in the four pillars, observed on the national level in the Member States of the EU throughout its history (from 6 to 27 Member States) indicate that, after the sharply divergent trends of the 1970s, some of the elements of these pillars have experienced a mildly convergent trend since the mid-1980s, in spite of the growing number of Member States. While the 2004 and 2007 enlargements have resulted in an immediate increased divergence between the industrial relations regimes within the EU, this has been accompanied by the strengthening of (or in some cases truly developing) social regulations in the national systems of Member States in central and eastern Europe that after 1989 tended to exclude them from political agenda and policies.

These trends suggest an influence of (preparing for) EU membership, although other developments (similar pressures based on globalisation or domestic political, social or economic changes) may also have played a role. No convergence is observable in areas where the EU level is least influential: the organisation of trade unions and employers' associations, the organisation and coverage of collective bargaining and social pacts — these indicators still show large and growing divergence.

Against these national trends, there have been incremental developments in industrial relations arrangements at EU level. While during the first decades of its existence the capacity of the Community to build supranational-level industrial relations remained limited, since the mid-1980s the economic focus of the European integration project has been paralleled by the development of the 'social dimension'. Policy making in the social area, including industrial relations, has intensified. The limited possibilities of applying Community legislation in the field of industrial relations have been enhanced and qualified majority voting has been extended to a growing area of employment and industrial relations matters. The legislative method has been complemented by a number of 'procedural innovations'.

The emergence of EU-level industrial relations is evidenced by a (growing) number of common values and principles, and mutually reinforcing institutions, policies and processes, characterised by a mixture of hard (legally binding) and soft (non-legally binding) measures focusing on the social dimension of the market. They are institutionally anchored, and some of them have foundations in the Treaties.

The four pillars supporting the core European industrial relations arrangements at the national level appear to be developing also at the EU level, although the outcomes are still restricted in terms of the effectiveness of these transnational institutions. While the position of EU-level social partners has strengthened thanks to their gradual inclusion in the legislative process, the European Trade Union Confederation (ETUC) as well as BUSINESSSEUROPE, UEAPME, and CEEP continue to be characterised by a very low degree of centralisation, i.e. their capacity to control member organisations is restricted. However, coordination on non-wage issues is increasing following

the conclusion of European autonomous agreements. A transnational dimension to collective bargaining has been emerging over recent decades, fostered by EU-promoted processes and institutions. Also, the adoption of the 1994 European Works Councils and the 2001 European Company Directives has advanced the practice of informing and consulting the workforce in transnational contexts. Finally, the European Social Dialogue has become a defining characteristic of EU-level industrial relations, as it allows for the participation of social partners in supranational policy arrangements.

In combining the market-building agenda with a social agenda that includes emerging transnational industrial relations arrangements, the EU is ahead of other economic powers and regional integration organisations. In other global regions this process has only just begun and the EU is sometimes seen as an example or model for the development of a regional social dialogue. In addition to a set of regional industrial relations institutions and policies, the EU has developed an embryonic supranational social policy in the fields of social redistribution, social regulation and social rights. The Structural Funds provide a mechanism whereby resources can be allocated to address economic and social disparities in the EU or be put to the assistance of social partners and workers adversely affected by global trade. There are regulations in the fields of occupational health and safety, equal opportunities, labour law, and social security and pensions (including for migrant workers and their families), together with social dialogue mechanisms that apply to all countries. The Community Charter of Fundamental Social Rights of Workers defines a set of fundamental social rights which have been recognised by the Court of Justice of the European Communities (ECJ) as part of the general principles of Community law.

In the industrial relations domain proper, the EU promotes social partnership and cooperation by setting minimum standards for employee representation in national and cross-border firms, and by recognising the social partners in a consulting and, in some domains, co-legislating role, through framework agreements. Yet collective bargaining and pay determination — core issues of industrial relations — remain nationally specific. In addition, the EU coordination regime allows the use of different implementation instruments, and variable implementation of actual standards, according to national preferences and capabilities. Comparing the other regions, Mercosur is probably nearest to the EU in its industrial set up and social policy ambitions. However, other regional organisations, especially in Africa and perhaps least NAFTA, seem to be moving in the same direction.

## Chapter 2 — The quality of industrial relations and the Lisbon Strategy

At all levels — European, national, sectoral and local — the social partners (trade unions and employers) have become increasingly involved in the Lisbon Strategy. Steps taken by the social partners at the European level include the identification of a number of modernisation issues in their renewed work programme for 2006–08; their joint analysis of the ‘Key challenges facing European labour markets’, of October 2007; and, since 2002, several European framework agreements, joint opinions and frameworks of action, which require joint engagement and monitoring. At national, sectoral and local level, employers and unions are involved in modernising labour markets through lobbying the government and parliament, the negotiation of social pacts, collective agreements at various levels, and by participating in the administration and implementation of particular programmes and policies.



There are considerable variations among EU Member States and across policy issues in the degree and nature of social partner involvement. In some Member States, particularly in northern Europe, their contribution is shaped through 'autonomous' agreements, collective bargaining and related activities, without direct involvement of supervision of the State. In other Member States, especially in southern and eastern Europe, there is a much stronger role of the State and tripartite agreements, advisory councils on social and economic policies, and administrative schemes in which the State is directly participating.

Six policy areas related to the Lisbon Strategy and the flexicurity agenda are being reviewed: (1) active labour market policies (ALMP) targeted at disadvantaged groups and social security reforms; (2) training and the entry of young people in the labour market; (3) lifelong learning and older workers; (4) working hours and time flexibility; (5) the reconciliation of work and family; and (6) working conditions. In each of these the social partners make their contributions through influencing government policy, agreements among themselves and participation in the administration of programmes. Their influence and role is not the same in each of these areas, however. In ALMP most Member States set the parameters of labour market policies by law and the role of the social partners is limited to influencing government policies and, sometimes, co-managing particular programmes defined by the government. In the area of working hours, work-family policies, working conditions, training and lifelong learning, the influence and autonomy of the social partners tends to be stronger, but in each of these policy areas there is some interaction with legislation and public policy.

The involvement of the social partners also differs among EU Member States. Industrial relations are shaped by different traditions, institutions and practices affecting the interaction between public policy, collective bargaining and social dialogue. The main distinction runs between inclusive, dualist and market employment regimes. In inclusive regimes, policies are designed to extend both employment participation and employment rights as widely as possible through the working population. Dualist regimes, in contrast, tend to be less concerned with the overall employment levels but guarantee strong rights to a core workforce of skilled long-term employees. In the market-based regime, the assumption is that employment levels and job rewards are self-regulated. This classification overlaps, partly, with that of Nordic, continental European, liberal and southern industrial relations regimes — but it is, as yet, unclear whether all or some of the new Member States from eastern Europe will assimilate to any of these. These industrial relations regimes differ in the strength of unions, the autonomy of the social partners, State intervention, and the place of social dialogue at the national level and in companies.

The typology of employment and industrial relations regimes helps to understand the differences in the response to the Lisbon agenda at the national or local level. They explain differences in the level of engagement and in the methods used. One particular form through which social partners have become involved in the reform agenda of the EU is the conclusion of a social pact or agreement with the government. Such tripartite pacts were concluded in Ireland, Spain, Italy, Portugal, Slovenia and Finland, as well as in Bulgaria and Romania. Social pacts address both wage and non-wage issues, in particular issues related to unemployment, flexicurity, pensions, ALMP and training. With regard to work-family reconciliation, working conditions and working hours and



working time flexibility, the social partners' role is more clearly shaped through collective bargaining, although in many southern and eastern Member States the law remains the main basis for regulation and provision, and social partner agreements add little additional flexibility.

Industrial relations and the Lisbon Strategy have become interwoven. Many issues have entered the agendas of the social partners at all levels. Various instruments, often based on an interaction between collective bargaining and the law, but also information exchange, consultation, best-practice diffusion, benchmarking or joint administration and fund management, are used. It is less frequently the case that one method — the law or classical collective agreements with binding effects — predominates.

Arguably, without the involvement of the social partners, at all levels, the reform agenda of the Lisbon Strategy cannot be carried out in the world of work. It is by adding flexibility to the implementation, and by raising support for bottom-up solutions, that social partners and industrial relations generally provide a key resource. Trade unions and employers must 'buy into' the Lisbon agenda and the social dialogue process, but will only do so when there is a chance for a meaningful cooperation and influencing the direction and outcome of policies. Lastly, the quality of the social partners' contribution is related to the social and institutional support that they enjoy at the European, national and local levels. Social support is evidenced by membership, mobilising power and standing in public opinion. Institutional support is based on the recognition of the social partners and of the rights of representation, consultation and codetermination by lawmakers, codified in legal norms or anchored in broad agreements, and supported by public policy and public opinion.

### Chapter 3 — Wage setting, minimum wages and industrial relations

Trade unions lost members both in absolute and in relative terms. Trade union density in particular has declined significantly over the last decade. At the same time, the wide disparity of union and employers' density rates within the EU persists. Employers' density is generally higher than trade union density rates. Trade union membership losses have prompted organisational restructuring in many countries. Increasing numbers of trade union mergers has contributed to a constant process of concentration of union organisations.

Wage bargaining institutions and industrial relations actors are highly interconnected. Employers' density rates correlate strongly with wage bargaining centralisation and bargaining coverage. Employers' density rather than trade union density determines the stability of wage bargaining institutions. As a result of weak employers' density wage bargaining institutions remain weaker in EU-12 than in the EU-15.

Statutory and collectively agreed minimum wages are an increasingly important component of wage setting institutions in the European Union, particularly in the central and eastern European countries. Only countries with exceptionally strong wage bargaining institutions and strong bargaining actors have not introduced statutory minimum wages.

Minimum wage setting institutions interact with wage bargaining institutions. In countries where wage bargaining is institutionally strong (strong actors, coordinated processes and high coverage rates), statutory minimum wages are rare and the lowest wage floor is set by agreement. However, if statutory minimum wages exist, the presence of unions and centralised wage bargaining tends to increase the ratio of minimum wages to average wages.

Collective bargaining institutions are complementary to statutory minimum wages in such a way that statutory minimum wages in fact benefit from strong collective bargaining institutions. A decline in employers' density and thereby a decline in collective bargaining coverage might thus not only increase the need for a minimum wage floor but also make the introduction of a minimum wage more likely.

The analysis of the effects of wage setting institutions in Europe reconfirms existing research that institutionally strong labour relations have some moderating effects on nominal wage developments. The restraining effect of wage setting institutions on wages seems to have become weaker in recent years.

Industrial relations institutions can reduce the gender pay gap. An EU country with higher bargaining coverage, holding everything else equal, generally tends to have a lower gender pay gap than EU countries with low bargaining coverage.

Wage bargaining institutions (bargaining centralisation, bargaining coverage and coordination) do not appear to have any significant effect on wage inequality. However, trade union density has a very significant and robust positive effect. Countries with higher trade union densities, holding all other variables constant, have higher wage equality. Our research indicates that a 10 % increase in the trade union density ratio would reduce the wage inequality measure, on average, by around 2 %.

Bargaining coverage has a significant and robust negative effect on the proportion of workers with less than 60 % of the median income, while wage bargaining centralisation, trade union density and coordination do not appear to have any significant effect. This indicates that, holding all other variables constant, an increase in wage bargaining coverage by 10% is associated with a reduction of in-work poverty by around 0.5 %.

## Chapter 4 — European social dialogue developments 2006–08

The last two years have confirmed that European social partners can deliver on their commitments and shape industrial relations in the EU. The joint analysis of key challenges facing European labour market drawn up by the cross-industry social partners (BUSINESSEUROPE, CEEP, UEAPME, ETUC) has helped to build the EU consensus on the common principles on flexicurity at the European Council in December 2007. Simultaneously, they continued their autonomous actions, most notably with the conclusion of an autonomous framework agreement on harassment and violence at work. Once implemented by the national member organisations and/or the Member States this agreement will help to prevent and manage problems of psychological and sexual harassment and physical violence at the workplace. The agreement obliges companies to adopt a zero tolerance policy and specify procedures (quick reaction to complaints,

principles of dignity, impartiality and fair treatment, disciplinary actions, victim support, etc.). Consequently, EU-level representatives of management and labour of several sectors (commerce, local governments, hospitals and private security), which are characterised by contacts with clients, patients and others, have engaged in a multisector initiative on third-party violence in order to complement this cross-industry agreement. Other sectors (cleaning, private security, Horeca) have collaborated on raising awareness about socially responsible procurement.

The cross-industry European social partners are currently negotiating two framework agreements. The first relates to the revision of the Parental Leave Directive. For the first time ever, they will themselves revise one of their agreements implemented by way of EU directive back in 1995. The second will determine how the social partners can best contribute to an inclusive labour market and to maximise the potential of Europe's labour market and workforce. This will include 'provisions for facilitating access to and progression in the labour market for disadvantaged groups through a series of preventive and curative measures including lifelong learning.'

The year 2008 also saw the conclusion of the joint agreement on maritime labour standards that aims to incorporate the provisions of the ILO Maritime Labour Convention 2006 into Community law. Maritime labour standards will be strengthened at global level and this will help to combat substandard working conditions and social dumping in the long term. Another framework agreement was concluded on social and environmental reporting standards in the European leather/tanning industry. Furthermore, the social partners of the inland waterways sector are negotiating an agreement in order to adapt working-time rules to the specific circumstances in their sector.

Mobility has become one of the important issues in European social dialogue. Social partners in sectors that have a particularly mobile workforce or need to improve the skills level in their sector on the whole have been developing qualifications and skills passports (hospitality), working with the European Qualifications Framework (inland waterways), exchange platforms (agriculture), or training programmes and certificates (commerce and hairdressers). The management of change, gender equality, and health and safety continue to attract much attention of social partners at European level. (In particular occupational health and safety practices in enterprises can benefit from recommendations and practical guides that address the specific situation in the sector.) On gender equality, some sectoral social partners have been innovative with guidelines for gender action plans (local and regional governments), ambitious policy orientations accompanied by a work plan (railway), or practical toolkits for human resource management (electricity and telecoms).

Social partners in another two sectors have decided to engage in an EU-level dialogue in the last two years: contract catering and professional football. Public administrations launched a two-year test phase. Social dialogue in the sports sector is consolidating in Europe, and the European Commission encouraged this process in its White Paper on Sport of 2007.

## Chapter 5 — The challenge of implementation in European social dialogue

The implementation of European social dialogue joint texts attracts increasing attention from the social partners, academia and public authorities. European social partners negotiate agreements on non-wage issues, which can be implemented through Council directive or by themselves via their national affiliates (so-called autonomous framework agreements), and rather process-oriented texts, in which they undertake commitments or make recommendations to be followed-up at national level.

With the autonomous agreement on telework of 2002 the social partners have, for the first time, taken the responsibility to implement an EU-level agreement in line with national industrial relations systems and traditions. Implementation has taken place in 21 Member States. The instruments chosen (recommendations, collective agreements or legislation) are in line with the industrial relations regimes identified in Chapter 2. However, Poland (legislation based on a national collective agreement) and the UK (guidelines agreed at national level) seem to have gone further. A lot has already been done following the second autonomous agreement on stress. These experiences also show that implementation is not a one-off action, but a process of learning and confidence building. The multisector agreement on the protection of workers from crystalline silica dust is a remarkable innovation. It establishes good practices and reporting procedures that are directly binding in all companies represented by the signatory parties.

European autonomous agreements have clearly had an impact on working conditions and they are well suited as a means of regulating certain aspects of it. But as they cannot guarantee full coverage and consistent application of rules preference should be given to the implementation of a European social dialogue agreement via Council directive in cases where this is considered necessary. But also in this case, the social partners have a special responsibility in implementation, monitoring and revision that the cross-industry social partners assume by re-visiting the Parental Leave Directive.

Process-oriented texts are frameworks of action (e.g. on gender equality concluded in the cross-industry social dialogue, or musculoskeletal disorders in agriculture) recommendations and guidelines. As the implementation is more incremental and relies on voluntary action the impact remains difficult to evaluate. The available evidence suggests that the best results are delivered by establishing clear priorities for action and by facilitating learning through a structured reporting procedure. The duty to produce joint reports provides an opportunity for national social partners to discuss possible action, which sometimes influences the collective bargaining agenda. Although implementation seems to be patchy, in general research indicates that informal learning and the awareness raising effect of process-oriented texts should not be underestimated.

The implementation experience so far has improved understanding of the responsibilities of different actors and led to some important innovations. The commitment and capacity of the European and, in particular, the national social partners are fundamental. The EU-level organisations must assist, coordinate, monitor and report. The cross-industry social partners have also been refining the follow-up provisions of their autonomous agreements. Generally speaking, unclear follow-up provisions entail weak implementation. All actors must work

together to make individual employers and trade union officials aware of the social partners' joint commitments. Member States can also support the efforts of social partners, for example through funding from the European Social Fund. In some Member States autonomous agreements were incorporated in national legislation. The European Commission supports, monitors and assesses the implementation process. It has also taken steps to stress the regulatory nature of autonomous agreements by communicating them to the European Parliament and the Council, and publishing them in the Official Journal.

European social dialogue contributes to better governance through consultation and the application of the subsidiarity principle. Social partners know best the realities of the workplace and can commit their constituencies to specific action, which distinguishes them from other organisations, like interest groups. Recent experience shows that if implementation at national or sectoral level is treated seriously European social dialogue results can go a long way in improving working conditions and modernising workplaces. It is still a recent process but first success stories and a gradual improvement can be observed.

## Chapter 6 — Review of European legislation 2006–08

Following several years of negotiations the Council reached a political agreement on the revision of the Working Time Directive and a directive on temporary agency work. The first would introduce specific provisions for on-call time and maintain the use of the individual 'opt-out' from the normal 48 hours limit, subject to additional guarantees for the worker. The second would ensure that the principle of equal treatment, as regards basic working conditions, applies between temporary workers and the workers directly recruited by user companies from day one. Derogations are allowed if introduced by collective agreement or agreement between national social partners.

As part of its renewed Social Agenda package of 2 July 2008 the Commission proposed to recast the European Works Council Directive. This revision is intended to ensure the effectiveness of employees' transnational information and consultation rights, increase the take-up of European works councils (EWCs), incorporate definitions and provisions contained in more recent directives and remedy the lack of legal certainty. The renewed Social Agenda package also included a staff working document on transnational company agreements that are increasingly negotiated between management and employees in transnational companies. It maps the importance of this phenomenon, emphasises the potential of transnational company agreements, discusses possible discrepancies between the transnational scope of the texts and national norms and references.

Concerning employee involvement at national level, the Commission reviewed the application of the Information and Consultation Directive of 2002. It noted a significant impact, in particular in Member States that did not have a general, permanent and statutory system previously. It concluded, however, that it is too early to make a decision on a possible revision as the Directive has not yet developed its full impact. Efforts should be geared to awareness raising, exchange of best practices, research and capacity building of the concerned stakeholders.

The Commission continued to examine the problems raised by the application of the posting of workers directive and adopted a Recommendation to facilitate enhanced cooperation between national administrations in April 2008. It has also been reviewing the application of specific labour law Directives, such as the directive on transfers of undertakings, the directive on fixed-term work, and the directive on employer's insolvency (with a special reference to complementary pension regimes). In parallel, larger-scale horizontal studies were carried out on the application of the EU body of labour law. Where shortcomings had been identified the Commission worked with Member States to resolve them, but also launched infringement procedures.

An extensive European discussion was initiated by the Green Paper on the Modernisation of Labour Law in 2006. An emerging European labour market throws down challenges on the most appropriate way to combine flexibility and security at work. But overall, contributors expressed a preference for finding solutions primarily through action at national level — involving a variety of approaches reflecting national legal traditions, industrial relations and practice. However, they also showed that there is a strong willingness to test that experience through dialogue and an exchange of good practice at an EU level. While the Commission decided not to propose any new legislative initiatives it nonetheless identified a number of areas for further research and discussion: undeclared work, lifelong learning, interaction between labour law and social protection rules, the nature of the employment relation, and subcontracting chains.

Several ECJ rulings provided important contributions to a more clear interpretation of provisions laid out in a number of directives in the field of labour law, such as working time, employers' insolvency and fixed-term work. The series of rulings on the *Viking-Line*, *Laval* and *Rüffert* cases, in particular, dealt with the crucial issue of how to balance the exercise of workers' rights and the respect of fundamental economic freedoms enshrined in the Treaty, as well as the interpretation of the obligations laid out in the Posting of Workers Directive, against a background of increasing labour mobility.

The Commission set out the 2007–13 strategy on health and safety at work that aims at effectively reducing the rate of accidents at work (25 % by 2012), occupational diseases and absenteeism. The reporting on implementation measures by the Member States was substantially simplified and rationalised.

The Commission also initiated infringement procedures against Member States that have not correctly transposed the Racial Equality Directive and the Employment Equality Directive of 2000. Two application reports have shown that the directives have helped to raise significantly the level of protection against discrimination across the EU. ECJ case-law is slowly developing.

## **Chapter 7 — Building capacity of social partners through the European Social Fund and European social dialogue**

Social dialogue contributes to good working conditions, competitiveness, and social cohesion. Therefore, social partners play an important role in the European approach to economic and social governance. This is reflected in the European employment strategy and European social dialogue, which both build

on a strong link between the European level and national social dialogue and the capacity of social partners in the Member States. Social partners must have the organisational, financial and personnel capacities to contribute to economic and social governance, be it through involvement in policymaking or through autonomous bipartite dialogue at national, sector or enterprise level.

Therefore, since 2007, the EU has been providing financial support for capacity building to social partners at national level through the European Social Fund (ESF). EU cohesion policy itself, of which the ESF is a part, is a good example of good governance through partnership. Development issues and challenges have become too complex and interdependent and the financial and managerial resources for addressing them too scarce, for any one single institution to be able to respond effectively to all these socioeconomic challenges alone. Therefore, the Commission, authorities at national, regional and local level in the Member States and other governmental and non-governmental organisations and bodies work together in all stages of the implementation cycle of the Structural Funds. In the case of the ESF, social partners have a special responsibility in this partnership, as they are closest to the workplace. In the preparation of the 2007–13 programming period the Commission has observed increased participation of social and economic partners in most Member States and an involvement of social partners outside ‘traditional’ activities.

In the current programming period the ESF continues to support joint projects of social partners, e.g. in the area of lifelong learning, as well as the creation of networks for labour-market modernisation. But for the first time, social partners can now benefit from ESF support for projects that directly reinforce their own capacities. In fact, the new ESF Regulation stipulates that Member States shall allocate an ‘appropriate amount’ to capacity building and joint actions in Convergence Regions. The latest data available shows that some EUR 1.200 million have been allocated to such measures.

The European social partners, with the financial support of the EU, have also undertaken capacity building efforts, in particular in order to further integrate the social partners in the EU-12 countries in the European social dialogue and the implementation of its results. The cross-industry social partners have been implementing ‘integrated programmes’ that consist of drawing up national action plans, a study and seminar cycle on restructuring, and resource centres for employers and workers. The last two elements are now being extended to all Member States.

Almost half of all sectoral European social partner organisations have undertaken capacity building activities over the last two years. Projects included round tables, country visits, training and others. Results range from awareness raising and networking to a more frequent and constructive participation in European social dialogue meetings or an immediate impact on bipartite sectoral social dialogue, including collective agreements in some Member States.

In the western Balkans, the Commission organised conferences on social dialogue and facilitated the Memorandum of Understanding on social issues in the context of the Energy Community.





European Commission

**Industrial Relations in Europe 2008**

Luxembourg: Office for Official Publications of the European Communities

2009 — 13 p. — 21 x 29,7 cm

ISBN: 978-92-79-10487-9

DOI : 10.2767/87370

This abstract summarizes the fifth report on Industrial Relations in Europe. It aims to increase the visibility of European social dialogue, describe and raise awareness of developments in European industrial relations, and initiate related discussion through its analytical chapters. This executive summary addresses the main trends in industrial relations in the European Union, European social dialogue and EU labour law as well as the contribution of quality industrial relations to the Lisbon Strategy and wage setting and minimum wages in the European Monetary Union. The full report is available both in printed format and on CD-Rom.

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