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# SOCIAL EUROPE

The social dimension  
of the internal market

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**SPECIAL EDITION**



COMMISSION OF THE EUROPEAN COMMUNITIES

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## **The social dimension of the internal market**

Interim report of  
the interdepartmental working party

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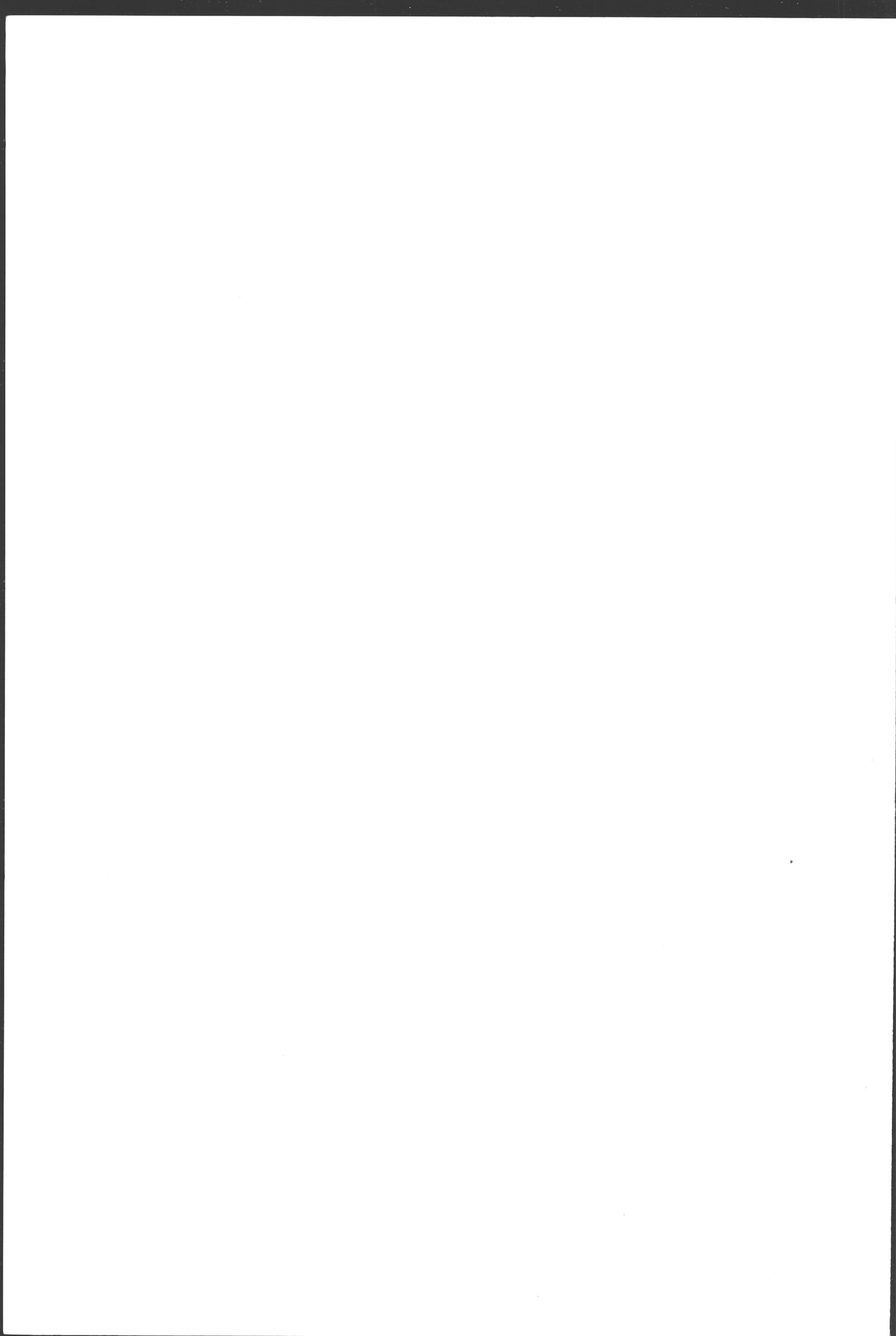
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# Preface

Conscious of the fact that the consideration of the social dimension of the internal market, notably with regard to its completion in 1992, is a condition for its success the Commission appointed an interdepartmental group to conduct an explanatory study.

The thoughts developed by the officials have made it possible to draw up a report which, without necessarily reflecting the opinion of the Commission, is understood to be an important component in the discussion of the social aspects of the internal market. A discussion the Commission wants to carry out with all social and political actors, since the consideration of the social dimension of the internal market is a matter which concerns everybody.

This report is the subject of this special issue of *Social Europe*.



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# Summary of the report

## 1. Terms of reference

The project to complete the internal market enjoys one exceptional advantage. Since 1985, the two sides of industry have given their support to the grand design for 1992. Few national projects have, in recent times, received similar backing.

Wishing to maintain or even step up this momentum and make progress in the balanced construction of the area without frontiers, the Commission asked a working party of officials from the various departments involved to examine the social dimension of the internal market, taking account of everything achieved in the social dialogue and the various components of the social policy already initiated. (Introduction).

## 2. Method

The working party concentrated on two main areas of concern. The first is connected with an attempt to establish and assess the opportunities, as well as potential difficulties, arising in the social field as a result of the completion of the internal market. It then endeavoured to establish the nature and extent of the changes under way or anticipated, examine how far they are directly attributable to the completion of the internal market, and take account of the unequal distribution of their consequences in terms of time and space.

The second point of concern arises from the fears and misgivings expressed by the social and economic interest groups and the Member States faced with the prospect of these changes, whether they are connected with the internal market or more generally with the adaptation of European economies to international competition.

## 3. Plan

For all that, the working party's aim was not to 'reassure', but to indicate to the Commission where vision or caution are called for, so that the available instruments are used to best effect pending the changes.

This led to a three-stage approach where the working party attempted on

each occasion to consider economic and social aspects jointly:

- (i) the social aspect of the internal market is first of all full exercise of one of the four freedoms of movement, that of persons. If we are to give full effect to this freedom — of which there is too often inadequate awareness at present — with all the implications and opportunities that this entails, we have to establish a genuine European area of occupational mobility (first part);
- (ii) discussion is more frequently centred on the social implications of the three other freedoms underpinning the area without frontiers. Is it already possible to discern a specific impact? What can we expect of it from the point of view of employment, and in a more constructive way, how best do we prepare for it? What accompanying social measures should the Commission consider when it draws up the provisions which will establish greater freedom of movement for goods, services and capital? A sectoral and regional survey of feelings is set out to this end in the second part, the initial outline of the necessary process of forward planning;
- (iii) the Commission itself is only one particular party involved with the social aspects of the large market. It acts in conjunction with the two sides of industry, who must be given greater independence, and with governments. If the long-term aim is a lasting, stable and expanding area without frontiers, then there is a need to establish a European industrial relations area. In the third part, then, it is proposed to reduce, or rather look beyond, the differences regarding methods between those in favour of a Community legislative approach and those who prefer European social regulations applied on a decentralized basis in each country.

## 4. Main conclusions

The various analyses and studies carried out by the working party

convinced it that taking account of the social aspect of the internal market is a key factor in its success. The support which the project is currently receiving should be encouraged through the dynamic application of Articles 118 and 130 of the Treaty, as stressed in the joint opinion by Unice, the ETUC and the CEEP (European Centre for Public Enterprises) on the 1987/88 annual economic report.

In the final analysis, there is one central theme to this report: taking account of the social aspects may certainly constitute an advantage for individuals and social groups, but may also be of benefit, in certain areas, to companies. It should be emphasized that this idea results from a demonstration, not a *petitio principii*.

### 4.1. The implications of a European area of free movement and occupational mobility

Tackling the question of the free movement of persons means looking at intra-European migrations in another way. A demographic and economic analysis appears to show that an era characterized by major net migrations from declining or underdeveloped regions to expanding areas has given way to one of 'fluid' movements of skilled persons in all directions, which do not constitute migration flows of any consequence.

The impetus for these movements is apparently less the search for a job than the additional occupational opportunities opened up by freedom to provide services, agreements and programmes establishing cooperation between international companies, and the restructuring and redeployment of numerous activities on a European basis. These movements of qualified persons play an important role in the competitiveness of undertakings, and it is likely that, with the stimulus provided by certain measures taken in connection with the completion of the internal market (free access to public contracts, regional policy, European scientific and technological area . . .), they will be stepped up. From the point of view of individuals, the range of labour markets

and opportunities on offer will change and widen.

There are grounds for satisfaction in noting that Community achievements in the area of free movement of persons are well established and considerable, as well as grounds for concern both at the failure to observe in practice the provisions of the Treaty and secondary legislation already in place and at the difficulties encountered in the negotiations on measures still to be implemented before 1992.

The working party finds that in practice people who have already moved to another Member State are confronted with certain difficulties arising from discriminatory practices which are likely to persist, if not get worse, as a result of the extension of regulatory powers in the social sphere at local and regional level. This is all the more worrying because the internal market will be established successfully only if intra-Community occupational mobility shows a significant increase over its present level, which is still inadequate: this is in the interests of individuals and meets the needs of undertakings.

The working party's recommendations, then, endorse the urgent nature of certain measures already taken by the Commission, but also the crucial role at various national and, increasingly, regional levels of elected representatives and officials in promoting effective equal treatment of European migrants.

Achieving this multifaceted ambition is the task of the Commission, in conjunction with the groups representing these migrants. In this respect, the proposals by the working party highlight measures based in particular on Article 49 which may be taken in or after 1988.

However, it is dependent above all on active awareness on the part of all the parties involved. Thus the working party feels the need to stress public awareness campaigns and involvement in decentralized information measures.

Finally, it is suggested that consideration be given to ways of linking up labour markets to a greater extent and that Sedoc be modernized, and exchange and cooperation programmes be stepped up (particularly those relating to vocational training).

#### *4.2. Provisions for anticipating and managing changes caused or accelerated by the completion of the internal market*

The success of the setting up of a single internal market as a growth-oriented project, will depend primarily on those economic and social actors who will be able to manage the necessary strategies and exploit all the potential effects of the dynamic process which will be set in motion. This presupposes that opportunities will be recognized, that the social implications will be correctly assessed, and that a clear distinction will be made between real problems and unfounded fears.

An initial survey of sectoral strengths and weaknesses has produced a detailed typology of these sectors, according to their ability to cope with increased competition. The results obtained by the working party must be used with a certain caution, although they already seem to undermine the validity of many an alarmist statement, while at the same time identifying sectors which are structurally sensitive to the completion of the single market and are likely to feel its impact in social terms.

In the working party's view, however, it is the regional dimension which most clearly illustrates in practical terms the impending problem of adaptation. Although typically sectoral weaknesses shown up by the preliminary statistical analysis are relatively limited, there is a strong likelihood of polarization between cumulative growth areas on the one hand and cumulative decline areas on the other.

The information available to the working party thus confirms the pertinence of the distinctions already applied within the

framework of the reform of the structural Funds.

The working party is convinced that the anticipation of problems is one of the keys to a vigorous and dynamic management of change. However, this cannot be done by the Commission alone; the capacity to anticipate of all economic and social actors involved should be encouraged. In this context a number of proposals have been made, calling for forward planning and analysis regarding the future of employment, occupations and qualifications.

A study of the measures taken to underpin these changes has shown that the provisions currently being prepared are, to all intents and purposes, a taking into account of the social dimension; this is true specifically of harmonization of rules and technical standards and health and safety measures, fields where the Commission adopted a new programme when the Single Act came into force.

The supporting measures identified by the working party can be divided into three categories:

Firstly, the level of requirements in respect of training must be raised appreciably, as the internal market will reveal, new, at times specific, needs — some of which cannot be easily identified at this stage — or emphasize others. A major effort both in quantitative and qualitative terms, should therefore be made to place both people and firms in a position to tackle new jobs, new qualifications and new specializations. At the same time, the level of vocational training as such will have to be raised and this training must effectively prepare people for specific jobs. This is of such vital importance that the working party suggests that a decision on continuing training should be studied.

Financial as they are, the accompanying measures bring into play the various Community subsidy and loan schemes, which are the subject of the reform submitted to the Council, and also the specific instruments implemented in the context of the sectoral social support

measures. The working party draws attention to scope for improving the coherence of these two practices.

Thirdly, the adaptability of labour, which is one of the subjects of the social dialogue, represents a third type of response, albeit one which predates the problems raised by the internal market.

#### *4.3. The organization of an industrial relations area at a European level*

The working party, which has studied the problem from a long-term perspective, focused its activities on making a contribution to organizing a framework for European industrial relations.

It is convinced that the agreement of the two sides of industry, once it has been achieved, will be an indispensable stimulus for coherence and dynamism in the internal market. In other words, consensus and negotiation can play a fundamental regulating role within the framework of the completion of the internal market — and regulation is what is needed.

This option is considered preferable to two other approaches, i.e. a 'normative' approach which seeks to impose a whole range of restricting Community provision and a 'decentralized' approach, which rejects — as being counterproductive — any form of additional social legislation at Community level, except for minimum health and safety standards.

To explore and go beyond this dilemma has without any doubt been the most difficult task the working party has had to deal with. It is also an essential part of the expectations raised today by the social dialogue.

The working party, then, decided to make a distinction between two problems. The first relates to the choice between a Community and national approaches. This choice cannot be made simply on the basis of cost-benefit analysis; most sensitive problems relating to the social dialogue at Community level and studied by the group (social dumping, established social rights in northern countries) come within the Community approach.

The second problem concerns the way in which the Community approach should be organized. The specific difficulty here lies in the relative dearth of legal or institutional resources, which preclude a straight transposition of social regulation as practised in each Member State. The means currently available to meet the expectations of the two sides of industry therefore fall short of the urgency required in terms of the by now well-established economic credibility of the single market.

This problem was tackled by the working party. It believes that it reflects the need to think in terms of a Community forum where the problems raised by the management of change can be identified and analysed: a forum for preliminary negotiations concerning impending change, the institutional details of which are yet to be filled in. Such a body would be the centre for a legislative or contractual arrangements, and for organizing the compatibility of the various national social traditions. It would have to be conceived in such a way as to benefit from the joint experience of the dialogue between the two sides of industry, be it formal or informal, and of the tripartite discussions in existing Community bodies.

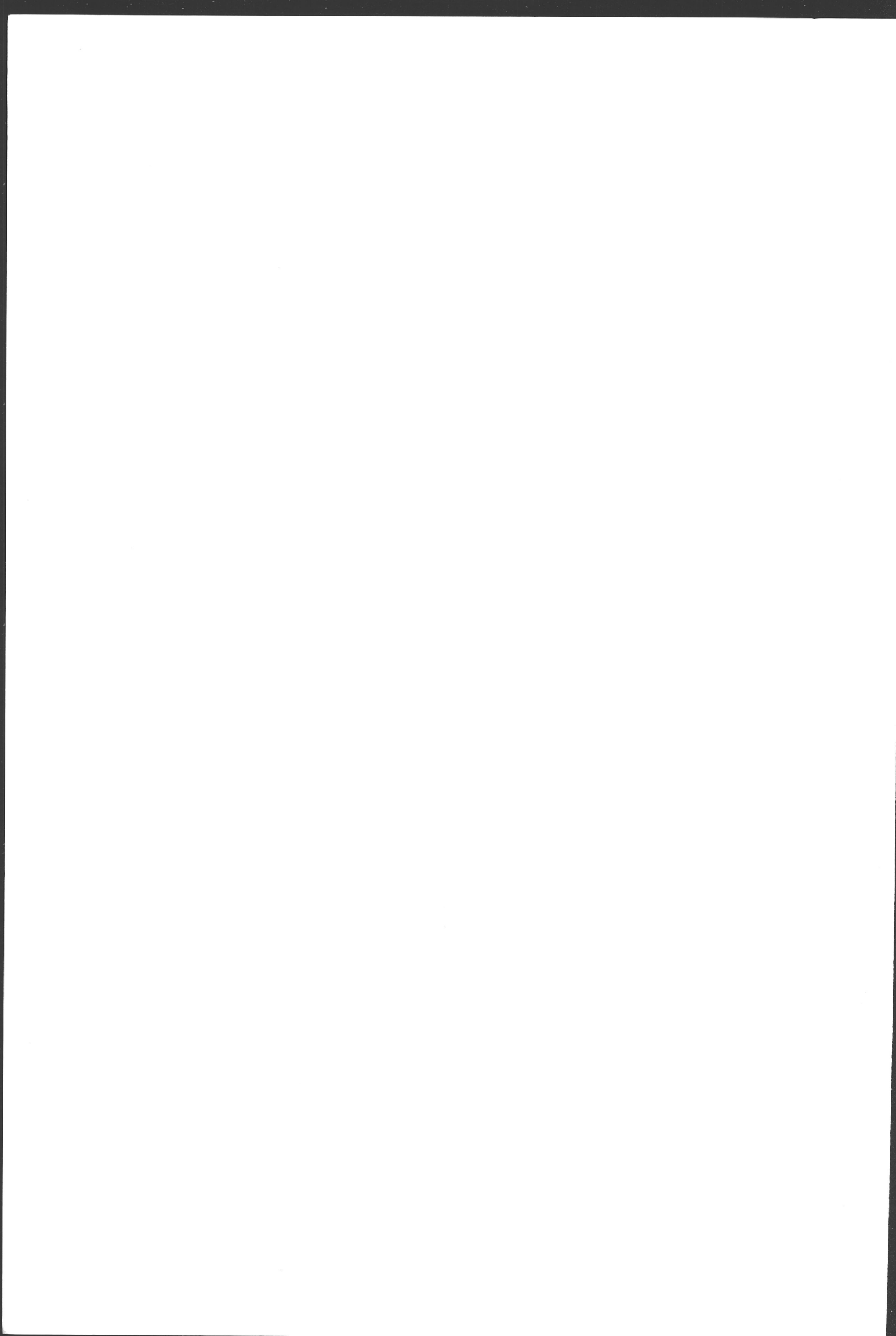
In the short term the working party's report concentrates on study and action on three levels.

First of all it describes the functions which the above-mentioned Community body would have at a social level: to continue with harmonization where legislation makes it possible, and in those areas where it would clearly lead to 'value added' both for the individuals involved and for firms (these areas should not be seen as abstract notions). The quest for convergence, which is far from self-evident, takes the form of trying to find similar solutions applicable in different Member States in response to common problems which can, however, manifest themselves in different contexts: social protection is a good example. Finally, a greater emphasis should be given to the organization, stimulation and exchange of innovative experiments.

The second level concerns a number of conditions governing the Community dialogue (going beyond institutional change) starting with the attitude of the two sides of industry themselves; the latter will be called upon to organize more effectively at European level and be prepared to take the initiative at that level.

Lastly, proposals are put forward for a more intensive and detailed social dialogue, by dealing with issues more directly related to the completion of the internal market on the one hand, and its decentralization at sectoral level on the other. Finally, it seemed logical to the working party to adopt the idea of a set of minimal social provisions as a starting base for such a system of European industrial relations.

A summary of the working party's proposals is given below.



# Recapitulation of the working party's proposals

*NB: Some proposals are already included in the Commission's programme for 1988; these are marked (\*\*).*

*The proposals marked with a (\*) appear capable of being implemented in 1988; the others could be included in an action programme.*

## **(1) — Guaranteeing conditions for genuine freedom of movement of persons and a European area of occupational mobility**

- (\*) 1. Drawing up on the basis of Article 44 of Regulation 1612/68 a Communication addressed to the Member States, which would remind them of Community law in this field, draw up a list of the main practical obstacles to freedom of movement and call on the Member States to deal with them by specific measures at national and intra-national level. Special attention could be given to aspects of daily life (insurance, driving licences, moving house, etc.).
- (\*) 2. Taking under study on the basis of an in-depth examination of cases of unequal treatment originating from national laws, an approval procedure relating to conformity of national laws, and regulations with Community law.
- (\*) 3. Conducting an energetic policy in respect of certain exemplary cases of infringement by giving a general scope to the judgments of the Court of Justice in requests for preliminary rulings.
  - 4. Increasing the awareness, by organizing decentralized seminars for example, of key persons and bodies such as lawyers, judges, specialized associations, employers and trade unions of opportunities for making use of national legal procedures.
  - 5. Extending Community rules governing social security to all insured persons moving within the Community (students, officials, . . .).
- (\*) 6. Listing the obstacles to the freedom of movement of persons, qualified persons in particular, with special attention to tax and financial aspects (transferability of acquired rights in supplementary company pension schemes and capital).
- (\*) 7. Celebrating 1988, the 20th anniversary of the establishment of the freedom of movement of workers, by organizing events to publicize this aspect of European integration.
- (\*) 8. Stepping up the dissemination of information with the help of the Information Offices and the Euro-Info-Centres.
  - 9. Analysing in greater depth the foreseeable migratory flows within the Community of skilled personnel. Identifying the requirements of firms in this field.
- 10. Strengthening links between labour markets by:
  - (i) developing relations and cooperation between national employment offices and employment policies, in particular on the basis of the Misep network;
  - (ii) taking the measures needed to modernize Sedoc.
- 11. Speeding up work on the comparability of qualifications, as was recommended by the Council on 22 December 1986, and planning their extension to level 3 (corresponding to basic vocational training supplemented by an additional qualification).

## **(2) — Anticipating and coping with the changes brought about or speeded up by the completion of the internal market**

- (\*\*) 1. Continuing and stepping up at Commission level endeavours to pinpoint sensitive areas and, more generally, to give thought to the social dimension of the internal market, by carrying out a coordinated series of studies and thematic analyses assisted by the know-how of outside experts (industrial economists, technicians from the ranks of industry and the trade unions, etc.). Coordination of these endeavours would appear essential in view of the complexity of the problem.

One of the bases for thought on this subject could be the 'EEC industrial outlook' (which the Commission intends to present in the second half of the year), in which social variables should be incorporated.

- (\*) 2. Giving thought to the advisability and characteristics of and the arrangements for setting up a mechanism for monitoring developments in the employment situation and the labour markets at sectoral level, a mechanism essential to a forward-looking policy.
- (\*) 3. An analysis of the situation of certain sectors in relation to the completion of the internal market has shown the amplitude of the qualitative change in employment and the probable massive emergence of new occupations: a forward-looking study at Community level on this subject would be particularly useful.
- 4. Continuing as it does the main thrust of the preceding suggestions, the idea of a periodical report by the Commission on the prospects and characteristics of the employment situation in the Community, included in one of the existing publications, deserves to be examined.
- (\*) 5. Identifying those instruments envisaged in the White Paper's work programme likely to derive benefit from the same approach as that adopted when the Directive on machines was drafted.
- (\*) 6. Reactivating discussions on a legal framework for European companies.
- (\*\*) 7. Making a greater effort in the field of vocational training.

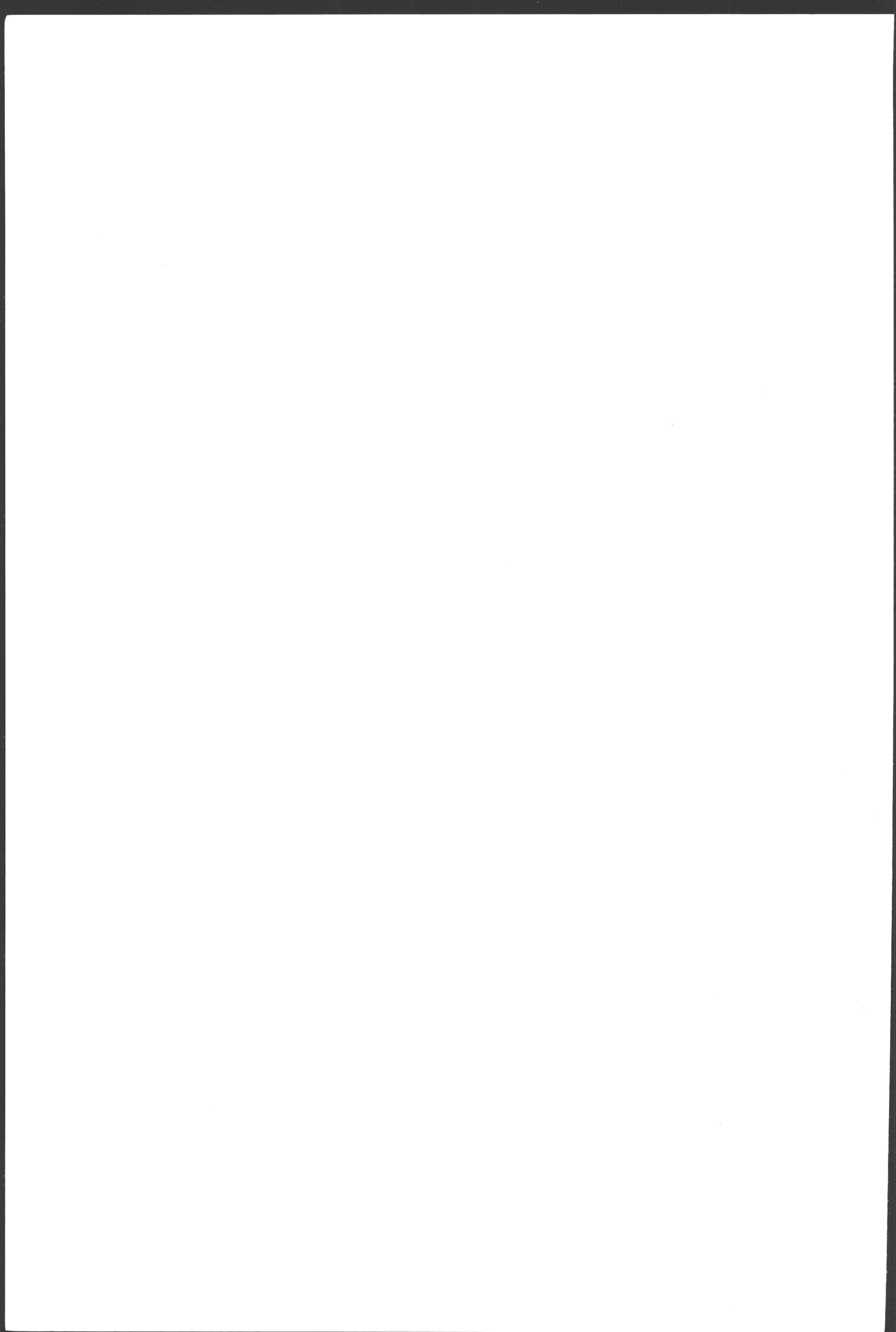
The Commission will present in the near future a Community action programme on adult training in firms within the general framework of Community vocational training policy.

- (\*) In view of what is at stake, thought should be given to the advisability and feasibility of a Decision on adult training.
- (\*) 8. Specifying that operations at regional level provide an outstanding framework for any policies aimed at coping with restructuring made necessary by the completion of the internal market.
- (\*) 9. Carrying out a methodological examination, internal to the Commission, of the coherence between now and 1992 between the new assistance instruments (objectives 1 and 2 of the reformed structural Funds) and the classic sectoral instruments.
- 10. Monitoring the adaptations carried out by the regions as the work of completing the internal market progresses in the form of an annual assessment of variations in employment and including this assessment in the periodical report on regional development.
- 11. Drawing up a guide to operational procedures for implementing objective No 2 and submitting it to Community regional advisory bodies.
- (\*\*) 12. Implementing a work programme in the field of health, hygiene and safety at work.

### **(3) — A European system of industrial relations**

- 1. Giving deep thought to the concrete conditions of organizing a European industrial relations area and, more particularly, to the following questions:
  - (i) identifying the obstacles to be done away with so that a European collective agreement relationship, the potential outcome of the social dialogue, may come into operation;
  - (ii) clarifying how this European level of collective agreement fits in with the other levels;
  - (iii) identifying the forum in which the social problems connected with the internal market could be defined and discussed.
- (\*) 2. Deepening the social dialogue in three ways:
  - (i) by taking account of topics more directly linked to the problems of the internal market: for example, those involving the freedom of movement of persons (social cover, equal treatment, recognition of qualifications, training);

- (ii) by its decentralization at sectoral level and by intensification of the sectoral dialogue;  
Drawing up, to this end, a Commission recommendation or opinion within the meaning of Article 118 of the Treaty (which provides for prior consultation of the Economic and Social Committee);
  - (iii) by a catalogue of opportunities for developing industrial relations within European multinational undertakings.
- (\*) 3. Carrying out a survey of the repercussions of the Val Duchesse agreements on new technologies and the level at which they are being put into practice in the Member States (multi-sectoral, sectoral, company).
4. Continuing consultation with national authorities and the two sides of industry about the establishment of a body of minimum social provisions supplementing those already existing and including:
- (i) the right of every worker, whatever his status, to be covered by a collective agreement or analogous instrument;
  - (ii) an opportunity for each worker to be a member of a social security scheme and to be covered by insurance (without being excluded on the grounds of being a 'bad risk');
  - (iii) prior information and consultation of workers in the event of technological innovations and major changes in undertakings;
  - (iv) the definition of flexible forms of contracts of employment and of atypical employment (part-time, temporary employment, fixed-duration contract, subcontracting);
  - (v) a standard contract of employment.





# Introduction

The completion of the internal market is a growth project which, through the dynamism it will unleash, will provide an increase in growth and competitiveness for European economies. However, it is already evident that the success of this project will be first of all the business of all the economic and social agents at various levels in all the regions of the Member States.

In this respect it is highly encouraging to note that in 1985 the two sides of industry gave their support to the grand design for 1992. In recent times there have been few countries where the two sides of industry have agreed to support a political project of an economic nature.

The effects expected overall are thus both positive and substantial. However, such a project will succeed only if its cost is evenly spread, if all are called upon to share in its implementation, if available human resources are prepared for the changes which are bound to come about and are made use of, in short if full account is taken of the social dimension.

At the time it has opted for the strategic priority of completing the internal market, the Community is faced with major structural problems, foremost among which is a very high rate of unemployment, particularly long-term unemployment. The Commission has launched a number of initiatives in an attempt to cope with these problems. The strategy of cooperation for growth and employment proposes coordination of macroeconomic policies with a view to increasing growth. This approach has received the support of the two sides of industry and its incorporation in the policies of the Member States needs to be stepped up. Furthermore, in response to the Council Resolution of 22 December 1986 a number of priority action programmes have been set up, one of which is concerned in particular with the long-term unemployed. At the same time, the Community is endeavouring to step up its economic and social cohesion by means of a variety of instruments (the structural Funds, financial engineering).

This report focuses on the social dimension which must be taken into

account in the process of completing the internal market. Clearly, there are other aspects of social policy to which thought must also be given. In particular, the 'social dimension of the internal market' should not be confused with the concept of 'imparting a social dimension to the Community', though it helps to define certain aspects of it.

It is likewise necessary to delimit the area of investigation. 'Social dimension' covers several aspects:

- (a) genuine freedom of movement of persons within the Community;
- (b) the social aspects of the provisions contributing to the completion of the internal market (e.g. standards, company law, etc.);
- (c) social changes which will be touched off or speeded up by the completion of the internal market: their anticipation, measures to cope with them.

In other words, while (a) covers one of the four freedoms of movement which implementation of a frontier-free area requires, (b) and (c) are concerned with the social effects which implementation of the other freedoms has and will continue to have.

Nevertheless, the working party's endeavours did not cover all the aspects just referred to. Some topics, since they are dealt with actively elsewhere, were not the subject of direct consideration.

This applies, in particular, to questions relating to company law, the reform of the structural Funds, Article 118 A and the various topics relating to adaptability of the labour market. However, such conclusive components as were available were incorporated in this report. To conclude this exercise in demarcation, be it noted that the social dimension of the internal market goes beyond industrial relations and, in part, also concerns consumer policy, family policy, etc.

The Commission has already taken this social dimension into account even before

the working party began its work, for example in the field of hygiene and safety (programme in the field of safety, hygiene and health at work). Furthermore, there is an explicit reference to this field in the Single Act. It gave rise to a number of in-depth studies and stimulated highly fruitful reflection in other forums, such as the Economic and Social Committee (Beretta report) or the European Parliament.

For its part, the working party was instructed to draw up an exploratory summary report setting out a method of taking account of the social dimension of the internal market. Its task was thus to take stock of the situation, discover the opportunities and necessities likely to emerge as the process of completing the internal market goes forward and recommend a series of instruments — not exclusively binding ones — to meet them.

Its approach consisted of finding answers to the following three types of questions: what operations of a social nature can be integrated in the programme of the White Paper? What anticipatory and supporting measures should precede completion of the internal market? What initiatives might be taken as part of the dialogue between the two sides of industry?

The upshot of this was three series of additional endeavours whereby the working party tried to combine an economic and a social approach:

- (i) pinpointing trends and listing the causes of migratory movements within the Community before examining the various Community instruments authorizing the freedom of movement of persons and giving thought to the conditions for genuinely exercising the right of freedom of movement and freedom of establishment within the Community (part 1);

(ii) a forward survey of the social changes which will be brought about or speeded up by the completion of the internal market. This involved

pinpointing sensitivities (sectoral, regional, etc.) to the abolition of frontiers and was followed by thoughts on how to anticipate and cope with these changes, (part 2);

(iii) an attempt to identify possible approaches to social integration in the light of the frontier-free area (part 3).

# Part 1

## Guaranteeing conditions for genuine freedom of movement of persons and a European area of occupational mobility

The Treaty lays down as a general and fundamental principle the freedom of movement of workers (Articles 48 to 51) and freedom of establishment (Articles 52 to 58):

- (i) freedom of movement of workers 'shall entail the abolition of any discrimination based on nationality between workers of the Member States as regards employment, remuneration and other conditions of work and employment' (Article 48(2)). It includes the right to accept offers of employment, to move freely within the Community for this purpose, to stay in a Member State for the purposes of employment and to remain in a Member State after having been employed there (Article 48(3) (a) (b) (c) (d)). Article 51 provides that the necessary measures shall be taken in the field of social security;
- (ii) freedom of establishment 'shall include the right to take up and pursue activities as self-employed persons and to set up and manage firms' (Article 52).

Furthermore, however, the reference in the Single Act to a frontier-free area clearly expresses the will to establish freedom of movement of persons seen as citizens of the Community and not merely as workers, factors in the production system.

However, certain exceptions to or restrictions of this principle are to be found in the Treaty itself. We are obliged to note that the provisions of Article 48 'shall not apply to employment in the public service' (Article 48(4)) and that Article 55 lays down that the provisions relating to the right of establishment 'shall not apply ... to activities which are connected, even occasionally, with the exercise of official authority'. Furthermore, there are limitations on 'grounds of public policy, public security or public health' Articles 48(3) and 56(1).

However, while freedom of movement and of establishment constitutes, despite these restrictions, a major right of individuals, of citizens of the Community, it is also an economic opportunity for workers and firms. It is an opportunity which

should receive more publicity and be encouraged, for a number of economic arguments show that achievement of genuine freedom of movement of persons, of employees in particular, constitutes a major factor — the importance of which is likely to increase — in the integration and strengthening of the European economy.

The aim of this section is thus threefold:

- (i) to scrutinize the major trends of migratory movements within the Community, the reasons behind these movements and the main problems which migrants face today;
- (ii) to recall the components of Community action relating to freedom of movement and of establishment, what has been achieved and the problems which remain in abeyance;
- (iii) and to lay down the broad policy lines for a continuation, if not intensification, of this action by proposing appropriate instruments to be created, supplemented or updated.

# 1.1. Social and economic background

## 1.1.1. The main trends of migratory movements within the Community

1.1.1.1. First of all, it is necessary to keep in mind the following general ideas about migratory movements:

(a) Overall, where there are major differences in the marginal productivity of labour between one region and another of an economic area, migration helps to increase the income both of the individual and of the economy as a whole. In other words, better geographical allocation of human resources implies advantages for all.

(b) Worker mobility may also help the economy to adapt to certain unavoidable structural changes. Admittedly, areas of departure point out that migration entails the loss of young and dynamic persons, who could have contributed to local development. On the other hand, it is undeniable that migration reduces the surplus of unemployed labour and that the movement of qualified persons can also help underdeveloped regions, either directly or through the return of persons to their region of origin. At all events, emigration is no more than a passive solution for the problem regions and presents a challenge to regional policy.

Furthermore, it must be stressed that migration, apart from the economic benefits it may entail, can be a factor for change and innovation in the host regions.

(c) Mobility affects two categories of workers who are responding to vastly different motivations: qualified persons on the one hand and relatively unskilled persons on the other (obviously, we are dealing here exclusively with movement within the Community, i.e. between Member States).

1.1.1.2. The major net migratory movements ('mass migrations', essentially quantitative) from the declining or under-

developed regions to areas of economic expansion, which characterized European economies in the 1960s and the beginning of the 1970s, have, for obvious reasons, dried up.

Figures provided by the Statistical Office show that the number of Community foreign employees in the Member States did not vary significantly during the 1980-85 period, except in Germany where there was a reduction of almost a quarter. This is shown by Table 1 on the following page. A similar declining trend may, incidentally, be noted in respect of all foreign Community residents.

Will these trends reverse themselves in the foreseeable future? Probably not. However, we cannot exclude the possibility of a revival of these movements where the situation improves on certain labour markets, particularly as regards those jobs — generally to be found at the bottom of the occupational hierarchy — where foreign workers are most competitive.

Account must also be taken of the fact that the rate of activity of foreign women in the host country is very low and that these women may enter the labour market. Finally, in the longer term, account must be taken of demographic trends and the foreseeable variations in the development of the working population in the Member States: in some Member States which traditionally employ foreign workers, the population growth rate will be very low, if not negative, while it will be maintained in others (see Table 3).

At all events, fears harboured in some potential host areas about a repetition of the migratory movements of previous decades are unjustified. On the one hand because, as we have seen, the economic effects of these movements are positive overall for all the areas in question. On the other and above all, because the reasons behind migratory movements have

profoundly changed, as we shall see hereafter (see point 1.1.2).

1.1.1.3. Massive movements of unskilled labour are increasingly giving way to 'fluid exchanges' of skilled persons moving about all over the Community without constituting particularly significant net migratory movements.

From the point of view of the individual this kind of mobility increases opportunities for choice and for occupational and cultural enrichment. As regards firms it increases competition and promotes a high level of specialization.

Large multinational companies arrange the geographical mobility of their staff from one establishment to another and from one country to another. This kind of mobility applies to qualified, if not highly qualified, staff. It may be said that these groups take the disparities within the Community in their stride and that this type of mobility, based upon specialized information networks, remains relatively indifferent — since it usually involves top executives — to conditions in the host country (social protection, remuneration, accommodation, etc). The Airbus consortium is an interesting example: the firm 'takes care of things'.

However, it is probable that such specialization-oriented migration will increase and become more widespread in the future, giving birth to pressing needs. One of the profound characteristics of the structure of trade within the Community is the importance of intra-industry and intra-service movements. This is one of the keys to the competitiveness of the European economy.

Thus, the freedom of movement of workers, in particular of qualified workers, which constitutes the social counterpart to this finely tuned economic complementarity, is a highly important factor. And it is even conceivable that this 'fine tuning' in the utilization of manpower will bring about the expression by firms and indi-

## SOCIAL AND ECONOMIC BACKGROUND

Table 1

### Foreign employees in the Community

	B	DK	D	GR	ES	F	IRL	I	L	NL	P	UK
<i>(1 000)</i>												
<b>Total residents (1985)</b>												
— from Member States	584	25	1 357	27 (*)	134 (*)	1 578 (*)	67 (*)	nd	89 (*)	173	21	729
— total foreigners	898	108	4 380	87 (*)	227 (*)	3 680 (*)	88 (*)	211 (*)	96 (*)	559	80	1 700
— percentage of EEC nationals	65.0	24.1	1.0	31.0	59.0	42.9	76.1	—	92.7	30.9	26.3	42.9
<b>Employees 1980</b>												
— from Member States	159	11 (*)	732	5	nd	653 (*)	nd	nd	nd	84	nd	466 (*)
— total foreigners	213	39 (*)	2 041	25	61 (*)	1 208 (*)	nd	nd	nd	190	26 (*)	833 (*)
<b>Employees 1985</b>												
— from Member States	144 (*)	12	520	6	nd	640	17	14 (*)	50	76	nd	398
— total foreigners	191 (*)	39	1 555	24	nd	1 260	20	57 (*)	53	166	nd	821
— percentage of EEC nationals	75.4	30.6	33.4	25.0	—	50.8	85.0	24.6	94.3	45.8	—	48.5
— percentage of EEC nationals in total of employees	5.0	0.5	2.4	0.4	nd	3.6	2.1	0.01	35.7	1.7	nd	1.9

Source: Eurostat.

(\*) 1981.  
 (\*) 1982.  
 (\*) 1983.  
 (\*) 1984.

Table 2

### Migrations of employees within the Community (1985)

Origin	B	DK	D	GR	ES	F	IRL	I	L	NL	P	UK
B		0.1	7.8	0.1		12.5	0.1		8.5	21.3		3.3
DK		—	2.8	0.0		1.1	0.2		0.1	0.4		3.2
D		3.7	—	1.2		15.4	0.5		5.0	16.3		17.6
GR		0.2	103.4	—		1.0	—		0.0	1.6		7.3
ES		0.4	67.2	0.0		400.1	0.2		0.9	3.2		14.5
F		0.7	40.9	0.8		—	0.3		10.4	2.5		16.8
IRL		0.4	1.3	0.0		0.7	—		0.0	0.9		268.0
I		0.8	199.9	1.1		94.1	0.3		8.2	7.2		56.5
L		0.0	1.1	—		—	—		—	0.1		—
NL		0.8	30.3	0.2		2.7	0.4		0.8	—		9.0
P		0.1	35.2	0.0		98.3	—		15.3	7.8		2.0
UK		4.4	30.0	2.7		13.4	14.7		0.5	14.9		—
<b>Total</b>	<b>144</b>	<b>12</b>	<b>520</b>	<b>6</b>		<b>640</b>	<b>17</b>		<b>50</b>	<b>76</b>		<b>398</b>
<b>Non-Community States</b>		<b>27.7</b>	<b>1 035.5</b>	<b>17.9</b>		<b>619.6</b>	<b>3.6</b>		<b>2.6</b>	<b>89.6</b>		<b>422.6</b>

Source: Eurostat.

viduals of a wide range of requirements as regards Community harmonization and a more demanding attitude towards information, training, qualification, research, type of employment contract, temporary employment assignment, etc.

In other words, implementation of genuine freedom of movement of persons and harmonization of a number of factors promoting such mobility are an element of added value for firms and a plus for individuals, whose idea of the labour market is changing and widening. Under point 113 we will examine the extent to which the

action taken by the Commission and, more generally, the completion of the internal market are likely to accentuate these requirements.

1.1.1.4. Parallel to the preceding phenomenon, the duration of mobility is changing and is tending to become temporary rather than permanent. If we accept the idea that geographical mobility increasingly tends to be on a basis arranged by firms or by persons, we are inclined to conclude that in future this mobility will more often be temporary than

permanent. Movements back to the country of origin are likely to speed up, sometimes presenting particular problems. On the other hand, however, the experience and skills acquired by these returnees will be to the advantage of their countries of origin.

A few examples of temporary mobility: transfer of a team to carry out major operations under a public works contract, transfers of research workers and technicians under a cooperation and exchange agreement, transfers within a multinational company, etc.

## 1.1.2. Factors which promote mobility and those which discourage it

Above and beyond the well-known factors (level of demand, rate of growth, differences in income and productivity, etc.), two or three trends have emerged from recent studies.

### 1.1.2.1. Unemployment and certain forms of tertiarization of the economy appear to be factors contributing to immobility

Throughout the Community mobility does not appear a major remedy for unemployment, for the essential factor is qualification. Thus, since throughout the Community relatively few unskilled jobs are on offer, there is little to induce the unemployed to become mobile.

On the contrary, the development of certain services for the individual (health, etc.) and sometimes of a parallel economy, which is based to a considerable extent on the existence of local networks built on acquaintance or

solidarity, tends, rather, to promote immobility. To the unskilled, emigration seems too great a risk to take. This phenomenon is particularly evident in the south of Italy and in the north of Germany or the United Kingdom. As for the Mediterranean countries, activities linked to tourism provide a major local outlet for the unskilled.

### 1.1.2.2. The social protection and taxation question is complex and controversial

As regards unskilled persons, it would seem that raising the level of social cover plus maintenance of demand at a low level has helped to stabilize population movements. This is true, for example, of such countries as Italy, Spain and Portugal.

As regards skilled or highly skilled workers, this factor is no more than a component of their incomes and may seem secondary.

More generally, the three principles which derive from the coordination within the Community of national schemes (equal treatment, preservation of rights which have been acquired or which are being acquired, exporting of benefits) make it possible, as a result of their wide field of application, to cover most cases. However, some aspects may be regarded as impediments to mobility within the Community:

- (i) the proliferation of supplementary schemes set up under collective agreements in some countries makes coordination impossible. Is this after all indispensable? Apparently (there is a lack of accurate information on this subject) not. Although we cannot formally exclude that some difficult choices might have to be made where a person was faced with double contribution liabilities, the exporting of social security benefits does not appear to present problems within the Community. Does the United States not teem with similar examples, which present no problems?

- (ii) a student who is not a member of the family of a migrant worker is insured only to the extent that the national legislation of the host Member State specifically provides for his cover;
- (iii) a civil servant coming under a special scheme is not covered; the problem of some research workers is particularly acute;
- (iv) obstacles to a return to the country of origin derive from the fact that either none or an inadequate portion of a bridging pension may be exported, the decision on this being left to the discretion of the host Member State; the same applies to unemployment benefit, which may be exported for a period of only three months;

- (v) the great diversity of systems for the taxation of incomes and capital undoubtedly constitutes a factor militating against mobility, particularly for the more well-off families.

The complexity and diversity of these questions are such that a comparative survey and an *ad hoc* study would be justified.

### 1.1.2.3. Living and housing conditions increasingly condition mobility

Quality of life is a major criterion for those engaged in the most skilled occupations. It includes the geographical and cultural environment, the quality of infrastructures, etc., and to a large extent

explains the current attraction of certain areas, generally by the sea. For unskilled workers the decisive factor seems to be the availability of accommodation, though qualitative considerations are obviously not excluded.

Finally, in some declining industrial areas unemployed persons who own a house are often reluctant to move because of the investment, both emotional and financial, which it represents.

1.1.2.4. It should be noted that the level and degree of appropriateness of the training acquired obviously plays a vital part, as does the existence of information networks, be they official or informal, public or private.

## 1.1.3. The impact of completing the internal market

Apart from the Commission's own action in respect of freedom of movement and freedom of establishment, we must remember that some measures taken within the more general framework of completing the internal market, or even outside that framework, may be such as to step up the mobility of workers and make certain requirements more distinctly discernible.

Here are a few examples, though there are plenty more:

- (a) Generally speaking, the increased integration of the European economies is bound to speed up and render more necessary the movement of persons; this will be the case, more particularly, at microeconomic level of foreseeable transfrontier concentration and merger operations in certain sectors (see point 2.1.3).

Action by the Commission and the adoption of provisions promoting European inter-firm cooperation (company law: proposal for a legal

framework for European companies, '10th Directive' on transfrontier mergers, etc.; the business co-operation network known as BC-Net; etc.) are likely to speed up qualitative intra-industry migration.

- (b) The opening up of public contracts, particularly for major public works, may entail major temporary migrations similar, in some people's view, to those in the Middle East in the 1970s.
- (c) As regards individuals, the completion of the internal market will change and broaden the idea they have of labour markets and sometimes later their perception of the opportunities offered to them. In this context, the information and coordination endeavours on the part of the Commission (Sedoc) are highly important.
- (d) The various Community programmes which are helping to do away with barriers within the European scientific community (Science, Esprit, Race,

etc.) will undoubtedly help to increase needs for occupational mobility within the Community.

- (e) As a result of the reform of the structural Funds, Community regional policy is likely to contribute still more to the financing of investments which would require a workforce not available on the spot.

An examination of the major trends in migratory movements within the Community and a survey, however cursory, of the reasons behind (and the obstacles to) mobility show how necessary and useful action by the Commission in respect of genuine freedom of movement of persons is.

To these economic arguments must be added considerations of a moral nature. In many cases, the decision to take up employment in another Member State is prompted by necessity. It is therefore legitimate to make every effort to solve the problems which render even more difficult an unwanted emigration and the

social integration of the person in question (to say nothing of his integration of public life).

Furthermore, and particularly as regards workers with little or no qualification, the terms of employment of migrants are more directly vulnerable to economic fluctuations than those of the average run of employees.

However, we cannot deal with these problems correctly if we leave out workers from non-Community countries.

## 1.1.4. Workers from non-Community countries present a particular problem

In the countries with a tradition of immigration, such as Germany and France, the problem of migrants who do not wish to return to their country of origin relates to their internal geographical mobility and their possible retraining for work in the tertiary sector.

In other Member States, such as Spain, Italy and Greece, the development of the services sector and of a parallel economy appears to be the reason behind a growing immigration from the Third World. We are thus witnessing rivalry for unskilled jobs between Europeans, who are less inclined to move and are more demanding as regards wages and social cover, and workers who have come, legally or illegally, from non-Community countries and who are far more mobile.

To this we must add awareness of the major demographic and economic imbalances between the north and the south of the Mediterranean, which will probably grow worse with the completion of the internal market on the eve of the third millennium. This is shown by Table 3 on the next page.

Thus we find ourselves facing in a newly acute form the problem of migration policy *vis-à-vis* third countries.

*Table 3*

**Demographic and economic imbalances North-south of the Mediterranean**

	Estimated population in 1985 (in millions)	Population under the age of 15 (%)	Urban population (%)	Per capita income in 1983 (USD)	Estimated population in 2000 (in millions)	Estimated population in 2020 (in millions)
Spain	38.5	26	91	4 800	41.7	43.4
Portugal	10.3	26	30	2 190	11.1	12.1
France	55.0	22	73	10 390	56.8	57.5
FRG	61.0	17	94	11 420	58.4	49.9
United Kingdom	56.4	20	76	9 050	57.0	55.9
Italy	57.4	21	72	6 350	57.8	54.8
Greece	10.1	22	70	3 970	10.9	11.6
Turkey	52.1	39	45	1 230	71.3	97.0
Yugoslavia	23.1	24	46	2 570	24.6	25.0
Syria	10.4	47	47	1 680	18.1	29.5
Lebanon	2.6	38	76	—	1.9	3.0
Egypt	48.3	40	44	700	67.3	94.2
Libya	4.0	46	64	7 500	6.7	11.5
Tunisia	7.2	40	52	1 290	9.7	12.9
Algeria	22.2	46	52	2 400	35.5	53.5
Morocco	24.3	46	42	750	37.5	58.8

*Source:* Population Reference Bureau. Washington, 1985.



# 1.2. Commission action, Community achievements and problems in abeyance

For the sake of clarity, even at the price of some unavoidable repetitions, consideration in this subsection will be given to the problem of mobility from the

point of view of three separate groups of the population: employed persons, who constitute by far the largest group, self-employed workers and non-working

persons. Subsequently, questions cutting across all three will be considered.

## 1.2.1. Genuine free movement of employed persons and members of their families

In this area Community achievements are both longstanding and significant so much so that it can be claimed that free movement has officially been achieved. But changes in the economic context have shown up a number of loopholes, mainly concerning special categories of workers and a radical updating of the basic instruments is needed.

However, to be able to speak of genuine freedom of movement, a general system for the recognition of diplomas must be established and a greater degree of conformity must be achieved between Community law on the one hand and (new) national instruments and practices on the other.

### 1.2.1.1. A very important achievement

The secondary legislation adopted so far (see attached list) aims at guaranteeing to workers and members of their families rights with regard to geographical mobility, occupational mobility and social integration in the host Member State:

- (i) geographical mobility: any national of a Member State may leave his country of origin, enter and stay in another Member State in order to look for and take up gainful employment for a limited or unlimited period and subsequently live there after having worked there. In addition, he is protected against the arbitrary application of measures adopted for reasons of public order, public safety and public health, these measures being subject to supervision by the Court of Justice;
- (ii) occupational mobility: any national of a Member State may receive

assistance from the authorities of the host country in seeking employment, obtain access to employment offered in the host country, and enjoy the same terms of employment and working conditions as nationals of that country. In addition, should he exercise (or have exercised) an activity in the host country, he can also enjoy the same training facilities and occupational reintegration opportunities as those available to nationals of the host country;

- (iii) social integration: the worker enjoys equal treatment in respect of social advantages (i.e. all the advantages, whether or not attached to the employment relationship, normally granted to nationals of the host country, whether on a discretionary basis or not.) Such equal treatment, extended to members of the worker's family, apply to material benefits and certain civil rights: reduced rates on public transport, loans or special grants for births, social assistance, grants or financial aid for access to general education and vocational training on the same terms as national students (this applies to the worker, the spouse and other members of the family); the exercise of trade union activities, access to State-subsidized housing, etc.

The judgments handed down by the Court of Justice have defined the field of personal, material and territorial application of the principle of freedom of movement:

- (i) in respect of part-time workers, provided their activity is effective and genuine;

- (ii) to jobs in the public service, provided they do not involve the exercise of public authority and the safeguarding of the general interests of the State (see also paragraph 1.2.2 below);

- (iii) under certain conditions 'territory' may include extra-Community countries, where the employment relationship entails legal links with a Member State (e.g. where the employment relationship is established within the Community while the work itself is performed outside the Community).

With respect to reuniting the migrant worker with his family and the rights of members of that family the following positive elements should be cited:

- (i) the spouse, dependent members of the family, dependent relatives in the ascending and descending line of the worker and his spouse are entitled to take up residence with the worker in another Member State, regardless of their nationality, subject to the sole condition that the latter has accommodation at the time of their installation;
- (ii) the spouse and children, even those of non-Community nationality, are entitled to take up paid employment;
- (iii) the Court specified that spouses have the right of residence up to the date of a formally granted divorce and do not need a work permit from the host country to take up paid employment if they are nationals of a non-member country. The children, regardless of their age, are always entitled to live with the worker provided they are his dependants. This is also true in the case of relatives in the ascendant line.

Finally, with regard to the social security of migrant workers, the instruments (Regulation (EEC) 1408/71 and the implementing Regulation No 574/72) seek to ensure coordination of national legislation in respect of social security by giving effect to the following basic principles:

- (i) application of a single body of legislation in any one case (*lex loci laboris* principle);
- (ii) conservation of acquired rights (export of services to any Member State) or rights being acquired (taking into account all periods of employment, insurance or residence in the Community for entitlement to and calculation of benefits);
- (iii) equal treatment between nationals and citizens of other Member States.

These principles ensure the provision of social protection (in the case of sickness, invalidity, old age, for survivors, industrial accidents and occupational diseases, unemployment, family benefits, death) for workers in paid employment and self-employed workers (Community nationals, Stateless persons or refugees) moving within the Community and for members of their families (regardless of their nationality).

### 1.2.1.2. Problems in abeyance

It should first of all be pointed out that, in terms of the instruments to which reference has just been made, freedom of movement is almost fully achieved, at least officially, for employees. If genuine freedom of movement is to become a reality, three types of problems have yet to be resolved:

- (a) Experience has revealed a number of loopholes in the instruments now in force. Furthermore, major economic and social changes have come about since the drafting of the basic instruments (the Treaty of Rome was drawn up in a period of almost full employment; the main Regulation and Directive date from 1968) make it essential to supplement these instruments.

As regards the loopholes, attention should be drawn to the following:

- (i) the range of persons covered by Community rules has been widened, notably to include refugees and Stateless persons who are already covered by the social security Regulations 1408/71 and 574/72 and all the relatives in the descending and ascending line of the worker and his spouse, whether dependent or not, and dependent collaterals;
  - (ii) the principle of equal treatment of migrant workers and nationals of the host Member State has been strengthened. In particular, the principle of equivalence of situations with a view to granting social and tax advantages has been extended;
  - (iii) the right of residence of Community workers has been reinforced particularly when they become unemployed or are in short term employment.
- (b) The existence of an abundance of rulings handed down by the Court of Justice justifies updating Regulation 1612/68 and Directive 68/360.
  - (c) Many cases of discrimination arise as a result of unequal treatment of nationals and employees from another Member State. Such inequality is due to a lack of conformity between national and Community law and a failure to take adequately into account Community law and the rulings of the Court of Justice when the new laws or regulations are adopted by Member States. This practical and administrative aspect is fundamental. Below is a table illustrating the variety and diversity of cases where Community legislation has not been taken into account.

Besides general cases, account should be taken of the specific situation of certain groups of employees such as frontier workers, workers in the public sector, unemployed persons and persons in early retirement, concerning whom the action currently engaged by the Commission will be presented.

### Frontier workers (1)

A frontier worker is defined as anyone domiciled in a country to which he returns, as a rule, every day or at least once a week though working on the territory of another country. According to estimates made in the 1970s, there are about 250 000 frontier workers in the Community, working in another Member State or a non-member country. However, these statistics are not reliable.

Certainly, the established rights for this category of workers are not negligible. In its 1985 communication (COM(85) 529) the Commission stressed that Article 7 (2) of Regulation 1612/68 concerning social and fiscal advantages applied directly to frontier workers. In addition, social security regulations (1408/71 and 574/72) apply in full to employees and self-employed persons. Furthermore, special provisions are applicable in respect of benefits in kind under the sickness insurance scheme and unemployment insurance benefits.

Thus the frontier worker is entitled to benefits in kind in both countries concerned (country of work, country of domicile). This right is also valid in respect of members of the family, provided an agreement to this effect exists between the two countries.

Article 71 of Regulation 1408/71 provides that the frontier worker can obtain unemployment benefit in the country of residence as if he had last been employed in that country.

Nevertheless many specific problems persist:

- (i) with respect to taxation, two taxation systems coexist, in the country of work and the country of domicile. In both cases, problems arise in terms of taxable income, tax exemptions, family tax allowances, etc. In 1979 the Commission proposed in a Directive

(1) See also working paper (April 1987) and the future report by Mr Barros Moura, European Parliament.

**Lists of examples of legislation, regulations, circulars and administrative practices of the Member States adopted since 1968 and regarded as incompatible with the rules of freedom of movement**

This list is illustrative and not of course exhaustive. Most of the cases listed below have been resolved.

**BELGIUM**

- Legislation with respect to additional registration fees for foreigners required EEC workers and members of their families to pay foreign student fees, contrary to Articles 7 and 12 of Regulation 1612/68 establishing equal treatment with respect to access to vocational training and general education.
- Certain provisions relating to the grant of various types of social assistance discriminated against EEC workers and members of their families.
- Additional leave for mineworkers was not granted to EEC workers doing their military service in their country of origin.

**FRANCE**

- The Maritime Code excluded EEC workers from access to employment as seamen.
- The Labour Code prohibited temporary employment businesses from recruiting EEC workers for duties outside France.
- The Family Code and Social Assistance did not provide for the issue of a national priority card for pregnant women to Community workers and spouses of EEC workers.
- The Health Code restricted access to permanent employment as nurses in public hospitals to French nationals.
- A decision by the City Council of Paris restricted the grant of parental leave for bringing up a child to parents of French nationality.
- A Ministry of Education circular submitted the award of university study grants to conditions which discriminated against these workers and their children.

**ITALY**

- The law excluded EEC workers from ownership of State-subsidized housing.
- Certain regional laws restricted access to the occupation of ski instructor to Italians.
- Certain forms of vocational training were reserved for Italians.
- Access to the occupation of frogman was restricted to Italians.
- The law prevented EEC research workers from occupying permanent posts on the staff of the National Research Council.

**LUXEMBOURG**

- The law prohibited the grant of certain social advantages to nationals of Member States who did not meet the condition of a period of residence in Luxembourg.
- In Luxembourg, genuine equal treatment is not ensured for children of EEC workers as regards access to education, for it excludes the latter from its bilateral agreements with Belgium on education.

**NETHERLANDS**

- The law banned access to certain social advantages by EEC workers working part-time. Similarly, the authorities prohibited the exercise of the right of freedom of movement to EEC workers planning to work part-time.
- The authorities did not apply to EEC workers a provision allowing family reunion with the spouse.

**FEDERAL REPUBLIC OF GERMANY**

- The law denied access to the profession of doctor in an employed capacity to the non-EEC spouse of an EEC worker.
- The law took no account of military service performed in the country of origin of an EEC worker.
- The administrative practice in certain Länder permitted the expulsion of EEC workers or former EEC workers exercising their right of residence because they had applied for social assistance.
- Certain regional laws limit the grant of parental leave to bring up a child to German nationals.
- German income tax law makes no provision for rebates in the case of an EEC worker's dependent children living abroad.

**UNITED KINGDOM**

- Administrative practice with respect to access to State-subsidized housing discriminated against Community workers.
- Regulations with regard to the award of study grants included conditions which discriminated against EEC workers and their children.

that the country of residence be chosen as the country of taxation. The problem has not been solved;

- (ii) the activities of temporary employment businesses in frontier regions should be subject to more systematic and coordinated supervision;
- (iii) the liberalization of capital movements is particularly relevant for frontier workers;
- (iv) problems arising in connection with the validity of a driving licence (issued in the Member State of origin) in the country of employment; through the temporary import of a service vehicle into the country of residence when it is registered in the country of employment by the taxation system applying to the import of vehicles, through insurance policies, etc. all constitute indirect impediments.

*Workers in the public sector*

The exclusion of workers covered by a special social security scheme (for officials or similar staff) from the field of individual application of the Regulation creates a significant gap in social protection for those workers who wish to exercise their right to freedom of

movement, bearing in mind the Court of Justice ruling which gave a restrictive interpretation to the scope of the exception to Article 48(4) of the Treaty (which refers to 'employment in the public service').

The Regulations must be extended to this category of workers in the near future. This possibility was unfortunately reduced up to now by a restrictive interpretation of the existing texts.

Employment in the public service, to the extent that it does not involve the exercise of public authority and the safeguarding of the general interests of the State, is subject to the rules of freedom of movement notwithstanding Article 48(4) of the Treaty.

Consequently the Commission has decided to undertake systematic action to eliminate those restrictions based on nationality which in any Member State deny workers from other Member States access to employment in certain specified public sectors.

This action will begin early in 1988, after informing the Member States, the European Parliament and the Economic and Social Committee. It will deal on a priority basis with the following four sectors:

- (i) organizations responsible for managing a commercial service (public transport, distribution of electricity or gas, postal services and telecommunications, radio and television bodies, airlines or shipping companies);
- (ii) operational public health services;
- (iii) teaching in public establishments;
- (iv) research for non-military purposes in public establishments.

*Unemployed workers and persons in early retirement*

Bearing in mind the seriousness of the labour market crisis in the Community, the Commission forwarded to the Council in 1980 a proposal for a Regulation seeking to resolve, with respect to the rights of migrant workers, certain problems to which no solution could be found in the context of the current provisions of Regulation 1408/71, which had been adopted in a period of full employment. More particularly it was a question of:

- (i) extending the territory in which unemployment benefit can be received; at present too many unemployed workers are obliged to live in the

country of their last employment, where they are still inadequately integrated and have no better prospects of finding employment than in another Member State with which they have closer links;

- (ii) incorporating in Community regulations measures adopted in the Member States to encourage elderly workers to relinquish their jobs to younger workers or to cease applying to the employment services to find them work (early retirement).

The improvements proposed by the Commission are of two kinds:

- (i) to maintain, on certain conditions, the right to unemployment benefit, of a worker who changes his residence from one Member State to a Member State other than the one in which he was last employed;
- (ii) the exporting of early retirement pensions for workers who transfer their place of residence.

This proposal is still held up in the Council.

### 1.2.1.3. Actions under way and pending proposals

As regards employees, and leaving aside the problems concerning specific categories discussed in the previous paragraph, Commission action to promote genuine freedom of movement covers three areas:

- (i) recognition of diplomas;
- (ii) updating and extension of Regulation 1612/68 covering various aspects;
- (iii) updating and extension of provisions concerning the right of residence.

#### *Towards a general system of recognition of diplomas*

A proposal for a directive concerning the general system of recognition of

higher education diplomas for occupational purposes is pending. It concerns both employees and self-employed workers (see paragraph 1.2.2.2).

This proposal is both innovative in its approach and a test for the future. It seeks to enable a national of a Member State, who has acquired his qualification through no less than three years of training after completion of secondary education, to take up an occupation in another Member State, where access to this activity and/or its exercise are subject to conditions concerning qualifications that are both technical and moral (for example respectability).

Once it is in force, the system should make access possible to all the occupations covered by Regulations (outside those covered by specific Directives) except those entailing the exercise of official authority (Article 55 of the EEC Treaty) or covered by Article 48(4) of the Treaty.

The European Council of June 1987 took the view that this proposal was a priority and should be adopted before the end of 1988. Current discussions in the Council centres on whether the host Member State should be able to require the candidate to sit an aptitude test instead of following an adaptation course.

The success of this proposal conditions future work on other occupations and diplomas. At this point, it does not seem advisable to draft new proposals, since priority should be given exclusively to the proposal currently under discussion in the Council.

#### *Amendments to Regulation 1612/68*

In the main, the updating and extension of this instrument would cover three areas:

##### (a) **The concept of worker**

In line with rulings handed down by the Court with respect to the territorial scope of this Regulation, it is proposed to amend Article 1 to include workers employed outside the

Community, provided his employment relationship retains a sufficiently close link to a Member State.

With respect to the personal scope of the Regulation, the new paragraph 3 of Article 1 should include refugees and Stateless persons who have been resident for a period of five years in a Member State. It should be noted that the latter already enjoy the rights conferred by Regulations Nos 1408/71 and 574/72 in respect of social security.

##### (b) **Family reunification**

The right of installation with a worker taking advantage of the right of freedom of movement should be unconditionally extended to all the relatives of the worker and his spouse in the ascending and descending line. The same should apply to collaterals who are dependants or living under the same roof as the worker. This is the aim of the proposed amendment to Article 10.

Articles 11 and 12 would be amended as a consequence: the present Article 11 recognizes the right only of the worker's spouse and children to take up paid employment; the present Article 12 grants access to any training course only to the worker's children. It is proposed to specify that 'the members of the family referred to in the (new) Article 10' shall enjoy the rights conferred by these two provisions.

In addition, Article 12 would be amended to establish equal treatment in respect of social advantages for members of the worker's family.

##### (c) **Reinforcement of the principle of equivalence of situation**

A new paragraph 5, added to Article 7, would establish the equivalence of situations (or facts or events) that have occurred in one Member State with analogous situations which are taken into account in the host country for the purposes of granting social or fiscal advantages.

*Amendment to Directive 68/360*

The proposed amendments mainly concern the right of residence and in particular refer to the following:

- (a) the period of validity of the EEC residence permit would be extended from five to ten years;
- (b) the permit would remain valid even after an absence from the host country of more than six months, if

this were due to cogent social reasons such as study, maternity, sickness, military service, etc.;

- (c) a 10-year residence permit would be issued to any worker, even if his employment was not of indefinite duration, provided he has accumulated periods of employment totalling more than one year;
- (d) the duration of the residence permit should correspond to the period

during which unemployment benefit is granted to EEC workers;

- (e) once an EEC residence permit had been issued it could not be withdrawn, or its duration shortened by the Member State on grounds of unemployment.

## **1.2.2. Genuine freedom of movement for self-employed workers and members of their families**

If a comprehensive approach to the situation of self-employed workers is to be maintained, it should be borne in mind that the problems of this category of worker do not necessarily relate to freedom of establishment, but rather the freedom to provide services.

### **1.2.2.1. Established rights**

Community rights concern various occupations:

#### *— Commerce and crafts*

In this area the aim of secondary legislation (see attached list of instruments) is to recognize the right to exercise an occupation in another Member State provided that occupation has been exercised for a certain time in the Member State of origin. This is a transitional arrangement introducing equivalence between a qualification and an attestation of lawful and genuine exercise of an occupation for a certain time pending mutual recognition of the relevant laws.

Application of these directives seems fairly satisfactory and for the time being there is no plan to introduce further legislation apart from the occu-

pations already referred to in the above-mentioned instruments.

#### *— Medical and paramedical professions*

Directives were adopted to coordinate training (setting a minimum level to be achieved as regards quantity and quality) and ensure the mutual recognition of diplomas for occupational purposes for the following occupations:

- (i) doctors, including general practitioners and specialists (1975 and 1986);
- (ii) nurses (general care) (1977);
- (iii) dental practitioners (1978);
- (iv) veterinary surgeons (1978);
- (v) midwives (1980);
- (vi) pharmacists (1986).

It is interesting to note that the instruments relating to the health professions have not given rise to significant transnational movements, so that fears that this would happen have proven ill-founded.

For example, since 1958, no more than 763 doctors who studied in another Member State have established themselves in France, whereas the total number of doctors in the Community is some 700 000.

Architects are covered by a Directive on the recognition of diplomas in 1985, though this does not involve coordination of training courses, which are far too heterogeneous in the EEC.

Lawyers are covered by a Directive designed only to facilitate the genuine exercise of the freedom to provide services.

While the Directive on lawyers may seem restrictive compared with the others, it should be borne in mind that this is an occupation where it is particularly difficult to coordinate training methods since the practice of the profession and the disciplines involved vary appreciably from one Member State to another (as opposed, for example, to the medical professions).

1.2.2.2. Problems in abeyance mainly concern the setting up of a general system for the recognition of diplomas (see point 1.2.1.3 above). It should be stressed that this system is not based on prior coordination of training courses, but on mutual confidence between Member States and on the principle of the comparability of training. In this connection, the institution of national coordinators representing the competent authorities would be particularly effective.

### 1.2.3. Freedom of movement of persons not in employment (students, pensioners)

It is important to establish the right of residence, thus enabling persons who are not economically active (students, pensioners and members of their families) to enjoy the same right to freedom of movement and residence currently enjoyed by employees, the self-employed and members of their families.

A proposal for a directive concerning a general 'right of residence' is opposed by a number of Member States. A succession of compromises has finally

robbed this proposal of all its substance. For example, as discussions stand at present in the Council, adoption of this Directive would not ensure a genuine general right of residence because of the conditions concerning resources that can be imposed by the Member States.

In the Commission's view the Gravier decision made it possible to recognize a student's right of residence without a condition regarding resources, but this

interpretation is contested by most Member States.

At a time when the scale of cultural and linguistic obstacles to intra-Community mobility is being assessed and when numerous efforts are being made to increase the number of exchanges, this state of affairs can only be deplored. A high-level initiative would seem to be necessary if this proposal for a Directive is to be reactivated.

### 1.2.4. Measures to encourage intra-Community mobility

Measures adopted at Community level in an attempt to expand the range of opportunities open to Member States' nationals and thus helping to promote intra-Community mobility are extremely varied. They can, however, be grouped under three headings:

- (a) efforts to establish the comparability of qualifications and similar endeavours;
- (b) information and cooperation systems focused on the labour markets;
- (c) exchange and cooperation programmes.

#### 1.2.4.1. Search for comparability of qualifications

The Council Decision of 16 July 1985 on the comparability of vocational training qualifications between the Member States seeks to enable workers to make better use of their skills with a view in particular to access to suitable employment in another Member State.

Having consulted the Member States, the Commission gave priority to the following groups of occupations:

- (i) hotel and catering trade;
- (ii) motor vehicle repairs;
- (iii) construction;
- (iv) electrical — technical;
- (v) agriculture/horticulture/forestry;
- (vi) textiles/clothing.

The purpose of the work being done in this field is to draw up descriptions agreed by common accord of the occupations and skills required for them at level 2 of the training level structure and the corresponding training qualifications.

The technical work has been completed on the first three sectors and the Commission plans to publish the results in the Official Journal in 1988.

It should be noted that at the present rate of work (even if it is considered too swift by some Member States) the

comparability of level 2 qualifications will not be completed with the technical assistance of Cedefop, until 1996.

One will wonder, in view of this slow progress, whether the Commission should not propose that the work be extended in parallel to level 3 of qualifications. Level 3 corresponds to basic vocational training plus additional skills and qualification.

Similar work is being carried out in the following areas:

As part of its proposals on the training of young people, the Commission plans to set up a monitoring post to observe the development of qualifications, which should make it possible to compare views between the competent bodies in the Member States and which could serve to identify new paths in training and future revision needs in relation to qualification equivalencies.

The Commission is responsible for examining the possibility of introducing a

European vocational training pass (White Paper — proposal for 1989).

It is obvious that current efforts should concentrate on attaining full comparability in the sectors falling within level 2 and studying the possibility of proposing a vocational training card on the basis of the experience acquired.

Academic recognition of diplomas: as part of the Erasmus programme (see below) support will be provided to implement a project concerning the academic recognition of diplomas and credit units to be known as the European Community credit transfer system (ECTSS). At present the Network of National Academic Recognition Information Centres (Naric) is in operation.

### 1.2.4.2. Information and cooperation systems related to labour markets

(a) Sedoc: founded under Articles 14 and 15 of Regulation 1612/68, this network (European system for the international clearing of vacancies and applications for employment) concerns:

- (i) the six-monthly exchange of information between Member States on living and working conditions on the basis of uniform outlines prepared at Community level;
- (ii) mutual information between the Member States on applications and vacancies not met at national level, using uniform outlines and a directory of occupations to which a 'European code' has been assigned.

However, this system is not very efficient at present and in any case not up to requirements. The frequency of exchanges of information on living and working conditions is not respected and the outlines need to be updated.

Furthermore, the system of exchanging information on vacancies and applications every 10 days by telex limits the possibilities. In practice it is under-used (some thousand vacancies and applications a year only). In addition, the directory of occupations is not up to date.

Technical improvements, on which any attempt to reactivate the system would be based, are currently under study.

(b) The programme of exchanges and cooperation between national employment services currently in operation has several objectives: mutual information of government authorities, training of officials, study of topics of national interest and/or topics of common interest to all the Member States, meetings and training seminars for Sedoc officials, meetings between employment officials located on either side of a given frontier, seminars on the frontier labour market, cooperation and technical assistance in certain areas, such as the organization of employment services and labour market management.

In 1986 and 1987, all the major problems affecting exchanges were settled: participation by all the Member States, study of topics of common interest, use of the reports of officials participating in exchanges relating to the study of topics of common interest, extension of cooperation, especially with regard to the new Member States, increase in the number of exchanges, particularly as regards transfrontier cooperation, and the financial management of exchanges.

In future, the same level of commitment will have to be maintained by the Commission and the Member States. Now that the system has been run in cooperation through exchanges of officials can be extended if necessary to new areas.

(c) Frontier cooperation in the field of employment has been established. It brings together employment service officials located on either side of a given frontier. For example, 11 seminars, held in 1987, dealt with the transparency of the labour market, the transfrontier clearing of vacancies and applications and other activities, especially in the field of vocational training, that could promote the reduction of unemployment or, more generally, improve the employment situation.

So far, the experience has proved positive and deserves to be extended. Furthermore, attention should be drawn to the value of a pilot project setting up an integrated social area within the European development pole linking the catchment areas of Longwy (France), Aubange (Belgium) and Rodange (Luxembourg). A study on the subject has been initiated.

### 1.2.4.3. Exchange and co-operation programmes

The box below contains a list of Community cooperation and exchange programmes concerning training (students, young workers, education and vocational training specialists).

Special attention should, however, be given to operations that may be listed under the heading 'researchers Europe':

(a) In 1985, the Commission launched an initial plan called Science to stimulate cooperation and scientific and technical exchanges at European level with a view to setting up networks. In May 1987, 346 joint projects involved 2 550 persons belonging to 950 different scientific teams.



In view of the very encouraging results of this plan, it is proposed to expand and supplement this approach with a view to breaking down barriers within the European scientific community, especially by intensifying the cooperation between and increasing the mobility for research workers. In the long term, 5% of Community research workers will be covered by these cooperation and exchange networks.

Clearly, to make a success of this type of project a number of obstacles to research workers' mobility (social security coverage, pensions, etc.) will have to be removed.

- (b) Other well-known scientific programmes will not fail to have an impact on social aspects of the internal market:

There is no need to recall the objectives of the Esprit programme which at the present time involves nearly 3 000 people and has for example enabled over 150 SMEs to improve their research and development potential. Esprit II will involve 5 000 research workers a year to whom should be added the network of technicians involved in transnational projects: the well-known leverage effect will not only have an impact on

the economic and technological domain, it will also be felt in the social field.

With respect to telecommunications, the RACE programme (which in its initial stage affected only 400 experts) will provide a vital tool for the integration of a Community network in preparation for the telecommunications infrastructure of the 1990s.

There can be no doubt that these programmes will inevitably increase the need for occupational mobility of research workers but also of technicians of Sector III (information and telecommunications technologies).

## 1.2.5. Migration policy *vis-à-vis* non-member countries

On 8 July 1985, the Commission adopted Decision 85/381/EEC based on Article 118 of the EEC Treaty, initiating a procedure for prior notification and consultation on migration policies *vis-à-vis* non-member States. This Decision requires Member States to inform the Commission and the other Member States of proposals for national measures or agreements concerning workers who are nationals of non-member countries and members of their families in the following areas:

- (i) entry, residence and employment, even if illegal;
- (ii) the implementation of equal treatment as regards living and working conditions, wages and economic rights;
- (iii) promotion of occupational, social and cultural integration;
- (iv) voluntary return to the country of origin.

Under this Decision the notification procedure may be followed by a consultation procedure between the Member States and the Commission. There are three advantages to such consultation: first it facilitates mutual information and the identification of common problems and, possibly, the adoption of a joint position by the Member States; second, it assures the conformity of national projects, agreements and provisions with Community policies and actions; lastly, it makes it possible to examine the advisability of the measures to be taken, for example with a view to the gradual harmonization of national legislation and

the inclusion in bilateral agreements of as many common provisions as possible.

On 9 July 1987, the Court of Justice annulled this Decision, which had been referred to it by five Member States. It confirmed that cooperation between the Member States in social matters, as provided for in Article 118 (1) of the Treaty, extended to migration policies *vis-à-vis* non-member countries. The organization of consultations entrusted to the Commission by Article 118 (2) empowers it to lay down rules of procedure (by applying the effectiveness principle). The Court, however, specified that the Commission was not competent to submit to consultation the objective of ensuring the conformity of proposed national measures and agreements with Community policies and actions.

**Community exchange and cooperation programmes in the field of training**

**(a) Current programmes**

- (i) Comett: Community action programme in education and training for technology. Strand B of the programme provides for Community support for students undergoing an in-firm period of training in another Member State.

The number of applications submitted in 1987 (for an amount of over 200 million ECU, only 13 million ECU being available in 1987) demonstrates the interest of the Community in this type of cooperation.

Erasmus: The European Community action scheme for the mobility of university students. With the 85 million ECU allocated for the first three years of the programme the Community should be able to support agreements covering 1 500 of the 3 600 higher education institutions in the Community and to assist 25 000 students to spend a period of study at a university in another Member State.

Exchange of young workers: Third programme to provide training and experience for young people (18-28 year-olds) by means of exchanges allowing them to live and work in another Member State. The programme is also open to young registered unemployed workers.

Study visits for education specialists: A programme of short study visits for administrators and education specialists with local or regional responsibilities (520 grants were awarded in the 1986/87 school year). The aim is to give participants an opportunity to learn more about systems, structures, approaches and methods in the other Member States. Grants for short study visits for higher education specialists are also available under the Erasmus programme.

Study visits for vocational training specialists: Programme administered by Cedefop (150 specialists participated in 1987).

Education of migrant workers' children: Implementation of Directive 77/486/EEC and pilot projects to improve the integration of immigrant children in the educational system.

- (ii) Training and preparation of young people for adult and working life: Proposal for a Decision including an action programme on training for young people, involving cooperation between authorities responsible for training young people (European network) and a limited provision for exchanges of young people in training. The proposal was adopted by the Council in 1987 for the first time by a simple majority.

**(b) Programmes proposed by the Commission**

YES for Europe: (Youth exchange scheme for Europe) which is intended to enrich and expand current youth exchange programmes in the Community. The proposal for a Decision is currently under discussion in Coreper.

**(c) Forthcoming actions**

- (i) Comett II: Proposals for the continuation of the Comett programme and reassessment of the budgetary provisions. The Commission plans to present its proposals in June 1988 for a second programme of cooperation between universities and firms starting on 1 January 1990 (instrument: Council Decision).
- (ii) New technologies in education systems: Proposals for an action programme on Community cooperation on new technologies in educational systems and familiarizing young people with the new technologies (Council Decision).
- (iii) Teaching of foreign languages: Proposals for an action programme to promote the learning by pupils of Community languages, teacher training and exchanges, school exchanges (Council Decision).
- (iv) Exchanges of apprentices/trainees: there will be a limited provision for the exchange of young trainees in the context of the new programme proposed by the Commission on training and preparation of young people for adult and working life. It might be advisable to consider expanding this part of the proposed action or providing for the participation of apprentices in the exchange of young workers programme, which runs out in 1990.

The Commission has the intention, pursuant to Article 117 (1) of the Treaty to adopt a new decision incorporating the content of the annulled Decision, except the provisions referring to the promotion of cultural integration and the objective of ensuring conformity of projects with Community policies and actions.

Furthermore, it should be recalled that in a declaration annexed to the Single

European Act, the inter-governmental conference stated 'that the Member States shall cooperate, without prejudice to the powers of the Community, in particular as regards the entry, movement and residence of nationals of third countries'.

Lastly, in connection with the completion of the internal market, it is worth recalling the existence of other

proposals for Directives the Commission plans to present to the Council relating to:

- (i) the coordination of rules on the status of nationals of non-member countries;
- (ii) the coordination of rules concerning the right of asylum and the status of refugees;
- (iii) the coordination of national policies with respect to visas.

## 1.3. Two priorities for action

In the light of the social and economic analyses of migratory movements within the Community set out in part 1 and the restatement of the various components of Community action and the dossiers in abeyance, two main priorities can be identified, thereby making it possible to define a series of priority measures, some

of which could be implemented as from 1988.

- (a) Taking steps to ensure that persons who have already moved to another Member State are not discriminated against and receive the same treatment as nationals of the host

country. Seeing to it that Community law is applied.

- (b) Promoting the occupational mobility of skilled persons, an important factor in the competitiveness of European firms.

### 1.3.1. Taking action against discrimination and in support of the implementation of Community law

The statistics, although not very reliable, show that in the EEC (excluding Spain and Portugal, for which figures were not available) nearly two million workers and about five million Community nationals today live in a Community country other than their own.

These employees and the members of their families who moved with them often did not emigrate because they really wanted to. Their position is made still more difficult by numerous forms of discrimination arising out of unequal treatment of nationals and employees from another Member State. Such inequality derives from inconsistency between national and Community law at the point when new legislation or regulations are adopted in a Member State, the authorities enacting laws without regard to their obligations deriving from Community law.

This failure to take Community legislation into account may be involuntary (in which case it is simply an information problem) or it may be carried out deliberately.

Over and above the proposals designed to close a number of legal loopholes and update instruments (in which connection the amendment of Article 49 by the Single European Act introducing the qualified majority rule and a cooperation procedure with Parliament is of very considerable assistance) a series of initiatives will therefore need to be taken as regards preventive measures and legal action against infringements:

#### (a) Preventive measures

It is possible to proceed by analogy with the principle of the free movement of goods: under Directive 83/189 a three-stage procedure was introduced.

- (i) the Commission must receive prior notification of any proposal for a rule or technical standard established by a Member State;
- (ii) the Commission forwards this information to the other Member States which can then deliver an opinion;
- (iii) having examined the project, the Commission can call on the Member State to amend the project if it is not in conformity with Community law (the Member State must then defer its adoption for six months as from the date of notification); the Commission can also make known its intention to propose a Community Directive (in this case, there would be a 12-month standstill).

An implementing report on this Directive will be published in early 1988.

In the light of this experience the following suggestions may be made:

1. The introduction of a supplementary Community legislative instrument would not be advisable in view of the existence of a substantial body of secondary law.

On the other hand, pursuant to Article 44 of Regulation 1612/68 the Commission could draft a communication ('The Commission shall adopt measures pursuant to this Regulation for its implementation. To this end it shall act in close cooperation with the central public authorities of the Member State').

This communication would restate Community law, list the main practical problems (in particular entry, residence, social advantages and access to employment) and would request the Member States to specify the procedures for bringing legislative provisions and regulations adopted at national and sub-national level (regional, local, etc.) into line with Community law.

In this connection, one solution might be to introduce the idea of a certificate of conformity with Community law to be issued by those bodies which usually give their opinions on proposed legislation in the Member States (Conseil d'Etat, Solicitor's Office, etc.).

Other proposals could also be made:

2. 1988 is the 20th anniversary of the instruments conferring freedom of movement. It would be appropriate to celebrate the event and to publicize this insufficiently known dimension of European integration.

A symposium (or an event on a larger scale) bringing together magistrates,

members of national public services, representatives of the persons concerned, lawyers, etc., could be organized.

3. The dissemination of information, some of it very recent, is vital and should be intensified: a document for the general public on a people's Europe and, a more specialized handbook for the legal profession. In this connection, the Press and Information Offices and the Euro-Information Centres could be useful disseminators.
4. The nature of the situation regarding infringements to the rules on freedom of movement in effect in the Member States is not well known. An in-depth study, in various sectors of activity, of cases of unequal treatment deriving from legal instruments, regulations and other official instruments could be undertaken.

This would enable the Commission to make a real assessment of the application of the rules on freedom of movement and the degree of prejudice suffered by some of the very large number of Community nationals (we should not forget that they number millions).

#### (b) Legal proceedings

Reinforcing the application of Community law also entails penalizing infringements.

The fear of reprisals against Community workers is an argument often invoked to account for the relatively few complaints made as regards freedom of movement of persons.

Here again the analogy with freedom of movement of goods is enlightening: 10 years ago a similar fear existed in this area. In practice, complaints lodged with national courts about failures to comply with Community legislation have gradually borne fruit: Community legislation is being taken into account ever more effectively from the moment of its drafting. There are some 500 complaints per year in this field (anonymity is guaranteed) and the results are encouraging: 93% of cases are settled by negotiations between the Member State and the Commission, 7% after a formal service of notice and only 2% go as far as the Court of Justice.

This leads us to make the following suggestions:

5. Pursuing an energetic policy in respect of certain infringements which could serve as test cases, thereby ensuring broad applicability for judgements by the Court of Justice on references for preliminary rulings. (1)
6. Increasing the awareness, for example by organizing decentralized seminars, of key persons, people and bodies

such as lawyers, magistrates, specialized associations, employers and unions of the possibilities of recourse to national judicial procedures. (It is significant that a great many more actions concern the social security of immigrants than any other aspect of the freedom of movement of persons). This is probably due to the awareness of the workers concerned and the high standard of assistance by specialized associations).

A general objective would be to increase the number of cases brought before national courts, using the example provided by the free movement of goods.

(1) It should be recalled that in each Member State of the Community, the role of the Press and Information Office — the listening post of the Commission of the European Communities — is not only to inform citizens of their individual and collective rights, but also to collect complaints regarding infringements or cases of negligence by national authorities with regard to Community legislation. It is equally possible for EEC nationals to lodge a complaint with or report the alleged failure to comply with EEC regulations to Commission departments in Brussels.

## 1.3.2. Encouraging the occupational mobility of qualified persons: measures to promote an area of occupational mobility

The strategic aspect of the specialization-oriented mobility of skilled persons as it affects the competitiveness of European firms is clearly demonstrated by the social and economic analysis in paragraph 11.

One of the fundamental aspects of the structure of trade in the Community is the importance of intra-industry and intra-service movements. The social counterpart of this dimension of competitiveness in the European economy is the

freedom of movement of skilled workers with diversified needs and higher demands.

Admittedly, the big companies have 'taken care of things' so far and have

organized their own networks on their own scale. Would it not, however, be advisable to take suitable measures to acquire a closer knowledge of this phenomenon and of the needs of those concerned, and to facilitate this type of movement for SMEs, and, lastly, expand opportunities for individuals?

This gives rise to the following suggestions:

1. Carrying out a more detailed analysis of the foreseeable intra-Community migratory flows of skilled workers.
2. Giving thought to ways of increasing links between labour markets, especially national employment offices.
3. As a supplement to the information endeavours referred to in the preceding paragraph, taking the measures needed to modernize Sedoc and make it an operational instrument.
4. Reaffirming the priority nature of equivalence of diplomas, a subject currently under discussion in the Council and acting accordingly. Speeding up work on the comparability of qualifications as recommended by the Council on 22 December 1986 and planning their extension to level 3 of qualifications.

## Part 2

# A number of changes will be caused or speeded up by the completion of the internal market. Anticipating and coping with them

Combined with the freedom of movement of persons, the freedom of movement of goods, services and capital will make it possible to achieve the frontier-free area.

The completion of the internal market is a 'growth project' which, by harnessing the effect of its scale, aims at imparting increased dynamism and effectiveness to the European economy. This beneficial impact will derive, on the one hand, from direct effects brought about by the abolition of existing frontiers and, on the other, from the potential economic and social effects of the dynamic process thus triggered.

It is already evident that the success of this growth plan will depend on the efforts of all the economic and social actors involved — at various levels and in all the regions of the Member States.

In this respect it is very encouraging to note that the strategic aim of completing the internal market is receiving widespread and increasing support.

In particular, the two sides of industry proclaimed their support recently in their joint declaration of 26 November 1987.

None the less, it cannot be denied that the scope and complexity of the problems involved are bringing a certain uneasiness to the surface: the opacity of the phenomena involved is encouraging apprehensive and nervous attitudes. Yet some of these worries are not genuine and are in reality no more than 'social alibis' advanced as a reason not to adapt and to attempt to block the process. Such attitudes are just as likely to be found among employers as employees.

To make progress towards completing the internal market irreversible, it is essential to show as clearly as possible what advantages and opportunities will result in all sectors and regions of the Community. But since the taking into account of social aspects is itself a factor in economic integration, it is just as vital to define what is at stake and what effects are likely in the social field, so as to dispel unfounded worries and anticipate the necessary changes.

The aim of part two is therefore twofold:

- (i) to pinpoint vulnerabilities to the completion of the internal market be they sectoral, regional or proper to a specific economic entity;
- (ii) to learn lessons from this enabling us to outline procedures for anticipating or coping with the necessary changes.

# 2.1. The first lessons of an attempt to pinpoint vulnerabilities

## 2.1.1. A difficult task

In an initial analysis it is admittedly not easy to isolate and assess the specific effects in the social field of the integration which completion of the internal market constitutes. The economic and social changes which will come about within the Community will depend as much, if not more, on multiple pre-existing or 'exogenous' factors, the effects of which will be superimposed on (or interact with) the completion of the internal market.

To keep to the essential points, it may be said that these factors will be of three main types:

- (i) changes in costs and related prices;
- (ii) the introduction of new technologies — information and communications technologies in particular — which will change working practices and make suitable training necessary;
- (iii) the general level of economic growth: the hypotheses adopted show that the extent of social problems, whether sectoral or regional, will vary considerably.

The complexity of the problem has been shown up both by the work of DG II and by pilot studies commissioned by DG V and DG XVI.

From the information currently available, three general ideas emerge at the macro-economic level which effect the interpretation of the social effects of the completion of the internal market:

- (a) The genuine exercise of the four freedoms of movement (of goods, services, capital and persons) is likely both to intensify trade and reduce unit production costs without, however, exerting pressure on the proportion of such costs represented by wages.

But these positive possibilities will only take shape and will only bring about increased economic growth if a number of economic policy measures are taken. It is important to restate the nature of these measures:

- (i) intensification of the coordination of economic policies with a view to cooperative growth;
  - (ii) establishing a basis for currency stability;
  - (iii) definition of a joint external trade policy;
  - (iv) reinforcement of competition policy.
- (b) Assuming that such measures are actually adopted, the overall impact on employment should prove positive. But this will not necessarily be so in

the short term, mainly because of the increased productivity which will be achieved. On the other hand, the medium-term prospects are more encouraging. The time factor is therefore vital.

- (c) At all events, the effects of integration in the social field, and on employment in particular, will in most cases be neither immediate nor direct. The attitudes of the economic and social actors will be just as important.

In the light of this complexity and uncertainty, great care must therefore be exercised in any attempt to assess the social effects of the completion of the internal market, since the economic consequences themselves appear uncertain.

Moreover in order to be relevant, any analysis of the social impact, must — after establishing a general perspective — operate at sufficiently fine level of detail, meso- or microeconomic, sectoral and regional.

Finally, in this exploratory phase which characterizes this report no more can be done than identify vulnerable points; i.e. detect — by an approach which is qualitative rather than quantitative — areas which are potentially more sensitive than others to a specific impact of the completion of the internal market.

## 2.1.2. The overall situation

Without taking over all the conclusions of the study on 'the cost of non-Europe' we should like to point out some of the particularly interesting results.

### 2.1.2.1. Lessons to be drawn from models

The first provisional econometric simulations carried out with the Interlink model

on the basis of data provided by consultant studies show that the impact of the main phenomena characteristic of the completion of the internal market — opening up of public sector purchasing, abolition of customs barriers, freedom of financial services, supply-side changes (mainly through restructuring or mergers) — would in the medium term be positive and substantial for the whole of the Community (EUR 12).

According to these studies, in five years, i.e. roughly at the end of the adjustment period, the main macro-economic variables (gross domestic product, consumer prices, apparent labour productivity, employment, budget and trade balances, etc.) will have changed for the better to an appreciable extent. But studies of various scenarios show that in the absence of a common trade policy towards non-Community



countries (as regards public contracts for example) the effects on employment would be distinctly less marked.

Whatever they may be, the final quantitative results, which will be subject to a whole body of major assumptions, will have to be treated with the usual circumspection.

### 2.1.2.2. Attitudes in industry as shown by an opinion poll

An opinion poll carried out in 11 000 industrial firms produced encouraging results:

(a) European firms are on the whole rather optimistic: a clear majority think that the opportunities deriving from completion of the internal market will outweigh the risks; 53% in fact think that this will also be true of the economy of their country as a whole. Dissenting voices account for 7% and 14% respectively.

Expectations are likewise optimistic as regards the development of production costs (-1.8% on average) and sales (+5% on average). It is remarkable that these expectations are to be encountered, admittedly with varying degrees of emphasis, in most sectors of activity and most countries.

(b) Completion of the internal market is thus seen as a challenge which firms intend to meet by taking whatever measures are thought necessary. In the forefront of these measures are those concerned with improving productivity, along with commitments to investments to promote rationalization but also capacity and innovation. It should be stressed that this intention to increase volume of investment is particularly evident in small and medium-sized businesses.

The prospect of increased co-operation between firms at European level — already encouraged in strategic sectors by Community research and development programmes such as Esprit, Brite and RACE — is also clearly expected by the firms polled, in particular small and medium-sized businesses.

This information is heartening to the extent that it reflects a prospect of more dynamic growth based not only on productivity gains, but also on job creation. Moreover, it may be inferred that efforts by firms to establish a competitive profile would tend to be aimed less at reducing costs than at raising production quality.

Without taking the findings of an opinion poll as hard fact, the quantified results referred to above can be used for a very simple calculation:

(i) firms expect a positive effect on their sales volume of some 5%;

(ii) the expected decline in unit production costs corresponds roughly to three percentage points of added value;

(iii) if the latter figure is regarded as an order of magnitude of the rise in productivity, it may be deduced that completion of the internal market could lead to a roughly 2% rise in employment spread over the adjustment period as a whole. These rough estimates, which need to be verified by the findings of econometric simulations, only apply to the industrial sector. In the non-industrial sector the increase in employment would probably be less pronounced (from 1 to 2%).

Thus, these initial surveys, the detailed results of which are not yet available, the effect of completion of the internal market which is generally positive, would be negative for some firms, though they would be in the minority. Moreover, the many winners and relatively few losers would not be concentrated in specific sectors of activity or in certain Member States.

Again these are only orders of magnitudes, interpretations of opinion and very general assessments. The following approaches, at a more finely tuned level, serve to qualify these initial observations.

## 2.1.3. A sectoral approach

### 2.1.3.1. The industrial sectors

A specific study was carried out by DG II as part of the working party's endeavours with the aim of identifying the sectors vulnerable to completion of the internal market.

Before presenting the results obtained it is necessary to restate a number of general considerations and to indicate the limits of the study.

All sectors of activity will be more or less affected by the completion of the internal market and changes will take place. But this statement must be

qualified in two ways. First, some changes, sometimes the more important ones will be determined by factors independent of the internal market as already pointed out in section 2.1.1.

Secondly, in the light of the growing trend towards world-wide markets, completion of the internal market may

enable some European firms to summon up the necessary aggressive response, making them more competitive by exposing them to competition. (In other words, it may act as an economic launching pad). On the other hand, supposing the internal market were not completed, the resulting developments — and their social consequences — would be even harsher in the medium if not the short term. The list of market losses sustained between 1979 and 1986 by certain European industrialists compared with their Japanese and American counterparts (see the attached table from the *Annual economic report 1987-88*), gives an idea of the continued decline in these sectors, a decline which can only be checked by coordinated European action.

Thus, the aim of identifying vulnerable sectors is to pinpoint those sectors which will be structurally affected by completion of the internal market. The guiding principle of the method used is to compare sectors already open to international competition with those which are at present protected, vulnerable sectors being defined as those which, when suddenly exposed to competition, would be likely to undergo the greatest specific changes, particularly in the social field.

The main features and limitations of the study are therefore easily identifiable:

- (i) the analysis was conducted using a sectoral breakdown fine enough to ensure that the effects of the completion of the internal market would be of the same type and same scope for each sector. However, it is only for industrial activities that indicators are available in sufficient number and are statistically reliable. Moreover, since full statistics were not available for all the Member States, part of the analysis refers to only eight countries (B, DK, D, F, I, L, NL and UK), though these represent 91% of Community GDP (1985);
- (ii) the reasoning was based on a Community average; different results would doubtless be obtained if the same method were applied to the Member States individually;
- (iii) the exercise is static and does not take into account the dynamics and

strategy of labour and management, who as we have already said will play a fundamental role;

- (iv) major variables, such as the volume of extra-Community trade or the degree of technological development, have not been taken into account.

It would be impossible to overstress the exploratory nature of this type of analysis — which deserves to be continued, checked and extended — and the extreme caution with which the results should be used.

Five groups of indicators were employed to identify vulnerable sectors:

- (i) the level of non-tariff barriers:

Using information from studies on the cost of non-Europe it is possible to obtain general indications of the magnitude of the various non-tariff barriers in a given sector (standards, fiscal and/or administrative barriers, public contracts, etc.). These indications are, however, qualitative and could lead to contradiction and dispute.

- (ii) The intra-EEC penetration rate:

The proportion of internal demand met by imports of Community origin. This indicator shows the extent to which Community countries are open to Community imports. At Community level, the intra-EEC penetration level for all the products manufactured within the Community is 17.6%. But the existence of a low penetration level in a given sector is not due only to the existence of non-tariff barriers. Other factors may, of course, favour a low level of trade: high transport costs, regional specificity of products, etc.

Let us, however, remember that a low level of intra-Community penetration does not necessarily imply a low level of extra-Community penetration;

- (iii) The dispersion of prices net of tax:

Thanks to the price surveys carried out by Eurostat to establish purchasing power parities, prices are

available for several thousand products, which can be grouped by sector. The dispersion of prices net of tax between Member States for the same categories of products gives an indication of the potential for change within an internal market where products can move with absolute freedom. On average, the price dispersion between Member States is 12.9%. This indicator of price dispersion is, however, only available for products for final consumption: intermediate goods are excluded.

- (iv) The dispersion of real productivity levels:

This fundamental compound variable measures the degree of progress or backwardness on the part of Member States in making effective use of production factors. A high dispersion in a sector therefore indicates wide differences in the efficiency of the production system between Member States and is thus likely to lead to restructuring or closures resulting in job losses. It is however known that estimating real productivity levels is a complicated matter and the results are difficult to interpret. The indicator used is assessed productivity at the level of the product supplied to the consumer (and not 'ex works in bulk') and thus includes all the marginal elements of distribution networks.

- (v) The level of concentration in the sector:

The criterion used here is that of the proportion represented by small businesses (less than 20 persons) in the sector's total turnover. It is therefore more an indicator of the fragmentation of the sector than an indicator of concentration. The more a sector is fragmented, the more industry is atomized, with local producers supplying a geographically limited market.

With the aid of these indicators a typology of industrial sectors was drawn up according to their degree of vulnerability to the completion of the internal market and is shown in Table 1 below. A

study of this table which distinguishes between five groups of industrial sectors suggests the following comments:

*(a) Sector with low penetration rate and low non-tariff barriers*

The completion of the internal market will have a very limited impact on these industries and therefore little social impact. The low level of Community trade is explained by structural factors proper to each industry and non-tariff barriers are not involved.

Trade is limited here for a whole variety of reasons. For one, the fragmentation of the sector may be favourable to small local businesses which serve a limited market. Small businesses may predominate, as is the case in printing and publishing, heavy construction materials, wooden furniture, bakery and cereals, clock and watchmaking or leather. This fragmentation of industry is due to various factors: high transport costs, low economies of scale, the small size of efficient production units, etc. On the other hand, the multinationals may be present in several markets and the level of intra-Community trade remains limited, since the size of each national market justifies the creation of independent production units: as is the case, for example, with the sugar and tobacco industries.

*(b) Sectors with a high level of trade and low non-tariff barriers*

These sectors are already wide open to intra-Community competition and do not suffer from the existence of non-tariff barriers. The overall impact of the completion of the internal market will thus clearly be limited here too. These sectors are to a large extent producers of goods intended for domestic use and are of a low technological level: footwear, textiles, domestic appliances, clothing, agri-foodstuffs (dairy products, oil, fish, photographic equipment, etc.). A second group covers intermediate products for industry: iron and steel products, rubber and plastic, artificial fibres, industrial chemistry. Here, too, trade is on a large scale and the sectors are relatively concentrated with large firms (more than 500 persons) predominant.

*(c) Sector with a high level of trade and average non-tariff barriers*

Existing non-tariff barriers are essentially technical standards which require producers to modify their products depending on the market aimed at in order to meet national requirements: for example the PAL/Secam television systems, light sockets and bulbs, safety standards for toys, national legislation on motor vehicles. The standards drawn up

to protect consumers (toys, domestic electrical appliances, etc.), have sometimes served to protect technologies developed by national producers (the Secam system in France and PAL in the northern countries of the Community).

The existence of these standards does not, however, prevent relatively large-scale intra-Community trade, but they do impose an additional unit cost on these products because it is necessary to adapt them to the requirements of individual markets. Several products for household consumption with average technological content come into this category: cars, bicycles, motorcycles, domestic electrical appliances, lighting, radio and television sets, household chemical products, toys, etc.). Also include capital goods for industry for reasons basically similar to those applying to household goods: machinery for the textile, chemical, food and agri-foodstuffs industries. There, too, the existence of non-tariff barriers is not enough to prevent active intra-Community trade.

Removal of non-tariff barriers should not therefore fundamentally change the nature and level of competition between producers but as part of a harmonization or mutual recognition of standards it should make it possible to reduce industrial production costs. Here, too, the social impact should in general be limited, though specific effects in a given sector cannot be entirely ruled out.

Table 1

Identification of vulnerable sectors: (\*)

Intra-EEC penetration rate (average EUR 8: 17,6%) (*)								
Scale of non-tariff barriers		Disp. (*)	Low penetration	Disp. (*)	Disp. (*)	High penetration	Disp. (*)	
	Low	—		Potassium and phosphate salts	22.5	39.5	Artificial fibres	19.8
		—		Salt mining	22.5	29.0	Optical instruments, photographic material	6.5
—			Other minerals and peat	22.5	19.2	Vegetable and animal fats	5.0	
—			Manufacture of construction materials, terracotta	22.5	10.1	Tinned fish and other marine products	13.6	
—			Cement, chalk, plaster	22.5	12.2	Dairy industry	7.1	
—			Construction materials, cement, concrete plaster	22.5	—	Starch products	—	
13.5			Metal construction	7.5	22.6	Wool industry	19.8	
22.0			Tools and finished metal articles	11.2	46.6	Cotton industry	19.8	
14.6			Soaps, detergents, perfumes	8.4	20.0	Carpets, linens, oilcloth	15.1	
43.1			Watches, clocks, spare parts	22.9	13.7	Footwear	13.1	
19.3			Slaughtering of cattle, tinned meat	12.4	42.7	Clothing and accessories	9.4	
10.1			Tinned fruit and vegetables	12.6	38.4	Ready made clothing, other textile articles	13.2	
12.0			Cereals processing	9.1	23.8	Rubber industries	15.1	
18.6			Bread, cakes, biscuits	10.8				
7.2			Sugar	16.0				
—			Animal feed	—				
7.2			Various food products	9.9				
57.4			Tobacco	15.4				
24.4			Leather articles and allied products	11.5				
19.4			Wooden furniture	8.2				
29.7		Paper cardboard, processing	9.0					
23.3		Printing and allied industries	23.5					
25.9		Publishing	23.5					
Average					27.6	Glassmaking industry	19.0	
					24.9	Ceramics	19.0	
					16.2	Agricultural machinery	7.7	
					24.9	Machine tools and tools	10.0	
					27.0	Textile machinery, sewing machines	10.2	
					20.4	Machinery for food and chemical industries	11.4	
					18.7	Aircraft construction and repair	15.8	
					21.4	Car manufacture and assembly	9.7	
					31.0	Bicycles and motorcycles	13.8	
					31.5	Chemical products for domestic consumption	10.1	
					11.0	Electronic equipment, radio, TV	7.2	
					10.3	Domestic electrical appliances	7.3	
					18.7	Lamps and lighting equipment	15.0	
High	35.5		Boilermaking	20.3	38.4	Office equipment and information processing	6.7	
	17.4		Equipment for the mining and steel industries	16.7	10.0	Telecommunications, computers, electro-medical equipment	8.3	
	26.2		Ship building and maintenance	8.6				
	25.9		Railways equipment	19.9				
	27.8		Medical, surgical and orthopaedic equipment	18.9				
	31.5		Pharmaceutical products	27.6				
	15.9		Pasta	9.1				
	13.8		Cocoa, chocolate, sweets	10.1				
19.2		Wine, wine-based drinks	12.6					
29.1		Brewing and malting	22.1					
26.1		Still and carbonated mineral waters	22.7					

(\*) Intermediate goods are not included in this matrix because there is no information on price dispersion for these sectors.

(\*) The eight countries covered (B, D, F, I, UK, NL, L and DK) represent 91% of Community GDP (1985).

(\*) Dispersion as a percentage of productivity levels in volume (average EUR: 24%).

(\*) Dispersion as a percentage of price levels excluding tax (average EUR: 12.9%).

*(d) Sectors with a high level of trade and high non-tariff barriers*

These sectors are few in number (telecommunications and information industries) and are in a phase of rapid growth. The public authorities have a great influence on them either indirectly through public research and development budgets or directly through the State-owned undertakings concerned (postal and telecommunications services) or through public contracts (as purchasers). The high technological content of these products necessitates substantial research and development budgets and large firms are the rule: firms with more than 500 employees account for more than 85% of the sector's total turnover. The high level of non-tariff barriers is explained by the influence of the public authorities, which tend generally to favour national producers.

The removal of barriers between national markets (standards, putting public contracts out to tender) will take place against a highly dynamic background dominated by efforts to coordinate the medium-term strategies of the large operators, actions to stimulate demand (supply of new products and services, cooperative action in the fields of application) and the institution of scientific or technical cooperation under programmes such as RACE or Esprit.

However, uncertainty about the capacity of the various operators to make competitive transnational offers has not yet been dispelled.

In fact, the opening up of public sector purchasing should eventually result in the restructuring of national industries (a process already under way in some Member States) with major social consequences. It could, moreover, encourage the emergence of integrated European producers, though this is foreseeable only in the medium and long term. However, as regards the overall balance in terms of jobs, account must also be taken of the jobs which will be created by the development of the market in services and terminals, if not network operators. Beyond these quantitative changes, new occupations are already emerging and

others remain to be invented in subsectors such as the equipment industry and, even more, the provision of services and the postal and telecommunication services.

More generally, Table 2 below lists the sectors likely to undergo restructuring as a result of the opening up of public sector purchasing.

*(e) Sectors with a low trade level and high non-tariff barriers*

These are the most vulnerable sectors, consisting mainly of suppliers to public administrations and State-owned firms (railway equipment, shipyards, medical equipment, boilers) (1). National producers are systematically favoured and in each market we find national standard bearers receiving government subsidies and enjoying protected markets. The number of European producers is thus considerably higher than that of American

producers for a market of comparable size (Table 2).

Restructuring changes (mergers, re-grouping of firms) and cooperation agreements between firms are likely to come about if the attitude of the economic agents involved changes as a result of the new rules of competition (opening up of public sector purchasing). But these very changes are also the condition for achieving (or re-achieving) competitiveness at world level.

Admittedly, as noted in the recent communication on the opening up of public sector purchasing in new sectors (progress report), the distribution of gains and losses cannot be estimated at company, region or even Member State

(1) The situation in the shipbuilding industry is a special one for two reasons: because of the world crisis of excess capacity in this sector and because of the existence of a Community policy placing an upper limit on national aid.

Table 2

**Sectors vulnerable to potential restructuring**

(Industrial restructuring as a result of opening up public contracts in sectors where State purchases are predominant)

1986

	Community market (in million ECU)	Current capacity utilization rate	Intra-EEC Trade	Number of EEC producers	Number of US producers	Reduction in cost (1)
Boilers	2 000	20 %	very low	12	6	20 %
Turbine generators	2 000	60 %	very low	10	2	12 %
Locomotives	100	50-80 %	very low	16	2	20 %
Central computers	10 000	80 %	30-100 %	5	9	5 %
Telephone exchanges	1 000 - 5 000	70 %	15-45 %	11	4	20 %
Telephones	5 000	90 %	very low	12	17	—
Lasers	500	50 %	very high	+ 1 000	+ 1 000	—

Source: Atkins (Study of the costs of non-Europe/public contracts).

(1) The reduction in costs represents economies of scale resulting from a doubling of production.

wheel and covering the recording of those hours (EEC Regulations Nos 3820/85 and 3821/85). However, there are still problems as regards the implementation of these Regulations.

At the beginning of 1988 appropriate proposals have been drawn up concerning the interpretation of the technical provisions (proposal for a supplementary Regulation) and minimum requirements as regards inspection and the exchange of information (proposal for a Directive).

- (ii) Air transport: the disparities in flying times permitted between one Member State and another cause distortion of the conditions of competition, an imbalance of safety levels

and sometimes even social conflicts. Only harmonization of Community standards will make it possible to resolve these problems.

The setting up of a joint committee — one already exists for all other forms of transport — is planned for the summer of 1988; this committee could deal as a matter of priority with a number of standards, in particular those relating to working time.

- (iii) Inland navigation: here too, working conditions differ (mainly as regards the make-up of crews and working hours) and Commission departments are seeking to improve these conditions in cooperation with the two sides of industry (the Central

Commission for the Rhine, for example).

In conclusion these highly vulnerable areas need to be kept under close observation.

\*

The work on the sectoral aspects which has just been described needs to be developed in two directions: from the economic point of view, it needs to cover more ground in greater detail; from the social point of view, it should lead to consideration of the practical means of adapting to the changes which are bound to come. Proposals to that end will be put forward in the second chapter of this section.

## 2.1.4. A regional approach

Assessment of the regional consequences of completion of the internal market — often closely linked to sectoral effects — should take into account the development of the economic and social situation in Community regions in recent years.

Both the employment crisis which began in the mid-1970s and the doubling of the number of Member States since 1973 have led to an increase in regional disparities, thus reversing a marked trend of the 1950s and 1960s.

Completion of the internal market would bring about a major improvement in the general economic climate. For this reason new forces and new dynamism would be generated and we know from experience that this is a fundamental factor contributing to a climate favourable to growth and creating the conditions for launching the process of convergence between the regions.

Generally speaking, the arguments pursued in the preceding sections and the studies which have been carried out show that economic integration will probably bring about an increase in growth in the

Community as a whole. But the regional distribution of the gains deriving from this growth appears far less certain: at present it might legitimately be thought that some Community regions will be the losers, at least relatively speaking, and that the gains will be unevenly distributed. In this connection it is useful to refer to the Padoa-Schioppa report: 'Regions tend towards an equalization of incomes per head as a result of the mobility of capital and labour only under severe and unrealistic conditions, such as the absence of economies of scale or of specific locational factors influencing the investment decision. When these and other conditions are not satisfied, the outcome in terms of regional convergence or divergence becomes uncertain. Any easy extrapolation of 'invisible hand' ideas to the real world of regional economics in the presence of market opening measures would be unwarranted in the light of economic history and theory'.

In fact, two main mechanisms may come into play:

- (i) the expected increase in growth will entail an increase in the level of

demand to be met by regional economies. However, the scale of the positive impact on each region will of course depend on their respective trade links and geographical and sectoral characteristics.

- (ii) the impact of a possible geographical concentration of certain activities: the completion of the internal market will provide opportunities by stepping up specialization and the concentration of export activities in the areas of greatest economic advantage, since it will be easier or less expensive to supply the whole Community from these areas.

Of course, in order to assess the overall impact on a given region, it will be necessary to consider these two mechanisms in combination.

2.1.4.1. At first sight it might be thought that the backward regions have little to fear and much to hope from the dynamic of the internal market. With their geographical handicap, low rate of industrialization and certain exporting sectors — such as agriculture — tied to specific

locations, these regions will be risking less than the areas in industrial decline. Also the increased growth throughout the Community will give them a rare opportunity for development.

However, in the medium term a serious problem could arise out of the inability of these regions to attract new economic activities because of their geographical handicap. On the other hand, it is undeniable that the elimination of barriers could offer them new opportunities to penetrate export markets and enable them to make substantial gains.

Apart from the geographical aspect, in the light of work carried out in the past by DG XVI, several factors must be taken into account since they will influence the competitiveness of the regions and their ability to attract new activities:

- (i) the level of qualification of the workforce: without reiterating what was said in the second part, we would stress the danger of a relative decline in qualification of the working population as a result of migratory movements, which could threaten the endogenous development potential and make the regions in question less attractive to possible investors;
- (ii) labour costs: regional disparities in industrial labour costs are smaller than disparities in labour productivity. Assuming that completion of the internal market would lead to a certain levelling out of nominal rates of pay, it is to be feared that the weakest regions might be at an even greater disadvantage;
- (iii) the level of infrastructures directly serving industry: according to some information, many backward regions are 40 to 60 % below the Community average in this area. As will be shown below, economic integration could have a beneficial impact in this field.

2.1.4.2. The areas in industrial decline are often considered unattractive to industrial activities with a high level of demand,

since they have little capacity for restructuring and are relatively poorly equipped to benefit from the provisions of the internal market. In particular such regions hold little attraction for industries such as pharmaceuticals, information technology and financial services, activities which, as we have seen earlier (section 2.1.3), are among the most sensitive to the completion of the internal market.

This somewhat categorical assessment is partly based on the way problems were dealt with in the 1970s: the relatively rich regions proved more able to adapt to restructuring in an aggressive manner by appropriate investments than those regions identified (with hindsight) as in decline, which, for lack of anticipation, resources and rapid and dynamic measures, took a more passive and short-term approach, attempting to preserve jobs in their traditional form, putting off the inevitable radical solutions and thereby exacerbating social problems.

2.1.4.3. As regards the impact of sectoral developments, the following main trends may be postulated as emerging from completion of the internal market:

- (i) the liberalization of transport may make a positive contribution to opening up the backward regions. Directive 83/416 (amended version 86/216) concerning the authorization of scheduled interregional air services for the carriage of passengers, mail and cargo is intended to develop intra-Community traffic on regional routes. Nine new routes, including Cork (IRL) — Rennes (F) and Stauning (DK) — Aberdeen (UK) have already been set up.
- (ii) the development of telecommunications is likely to produce the same result; it is, for example, one of the explicit aims of the Community STAR programme;
- (iii) the opening up of public sector purchasing (the matter of 'regional preferences' being shelved for the time being) may also be beneficial to

these peripheral zones which are committing major sums to infrastructure projects;

- (iv) on the other hand, however, it is probable (see section 2.1.3) that there will be a pronounced trend towards rationalization of activity in the regions producing supplies or services which are at present protected and enjoy high prices: unfortunately many areas in industrial decline are in this category;
- (v) in addition, the liberalization of financial services will probably bring about concentration of activities in the areas which are already specialized; this means that the most backward regions may not benefit directly from growth in this sector.

The regional dimension therefore very much appears to be a special link in the process of anticipating, monitoring and coping with the changes brought about by completion of the internal market.

While the sectoral identification of vulnerable areas does not show any major difficulties — except for a limited number of industrial and tertiary activities — regional identification makes apparent the risk of a local polarization of handicaps and opportunities.

In this respect the importance now attached to two categories of regions or areas is broadly confirmed by the detailed studies available (although these studies deserve to be extended and given a forward planning dimension).

Firstly, in the structurally less-developed regions, industry will be faced with a twofold challenge: in less than 10 years, it will have to reach the average European performance level at a time when European standards of quality and efficiency in the traditional labour-intensive industries are rising rapidly. An active regional policy and a national industrial strategy will undoubtedly be necessary in the countries where such regions predominate.

Secondly, numerous indicators show that regions in industrial decline are likely

to suffer cumulative handicaps; it may be that the tertiary infrastructure is not equal to the new opportunities or that the opening up of public-sector purchasing is unfavourable to them.

It is certainly important to have a Community regional policy to support local initiatives with a twofold aim: to prevent 'over-concentration' in the more fortunate areas and to avoid under-use of resources in the less-developed Community regions. Hence the need to use the structural funds and macro-economic policy to ensure that there is a balanced distribution of economic activity and to strengthen the economic and social cohesion provided for by the Single Act. The internal market is, after all, the market made up of all the regions of the Community; it is therefore only fair that the less privileged regions should have their fair share of the effects of the new dynamism to which they themselves are contributing.

#### *Elimination of frontier formalities*

Completion of the internal market will mean the elimination of checks and formalities relating to intra-Community trade and thus of any administrative action specific to this type of trade, along with the elimination of such action at internal frontiers even when other types of trade are involved (goods from non-Community

countries in transit to another Member State or to a non-Community country.

Clearly, changes like this, while beneficial to most economic operators, could result in social and economic difficulties for people in some sectors whose work is closely linked to the existence of the present physical barriers i.e.:

- (i) the staff of the national departments responsible for the present checks and formalities, mainly customs officers working at the internal frontiers of the Community, but also those who deal with the formalities in intra-Community trade in Community goods elsewhere than at the physical frontiers of Member States (generally more than half of these operations today involve customs clearance at customs offices within the territory of the Member States near centres of economic activity;
- (ii) customs clearance professionals (customs agents, advisers) etc.;
- (iii) persons employed in services now grouped around frontier posts (restaurants, cafeterias, hotels, shops, etc.);

As regard civil servants, the national customs authorities will have to decide on the staff they will need after completion of the internal market and adjust their

recruitment policies accordingly and also decide how to deploy their staff. For example, some staff could be reassigned to work in areas related to VAT clearing and the increased administrative cooperation provided for in the Commission's proposal. According to the study on the cost of non-Europe, the numbers directly affected would be between 15 000 and 30 000 in six Community countries (B, D, F, I, NL and UK).

The situation is perhaps different as regards customs clearance experts, in particular customs agents at the internal frontiers and/or those whose work is largely connected with intra-Community trade in Community goods. The Commission has already recommended to Community customs agents, both individually and through their professional associations, that they begin to diversify their activities.

In conclusion it is possible that pockets of particularly acute difficulties may occur. The dialogue which has already started with the occupations concerned should continue (information on progress, etc.) in an appropriate form. If necessary, the suitability and nature of the measures intended to deal with the problems at Community level could be assessed in the context of the decline of the frontier regions.

## **2.1.5. The specific problems of small and medium-sized businesses**

An initial approach to the specific problems of small and medium-sized businesses could consist of applying the typology put forward under point 2.1.3 to this type of firm.

The exercise consists of identifying, among the sectors covered in Table 1

above, the sectors where small and medium-sized businesses predominate i.e. where firms employing fewer than 500 persons represent at least 50 % of the turnover and 50 % of the total numbers employed in the sector (a list of the industrial sectors where small and medium-sized businesses predominate is attached).

The following results are obtained for the groups of sectors identified as being the most vulnerable:

Sector with a high level of trade and average non-tariff barriers:

- (i) machine tools and tools;



- (ii) machinery for the food and chemical industries;
- (iii) lamps and lighting equipment.

Sector with a low level of trade and high non-tariff barriers:

medical and surgical equipment.

These sectors are, then, very few in number.

This being so, the following general ideas might be put forward:

- (i) Completion of the internal market will offer opportunities in the main to the largest firms and in certain sectors, as we have seen, a great deal of concentration may be expected. It is likely that very small businesses and self-employed workers will continue to supply a purely local market and that the most vulnerable units will be the medium-sized firms.
- (ii) However, these very firms are well placed to seize these opportunities: a greater capacity to adapt, greater flexibility making it possible to meet a demand which is constantly changing both quantitatively and qualitatively and greater ability to innovate; all qualities which mean a greater capacity for job creation.

Moreover, the characteristics of the jobs created in small and medium-sized businesses are different from those in large firms; their variety and flexibility (part-time, etc.) provide specific job opportunities for certain groups of people (women, young people, etc.).

- (iii) Small and medium-sized businesses are a vital element in the regional development process and their fate is closely linked to that of the regions of the Community and to their ability to weather the changes brought about by completion of the internal market (see point 2.1.4);

- (iv) These firms, however, have specific handicaps: difficulties in obtaining information, limited financing capacity, reluctance to cooperate with other firms, difficulties in building up a qualified workforce (training problems), difficulties in meeting high social standards (see Article 118 A(2)).

The initial conclusions regarding small and medium-sized businesses cannot therefore be other than qualified: specific objective constraints, uncertainties and, in certain very limited areas, anxieties. As regards the social dimension, therefore, two points need to be made:

- (i) On the one hand, social effects (employment, wages, etc.) are at the least uncertain at the present state of knowledge; they are in any case closely linked with the fate of the Community regions.
- (ii) On the other hand, the upgrading of human resources by improving social conditions and, in particular, by encouraging vocational training and is the best way for small and medium-sized businesses to make the most of their potential.

Hence, the specific mechanisms set up recently by the Commission may play a particularly useful role. Some involve information and awareness campaigns: this is the task of the Euro-Info-Centres, the European business and innovation centres network (EBN) and, for very small firms, the European system of information exchange for local employment initiatives (Elise). Other structures aim to encourage cooperation between large and small firms, for example, the business cooperation network (BC-NET). Finally, we must not forget that Community action in the legislative sphere aims to guarantee the right of establishment.

Additional measures more directly connected with the social dimension of the internal market are described in the second chapter of this part of the document.

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At the end of this first identification of areas vulnerable to completion of the internal market it does not seem necessary to refer again to its limits which are evident in many respects. Some shortcomings nevertheless need to be pointed out, since they could also form points for further study:

- (i) an analysis of the conditions of international competition is not attempted here and is only touched on in the third part of this report;
- (ii) at this exploratory stage it is hardly possible to go beyond employment problems and examine features of the contract of employment. This applies in particular to various aspects of social protection;
- (iii) certain sets of measures set out in the White Paper may have social consequences, though admittedly indirect ones. This is particularly true of provisions on the approximation of VAT rates and harmonization of excise duties (on alcoholic drinks, tobacco and mineral oil), even if the Member States have a number of years to make the necessary changes, or with certain measures affecting financial services (liberalization of mortgages, personal insurance, etc.).

At the current stage, it may be concluded that in all probability far from negligible social effects will be caused in certain specific areas by the completion of the internal market. It is therefore necessary to take them into account and decide what specific Community action should be taken.

## 2.2. What is being done?

The completion of the internal market may have consequences which go beyond those observed in the 1960s, for four fundamental reasons:

- (i) the increasingly worldwide operation of economic forces and the problems this creates;
- (ii) the fact that growth in the 1960s was considerably higher than today;
- (iii) the impact of new technologies was more limited at that time;
- (iv) structural differences between the Member States (six) were on a smaller scale at that time.

This implies that the objectives set for 1992 require a change in the methods, instruments and practices of the Community and therefore of the Commission. Being concerned to identify benefits to be gained at Community level, and in so doing, to identify the specific

nature of the action to be undertaken at this level, three approaches can be discerned:

- (a) A taking into account of the social dimension is evident in the past and present endeavours of the Commission to complete the internal market. Where these endeavours are trend-setting, the possibility of extending them deserves to be considered;
- (b) An anticipatory and watchdog function, already partially exercised by the Commission, could be stepped up and broadened:

Stepped up: studies similar to those conducted for the purpose of identifying vulnerable areas could be carried out on bases which are both narrower and more precise;

Broadened: it is not only up to the Commission to anticipate, but also to

encourage and help those economic and social actors, whose essential part in successfully completing the single market was analysed above, to do their own anticipating.

- (c) The Community must take on a role as regards coping with the changes deriving from completion of the internal market; the approach adopted must be coherent and integrated in the interest of economic and social cohesion. For this purpose, three areas must be restated, specified or explored:
  - (i) measures requiring Community financial aid and facilitating both qualitative and quantitative adaptation;
  - (ii) the fundamental role of training as a general adaptation policy;
  - (iii) measures favouring adaptability on the labour market.

### 2.2.1. Some provisions are already being drafted or implemented, and are integral components of the internal market

The social dimension is already an integral part of the Commission's endeavours, past and present, to complete the internal market. This is borne out by:

- (i) the new approach to the harmonization of technical rules and standards and the drafting of the so-called Machines Directive;
- (ii) the Community programme on health, hygiene and safety at work, an initial response to the objectives laid down in Article 118 A of the Single Act;
- (iii) proposals concerning company law.

#### 2.2.1.1. The example of the Machines Directive

The proposal for a directive concerning the approximation of legislation relating to

machinery, which was part of the programme set out in the White Paper, is based on the Council Resolution of 7 May 1985 on the new approach to technical harmonization and standardization.

It covers a wide range of machinery, from simple appliances to highly complex installations, such as automated systems: it is estimated that just over half of the total production in the mechanical engineering sector (some 200 000 million ECU) is covered by this directive.

Certain categories of machines are not covered by the directive, but will be the subject of specific provisions at a later date.

From a social viewpoint alone, it should be stressed that this approach breaks new ground for two reasons:

- (a) The Commission took care to involve all interested parties from the beginning, i.e. government representatives, members of European standardization bodies (CEN and Cenelec), and the two sides of industry. Moreover, a delegation of the *ad hoc* working party on machines of the Advisory Committee on Safety, Hygiene and Health Protection at Work was involved in the work of the group of experts.

This combination of technical, economic and ergonomic approaches has made it possible to define vital security requirements. Three basic principles emerged for defining a comprehensive notion of safety:

- (i) safety should be integrated in the design and construction of a machine;

(ii) all potential risks should be anticipated;

(iii) requirements need to be established which can apply to all types of machines concerned; such basic requirements must be applicable in a context where no standards exist in this regard, without however jeopardizing safety. For this purpose the directive lays down a number of criteria while leaving the manufacturer entirely free as to how these should be met;

(b) The proposal for a directive leaves the task of drawing up standards which conform with its basic requirements to the standardization bodies. As regards the technical and practical application of the directive, which is, after all, a crucial aspect, the request for a tripartite structure made by the European Trade Union Confederation (ETUC) was favourably received by the Commission in so far as such a structure was likely to improve, rather than complicate or slow down, the implementation of the directive.

Article 100 A allows for this taking into account of the social dimension in the implementation of the new approach to harmonization of technical regulations and standards, where it is a matter of defining basic safety standards, which products must meet in order to be able to circulate freely, by acknowledging the overall equivalence of the legislative aims of the Member States in the field of health protection and safety.

A distinction should be made here between the design stage and the actual construction of machinery, which comes under Article 100 A, and the actual functioning or utilization of these machines, which is covered by Article 118 A (see below, proposal for a general directive on health and safety at work). However, this distinction in no way prevents the establishment of the greatest possible parallelism between instruments based on one or the other of these Articles.

The approach adopted in drafting the Machinery Directive may break new ground, but is it generally applicable?

Other instruments included in the White Paper work programme also benefited during the drafting stage from a form of involvement of the two sides of industry, e.g.:

- (i) pressure appliances;
- (ii) toy safety;
- (iii) construction materials;

although only the instrument relating to protective clothing benefited from the same method.

With a view to applying such a fruitful approach more widely, the Commission could carry out a survey of planned instruments which might lend themselves to this kind of approach.

### 2.2.1.2. Commission action in the field of hygiene and safety

To show its resolve to emphasize the social aspects of completion of the internal market, the Commission adopted a new working programme in the field of health, hygiene and safety at work, as soon as the Single Act became applicable, responding thus to the objectives set out in the new Article 118 A of the Treaty.

The initiatives contained in this programme relate to five specific themes:

- (i) safety and ergonomics at the workplace;
- (ii) health and hygiene at work;
- (iii) information and training;
- (iv) small and medium-sized businesses;
- (v) dialogue with and between the two sides of industry.

On 1 December 1987, this programme was the subject of a Resolution of the Council of Ministers for Labour, which called on the Commission to develop a number of initiatives in this area.

The Commission is currently working on two framework Directives — in

conjunction with the Machinery Directive — which cover the following areas:

- (i) minimum health and safety standards applicable to the workplace and the use by workers of machines, appliances, tools, products and installations;
- (ii) the practical organization of health and safety measures at the workplace.

At the same time the Commission is making sure, in view of the importance of the technical specifications needed to meet vital safety requirements in respect of products and machines used at the workplace, of adequate involvement of the trade unions in standardization and related endeavours at Community level.

The Commission therefore not only intends to involve the two sides of industry in the drafting of proposals for directives, as Article 188 B of the Single Act calls on it to do, but also feels that labour organizations should be properly consulted in the preparation of standardization measures and in the management of these directives.

The establishment of *ad hoc* procedures, moreover, enabled the Advisory Committee on Safety, Hygiene and Health Protection at Work to give its opinion on two proposals for directives on 13 January 1988.

Finally, we should point out that, with a view to increasing public awareness of these matters, the Council has suggested that 1992 should be a European Year dedicated to this topic.

### 2.2.1.3. Company law

The Commission, in its efforts to promote a legal framework for European companies, has always tried to reconcile two ambitions: the desire to encourage conditions conducive to inter-company cooperation on the one hand, and the wish to encourage the involvement of workers in the running of their firms on the other.

There are several reasons for encouraging worker participation — quite apart from improving the way in which wage earners' interests are represented — such as the introduction of more democratic forms of management in order to increase the quality of that management. For, here too, the Commission is firmly convinced that certain so-called social aspects are a determining factor in economic success, and that an adequate regard for these factors may represent, in the longer term, an element of added value for the firms concerned.

For a number of Member States, moreover, the existence alongside their national legislation of a legal structure without worker participation is unacceptable, for it would constitute a veritable Trojan horse likely to imperil the system of social regulation in force within their undertakings. Other Member States, however, are reluctant to accept a system of mandatory worker participation, giving their preference to an optional system.

Among all the pending proposals relating to company law (not counting

provisions aimed at abolishing double taxation) instruments dealing with the problem of worker participation are:

- (i) the 'Fifth Directive', concerning the structure of limited companies and the powers and duties of their governing bodies;
- (ii) the Regulation on the status of the European limited company;
- (iii) the so-called 'Vredeling Directive', essentially a piece of social legislation which is concerned with the information and consultation of workers in enterprises with complex structures, in particular transnational undertakings.

Whereas there is tangible progress in the Council's Working Party on Economic Questions as far as the proposed Fifth Directive is concerned, other instruments — for well-known reasons which need not be recalled here — are still pending, some of them for many years (the draft legal framework for European companies goes back to 1970 and is no longer even being discussed).

The time none the less seems right to resume discussions on company law and worker participation; this is borne out by the wishes expressed publicly by a number of industrialists, by the effect of Community measures and programmes (those published in the Commission's White Paper and others) aimed at favouring cooperation between firms at a European level as well as the likely dynamic effects of the internal market.

In this context it should be borne in mind that in 1985 a new factor was introduced: the adoption of the Regulation on the so-called 'European Economic Interest Grouping' (EEIG), which is currently being introduced in the Member States and is scheduled to come into force on 1 July 1989. This measure sets a major precedent, representing, as it does, a legal framework accepted by the Member States which has no basis in national law.

The experience acquired in drafting this instrument may well contribute to the relaunching of the legal framework for European companies, some time in the near future.

## 2.2.2. Planning for the future

An analysis of economic factors and the pinpointing of vulnerable areas showed the degree to which vulnerability to the implementation of the frontier-free area varies from one sector to another, and may well be considerable in some.

By and large, experience has taught us that whenever changes prove unavoidable, a prerequisite for their success — and by success we mean changes which are understood, socially acceptable and economically viable — is that the problems involved should be recognized and taken into account at a sufficiently early stage.

Anticipation of problems is one of the key elements in progressing from a passive to an offensive and dynamic

management of change: the former, which usually more or less presents those concerned with a *fait accompli*, not only causes social hardship, but often proves to be expensive or even eventually counter-productive in economic terms.

But no matter how necessary it may be, forward planning cannot be a matter for the Commission alone. The ability of all the economic and social actors involved to anticipate these problems must be encouraged.

In the light of the above, the following suggestions may be made:

1. The Commission's endeavours in terms of identifying vulnerable, and, more generally, giving thought to the social

dimension of the internal market, should be continued and stepped up; this should take the form of a coordinated programme of studies and specifically oriented discussions backed by external expert advice (industrial economists, experts from the two sides of industry, etc.).

Coordinating these various activities is essential in view of the complexity of the problem in hand.

In more concrete terms, one of the bases for these studies and discussions could be the 'EEC industrial outlook', which the Commission intends to present during the second half of the year, within the framework of its industrial policy and

programme for 1988. This 'Outlook' is to cover the major European industrial and services sectors, and provide qualitative and quantitative data on the situation in 1987, trends in recent years, and likely future developments.

Social variables should be built into this exercise: this would give the Commission a particularly effective instrument, which could be improved over the years and play a useful part in discussions between the two sides of industry.

Sectors identified here as being particularly vulnerable could be given priority.

2. In broader terms, the idea of labour market forecasts is not a new one. On 24 April 1986, for instance, the Standing Committee on Employment discussed details of a forward-looking labour market policy, on the basis of a Commission document. The conclusions<sup>(1)</sup> reached at the time were referred to in the report of the last meeting of this Committee (5 November 1987, paragraph 9):

'As regards labour market measures the Committee confirmed its commitment to encouraging close cooperation between all concerned to achieve a more dynamic structure and organization of employment services, and a better forecasting of employment opportunities. In this context the conclusions resulting from the Committee's meeting of 24 April 1986 were again noted.'

In view of the above, should we therefore not be thinking about the advisability, the nature and

arrangements for setting up a (non-bureaucratic) body to assess the employment situation and labour markets at sectoral level, given that such a body would be an essential instrument for genuine forward planning?

3. An analysis of the situation of a number of sectors confronted with the completion of the internal market has shown the scope of the qualitative changes in employment and the probable large-scale emergence of new occupations; a Community-wide forecast of this aspect would be particularly useful.
4. Similarly, the idea of a periodical Commission report on Community employment prospects also merits further study.
5. The scope for decentralizing the social dialogue at sectoral level, and intensifying the current debate on themes directly related to the problems of the internal market should be explored.

This suggestion will be dealt with in greater detail in the third part of this report.

6. Specifically as regards small and medium-sized businesses, measures facilitating the transfer of ownership of firms should be encouraged. Many studies have shown that the transfer of ownership from the person who runs (and has set up) a firm is a critical moment in the life of any small or medium-sized business and often puts its future at risk. The completion of the internal market may exacerbate this problem, while at the same time offering new solutions in terms of identifying and contacting potential

acquirers in another Member State, assistance in terms of training and financial arrangements, etc.

<sup>(1)</sup> § 5 The Committee considered that in order to be effective, a forward-looking labour market policy involved prior consultation of management and labour by public authorities before the latter took any decisions concerning employment; close cooperation between all concerned (...) at the level of geographical zones (...); greater efforts on the part of undertakings to indicate probable employment trends and the qualifications likely to be required in the future; the exchange of information and forecasts in forms appropriate to each individual case between undertakings and other parties concerned, in order to identify as far as possible future needs for initial or further training and retraining and future employment trends (...), consequent adaptation of educational programmes and training and retraining programmes inside and outside undertakings to the new needs identified by the forward-looking labour market policy; the design and implementation by flexible means, including, where appropriate, the conclusion of agreements, of any other measure suitable for the development of employment (...).

§ 6 The Committee considered that such a policy should furthermore try to avoid the pitfalls of bureaucratization and the risk of distortion of competition between various geographical areas.'

### 2.2.3. Monitoring and support measures

Support measures, which are a logical corollary to forward planning, are of course crucial, as the successful implementation of change depends on

them. Furthermore, we are faced with a highly complex set of problems, particularly as regards identifying the specific impact of the completion of the

internal market. This being so, having at our disposal a whole range of instruments is an essential prerequisite for the offensive and dynamic management of

change: measures of a financial nature, measures encouraging training above all and measures favouring adaptability.

### **2.2.3.1. Financial measures to facilitate qualitative and quantitative adaptation**

The following in no way prejudices the advisability of providing financial back-up for restructuring which will be accelerated as a result of the completion of the internal market. They merely prepare the way for answering that primordial question, put at the end of this paragraph.

Before adopting measures which involve Community funding with a view to facilitating qualitative and quantitative adaptation, the following requirements must be met:

- (i) the completion of the internal market is not to be 'bought', i.e. there must be no systematic payment of compensation; demand would soon exceed Community resources, which are already strained;
- (ii) the benefits of economic integration must be fairly distributed, not for philosophical or moral reasons, but out of practical necessity; to ensure economic and social cohesion and to avoid tearing apart the fabric of the Community.

Bearing in mind these two essential requirements, we may, on the one hand, draw on the experience acquired in the field of adaptation and reconversion and, on the other, plan for effective use of the reformed structural Funds.

#### **(a) Community achievements**

The Community's achievements in this area are based on the social support programmes approach. The object of these social support measures is to ensure a balanced adaptation of capacities in sectors which have been particularly hard hit by structural change and in respect of which an adjustment in the employment level is not socially acceptable without financial aid from the national and Community authorities.

- (i) An initial lesson can be learned from the experience gained from ECSC readaptation, which was designed to make socially acceptable what was economically necessary.

As the economic context developed, and unemployment grew, the instruments used were changed: at first tideover allowances and wages make-up payments were enough; subsequently, the shortage of alternative employment and the difficulty of redeployment brought about widespread recourse to early retirement. At the moment the emphasis lies on an active policy involving guidance, training, recruitment subsidies and job creation.

Two of the basic principles of readaptation deserve to be mentioned here: (1) restructuring must correspond to Community objectives, and (2) Community contributions are fixed in proportion to a specific national or regional contribution.

- (ii) At the same time the ERDF and ESF ('<sup>1</sup>) have played, and continue to play, a major role in the co-financing of the necessary measures and/or in pursuing policies to develop the regions affected by restructuring. It is, however, difficult to put a precise figure on the amounts devoted to this type of project.
- (iii) A third, more recent, contribution derives from the handling of the steel and shipbuilding dossiers and the drafting of the Resider and Renaval programmes.

Thus, in its proposal relating to shipbuilding [COM(87) 275] the Commission emphasized the need to avoid defensive social support measures, which would lead to a passive reduction in employment in this sector. Instead, the Commission called for accompanying the inevitable short-term reduction in the labour force, by a dynamic training and retraining policy for workers, so as to improve industrial competitiveness and therefore job stability on the job market in the longer term, on

the one hand, and create alternative employment in other sectors, on the other.

Furthermore, since sectoral problems tend to be concentrated in certain areas, coordination with regional policy is essential. In this context, the dynamic approach of the integrated development programmes with its use of agreements between the two sides of industry and the relevant authorities is an example to be followed.

A box setting out the various types of sectoral Community intervention and the characteristics of a number of social support measures will be found on page 64.

#### **(b) The reformed structural Funds**

The reform of the structural Funds, outlined in the document 'making a success of the Single Act' [COM(87) 100 final] and spelled out in the draft framework regulation [COM(87) 376 final/2], is a logical extension of the Single Act and sets out to provide an answer both to the last enlargement of the Community and the completion of the internal market. In that sense it already provides a general answer to the problem which concerns us.

The reform in question is based on four mutually linked ideas:

- (i) the concentration of resources on a limited number of objectives (five);
- (ii) a precise definition of the respective tasks of the structural Funds in relation to these five objectives;
- (iii) an increase in the available financial resources;
- (iv) a rationalization of both assistance and management methods.

An examination of the box (see page 64) shows that over the years the scale

<sup>(1)</sup> Since the 1983 reform, ESF intervention is no longer directly aimed at specific sectors. The individuals concerned nevertheless continue to benefit from the Funds assistance under one of the cross-sectoral headings (training, etc.).

and aggravation of the economic and social problems caused by restructuring has led to layers of sectoral measures with differing origins (and durations) being superimposed upon each other.

The draft framework regulation defines its second objective as converting regions, employment areas and urban communities which are hard hit by industrial decline, and also facilitating the restructuring of declining industrial sectors; this may well provide a framework which is both simpler and more coherent for such Community action. In particular, it could provide an operational instrument for financing measures to accompany changes in certain sectors, which have been triggered or accelerated by the completion of the internal market.

Far more arduous than the identification of vulnerable areas, the definition of criteria governing applications for assistance from the structural Funds, particularly with regard to objective 2, is currently being discussed by the Commission, which is expected to adopt a position on this matter before the end of January 1988.

We shall limit ourselves to the following two remarks:

- (i) an excessively static approach to declining regions should be avoided, as this may cause major imbalances in certain areas;
- (ii) simulations carried out in 1987 on the basis of scenarios relating to the uti-

lization of funds by objective, show that if the resources available to the structural Funds were to be doubled, substantial amounts would go both to the ERDF and the ESF for the purposes set out under objective 2.

**(c) Some suggestions**

1. When it submits the implementing arrangements for the reform of the structural Funds to the Council and Parliament, the Commission might emphasize that, in its view, the regional and local dimension is particularly suited for the implementation of policies to accompany restructuring made necessary by the completion of the internal market, including where sectoral problems have to be dealt with.
2. The Commission could initiate a systematic review, to be carried out by the relevant departments, of the coherence between now and 1992 between the new financial instruments (objectives 1 and 2 of the reformed structural Funds) and existing sectoral instruments (social support measures for the steel industry, shipbuilding and textiles) including the part played by ECSC funds.
3. The monitoring of the adaptation of the regions as progress towards completion of the internal market continues, should take the form of an annual assessment of fluctuations in the employment situation in all the

Member States where such statistics are available. The results of these assessments would be published in a separate chapter of the periodic report on regional development. This report, or the relevant chapter, would be published annually.

4. Preventive action or adaptation measures implemented by border regions affected by a significant decline in the number of jobs related to border controls, could be supported, either under objective No 2 or by ERDF resources at the Commission's own disposal.
5. Once the implementing arrangements for objective No 2 have been adopted, they could be published in an operational handbook, to be discussed by the Community's regional consultative bodies, such as the Regional Policy Committee, the Consultative Council on Regions and Regional Authorities.
6. As regards structurally underdeveloped regions, the Commission could use its influence in the context of the co-financing approach required by the reform of the Funds, to encourage national planning of industrial strategies. It has this option, for instance, in the context of IMP's and the programme for the development of Portuguese industry (Pedip), and also in the context of regional co-financing of national aid aimed at the regions.

### **Various forms of Community support at sectoral level**

Looking back, the Commission's activities in this area appear to have been protean in their manifestation, comprising essentially:

1. Sectoral social policy as governed by the ECSC Treaty:
  - (i) Article 56 (2) (a): subsidized conversion loans for investment projects capable of reabsorbing redundant workers into productive employment;
  - (ii) Article 56 (2) (b): non-repayable readaptation aid;
  - (iii) the social support measures: two programmes (1981-83) and (1984-86), linked to the restructuring of the iron, steel and coal industries, provided funding for early retirement and short-time working schemes. Both were financed from exceptional contributions from the general budget to the ECSC budget, but the final chapter of the latter has not been completed owing to a refusal by the Council (December 1986).
2. Certain operations financed by the ESF (training, wage support schemes, retraining and redeployment), relating to manpower in declining areas. It should be noted, however, that in its present form the ESF does target its aid on a sectoral basis.
3. Specific Community development operations, organized within the framework of the ERDF, to aid regions suffering from the effects of the restructuring of the iron and steel, shipbuilding, and textile and clothing industries: productive investment, site redevelopment, counselling for small and medium-sized businesses, collection and dissemination of information on innovation, setting up of joint services, etc. Other programmes also play a part.
4. The recent Renaval and Resider programmes, which recommend new measures on behalf of:
  - (i) the shipbuilding industry; apart from assistance from the Social and Regional Funds, whose budgets will be substantially increased, the setting up of a specific Community programme promoting the social and vocational integration of workers and their geographic mobility;
  - (ii) the iron and steel industry; a similar approach, comprising a programme of additional social aid for early retirement and integration subsidies.

### **The main features of the three social support programmes**

#### *Shipbuilding*

Apart from the Renaval programme as such, the social measures proposed by the Commission will be applied retroactively to workers in the shipbuilding industry who have lost their jobs, or whose jobs are under threat, since 1 January 1987.

Three specific types of action are planned, from which some 22 000 workers are expected to benefit, with a total budget of 71.5 million ECU for the period 1987-90:

- (i) early retirement (no more than 5 000 ECU per worker);
- (ii) new employment (2 500 ECU per worker);
- (iii) a geographical mobility allowance, which may be combined with the above (1 500 ECU per worker).

To these new schemes should be added the considerable sums of aid already being disbursed, i.e. 63 million ECU by the ESF for 1987-89.

#### *Iron and steel industry*

In addition to the Resider programme, the Commission is proposing a social support programme for 1988-90, aimed at some 50 000 workers whose jobs are at risk. The total budget of this programme is 480 million ECU.



The following measures are planned:

(a) Under Article 56 (2) (b) of the ECSC Treaty:

- (i) compensation for loss of income in the event of unemployment, re-employment or early retirement — 3 000 ECU per person for an 18-month period;
- (ii) a financial contribution to the cost of vocational training or mobility and re-employment grants;

Total expenditure for 1988, 1989 and 1990 is estimated at 168 million ECU.

(b) An additional programme, also based on Article 56 (2) (b), i.e.:

- (i) extension of the cover provided from 18 to 36 months, which brings the ECSC contribution of 3 000 ECU to 6 000 ECU per person.
- (ii) an increase in re-employment grants (2 000 ECU per person);

The total cost of the additional programme is estimated at 132 million ECU.

(c) The social measures initially proposed on the basis of the financial mechanism set out in Article 58 (2), representing 180 million ECU, have been withdrawn.

### *The textile and clothing industries*

On the basis of a Council Regulation originally adopted in 1971, ESF assistance helped to finance the training of workers leaving these industries and the retraining of those who had found employment in other viable establishments and firms.

In all an estimated 10 % of workers employed in the two industries benefited from these schemes. After years of restructuring, the situation of the two industries has considerably improved. There is reason to believe that the efforts undertaken, both at Community and national level, to retrain the workers concerned, has been a major factor in this recovery.

### **2.2.3.2. The fundamental role of training**

It is hardly necessary to point out how crucial training is, both for individuals and for firms or even whole areas; it is as crucial as investment or a general adaptation policy:

- (i) as far as the individual is concerned, semi- or unskilled jobs have virtually disappeared; training is essential to prepare for new types of job and for developing new skills;
- (ii) as far as European industry is concerned, training is becoming an increasingly important factor in their competitive position and in stimulating new growth. It is one of the key factors of change and conversion;
- (iii) as far as the regions are concerned, initial and further training helps to

reduce inequality within the Community by converting regions that are structurally underdeveloped and regions in industrial decline; it also acts as an economic stimulus to rural areas affected by the reform of the common agricultural policy. There is in fact a risk that, without a greater effort in terms of education and training, the advantages deriving from the internal market will benefit the more qualified and dynamic elements, who will be inclined to leave peripheral and declining regions for those offering more interesting career prospects.

Bearing in mind the sheer scale of the challenges which have to be met, both by firms and individuals, one could say that

as a general rule the social dimension of the internal market must include the promotion by every means available of both initial and further training. Training needs are a matter for all sectors, regardless of whether they are positively affected by the internal market or not, but sectors in the process of restructuring have an urgent need for specific, more intensive efforts.

Given this basic principle, it is clear that priorities in terms of education and training are above all linked to the creation of the right conditions for a successful completion of the internal market. In this context, we should point out that the various Community programmes, whether operational, under scrutiny or being

drafted, all tend to encourage cooperation and exchanges.

However, our analyses point to a higher level of requirements: the internal market will reveal new training needs — some of which are unclear at the moment — or place more emphasis on others: training in new management and marketing techniques, corporate planning (requirements here will be particularly urgent among the managers and owners of small and medium-sized businesses); training in the comprehension of Community legislation, as well as national legislation of other Member States stimulating an entrepreneurial sphere among the young; language teaching, etc.).

Another requirement is that the general level of vocational training will have to be raised considerably, and that vocational training must give people specific skills.

In other words, as training in general and in-service and further training in particular, is a means to creating a European pool of skills which can be used to amplify the positive effects of the internal market, it merits a significant investment in terms of financial and other resources.

Such investment may be aimed at a number of key areas: high technology sectors require new skills, which current basic training structures are not always able to provide. A major effort in terms of further training should therefore be initiated, to accompany technological and industrial innovation — as an extension, at Community level, of action already undertaken within the context of the Comett and Eurotecnet programmes (vocational training for new technologies).

It can take original forms: in conjunction with the development of information and communication technology (e.g. distance teaching, self-education), the multiplication of education and training locations should also lead to the development of 'European areas'. At university level, for instance, one possible form of 'Europeanizing' higher education, both in terms of time and place, would be the development of a European network of open universities based on the British model, the originality and success of which are a clear marker for the future of training in Europe.

Clearly, the Commission can play a very useful role when it comes to disseminating the practical results of original schemes.

Similarly, innovative projects at local or regional level should also be publicized and copied, not only in an urban context but also in rural areas. Tens of thousands of villagers in Europe have no future, often because the infrastructure in terms of education and training has disappeared and no other local solution has been found. Such situations can be improved through the use of new information and communication technologies.

However, regardless of whether the overall responsibility for training is centralized or decentralized, the regions have an important coordinating role to play in the adaptation of education and training services to the economic and social needs of the area; in doing so, they should benefit from the active support of all local bodies concerned (education authorities, training establishments, Chambers of Commerce, public and private financial institutions, and local employment services).

Finally, investment in the Community's human resources calls for a Community strategy on basic and continuing education and training, implying new relationships at Community level between governments, the educational sector and the two sides of industry.

Any such investment should take into account the outcome of the social dialogue of Val Duchesse (joint opinion on motivation and training in new technologies), and a joint policy on vocational training on the basis of Article 128 of the Treaty (see Decision 63/266/EEC etc.); it should be based on the following priorities — not including the operations to be planned in the field of cooperation and exchange, referred to in the first part of this report:

(i) The training of young people. For the majority of Member States, the setting up of a training system, giving all young people up to two years basic training (commitment made by the European Council in June 1985, backed by the Council Decision adopted on 1 December 1987 on

training and the preparation of young people to adult and working life) continues to pose a considerable challenge.

A scheme which provides any and every young Community national with the opportunity to acquire useful skills continues to be an essential prerequisite for any system of continuing training.

(ii) Basing itself on national policies on education and training, the Community could take on specific tasks, such as improved comparability between the various national educational systems, following on from which concrete cooperation could be established in specific areas (exchanges, study visits, European networks).

(iii) In the field of continuing and further training, the Community must do more than it has done to date, the importance of investing in further training is recognized both by industry and by the public authorities, but the action taken so far is fragmented and largely restricted to large firms.

The Commission is therefore preparing a number of proposals, following its communication on adult training in firms, and on the basis of tripartite consultations, at both national and Community level.

It will shortly put forward a Community action programme on adult training in firms, within the general framework of the joint policy on vocational training. It will take the form of a proposal for a Council Decision.

(iv) The ESF will be able to play a major role in publicizing successful pilot projects concerning the occupational integration of young people or continuing training (see page 68a).

### **2.2.3.3. The adaptability of the labour market**

Coming, as it does, on top of other major trends (introduction of new techno-

### Innovative projects in the field of training

1. The Commission, via the Comett programme, is funding an Open University scheme known as Saturn, which is a European partnership of distance teaching organizations designed to meet industry's needs in terms of technological training and share teaching experience and material throughout Europe. The aim of Saturn is that it should lead to the creation of an international network of partnerships between universities and industry, for the purpose of improving, rationalizing and promoting distance learning in Europe.
2. Since 1977, 60 pilot projects on the transition of young people from school to working life carried out in the 12 Member States have shown that the partnership of schools, local authorities and industry is a major catalyst for local creativity which will play a major part in future educational/training schemes in Europe. Experience has shown that one of the effects of this type of partnership is to bring the school into closer harmony with its immediate environment and to create a link between education and training, on the one hand, and the social and economic development of the local environment, on the other, more especially through agreements with local firms.
3. The European development pole, covering the Longwy (F), Aubagne (B) and Rodange (L) areas, provides for the creation of an integrated economic and social region in the Community's heartland. It could act as a precursor of a future Community without internal borders.

In addition to financial support (mainly from the ERDF), studies are being made to identify obstacles to cooperation and development, both in monetary/fiscal and in social terms (guidance, vocational training and employment).

4. An agreement has been signed between the Regional Council of Nord Pas-de-Calais and Kent County Council, within the general framework of the channel tunnel project, to encourage closer relations in such areas as economic policy and training; this will take the form of joint operations and efforts to improve mutual awareness and understanding, the idea being to forge eventually a 'Euroregion'.
5. Pedip: in October 1986 the Commission sent a communication to the Council on Pedip (the European programme for the development of Portuguese industry) confirming the specific nature of the problems facing Portuguese industry, and the important part the latter has to play in the harmonious integration of Portugal within the Community. Community support for the modernization of Portuguese industry will be based on four priorities: the improvement and strengthening of the basic infrastructure and technologies; the expansion of vocational training facilities; increased productivity.

In vocational training, the emphasis will be placed on improving training in basic skills for industrial jobs, as well as specialized further training to give workers the know-how required for the use of new technologies.

6. Within the framework of the activities of the interdepartmental group on the future of rural areas, initial training and retraining is considered a key element in development. In this context initial training and vocational training are treated as one, comprising both infrastructures and the content of projects and their ultimate aims. An outline for an action programme on education and training in rural areas has been proposed.

logies, general growth levels) the completion of the internal market will probably lead to more economic growth, but also to tougher competition. Furthermore, a number of changes already under way will be speeded up, while others are likely to arise directly out of the elimination of frontiers.

Faced with these challenges, undertakings will have a greater than ever need of a labour force with the right skills and training, but also motivated and flexible. In this context, the joint opinion of 6 March 1987 of the two sides of industry on motivation and training, and on the consultation of workers when new technologies are introduced is a Community achievement, the repercussions of which in national and sectoral collective agreements must be kept in view.

This demand for increased flexibility on the part of the workforce must be seen above all in qualitative terms. It can be obtained by a more efficient (negotiated) organization of work, making optimal use of people's abilities by closely involving them in all aspects of job restructuring; it can also be achieved by spreading responsibilities throughout the hierarchy and, as we have just seen, by providing people with the sort of skills that will enable them to see through the necessary changes under optimum conditions; internal and external mobility will be determining factors in this process.

Bearing this in mind, four major issues (which predate the problems raised by the internal market) need to be examined in a new light:

#### (a) The legal position of workers

It is a well-known fact that the nature of employment has undergone a radical change. Traditional employment contracts which guaranteed employees stable and full-time employment have been replaced by a whole range of different arrangements.

The most common characteristics of these new arrangements are the emergence of part-time work (particularly among women and young people), the increase in some Member States in temporary employment and fixed-term contracts, the recourse to various forms of homeworking and telework, an

increase in so-called local employment initiative jobs, etc.

In the majority of these cases the legal position of the people concerned is far from providing them with the same guarantees regarding conditions of employment, job stability, social protection, etc. as those offered by traditional employment contracts.

This is likely to cause not only social problems (breakdown of the traditional concept of wage and salary earners, a trend towards insecure forms of employment, etc.) but may well also be a threat to industry in as much as it could compromise the conditions for healthy competition within the Community.

### **(b) Conditions governing recruitment and dismissal**

In the current context of high unemployment these conditions have been relaxed and in some cases substantially changed in certain Member States, with a view to achieving greater flexibility. By and large, these changes have been inspired by the conviction that they could contribute to the creation of new jobs. It is, however, difficult to draw general conclusions on the basis of experience to date. The long and short-term impact of these policies must at all events be assessed at both micro- and macroeconomic level.

What is needed in this period of rapid change is an endeavour to find ways of making changes more acceptable to the individuals concerned through negotiation. Signs of a new equilibrium are emerging:

a greater degree of job security is preparing workers for more internal mobility, combined in some cases with more flexible wage structures. At the other end of the scale, a simple 'hire and fire' policy might cause excessive mobility of labour and lead to a less than optimum allocation of manpower within the internal market, resulting in a major loss in terms of human capital.

### **(c) Reorganization of working time**

The reorganization of working time (i.e. its reduction and restructuring), which is closely linked to the utilization time of productivity capacity, can provide an answer to the problems of restructuring and overmanning in the context of a low-opportunity labour market.

Such measures are already the subject of a great many multi-sector, sectoral company agreements and of experiments and individual adjustments in all the Member States. There is a growing awareness of the conditions necessary to their success at micro- and macroeconomic level: neutrality *vis-à-vis* unit production costs, no creation of new qualitative bottlenecks at regional or sectoral level and no worsening of employment and living conditions.

To gain control over these complex and inter-related conditions the scope and subjects covered by collective bargaining should be extended, giving all those involved more room to manoeuvre. This would make it possible to reconcile the interests of workers — whether their jobs are at risk or not — and the unemployed on the one hand, and the requirements of industry in terms of investment return on the other.

### **(d) Vulnerable groups**

In its fight against the under-utilization of its human resources, the Community has at its disposal an arsenal of measures on behalf of women, young people and the long-term unemployed (on average, one out of every two unemployed persons in the Community comes under this heading!). The latter two groups comes under objectives 3 and 4 of the reformed structural Funds.

Solidarity with the least-favoured members of society is more essential than ever, particularly in our search

for a more flexible labour market; this erosion of human resources must be stopped, for in the longer term it will undermine the flexibility of the economy as a whole and the stability of society in general: we have in fact a time bomb on our hands.

The wide measure of agreement on the acuteness of this problem between the two sides of industry and the governments must be reflected in specific operations reconciling general measures within the context of the cooperative strategy for growth and employment and specific measures in terms of prevention, guidance, counselling, training, reintegration, etc. A flexible and diversified approach would be able to cater for the specific problems of the various groups concerned.

However, in spite of the efforts being made, long-term unemployment will remain an extremely serious problem. The Community must therefore mobilize the legal, financial and contractual means at its disposal to fight it: that too, is one of the prerequisites for the success of the internal market.

These four major themes, which have only been touched upon here, should play an increasingly important part in the context of the completion of the internal market. However, they depend to a large extent on the behaviour of the economic and social actors, and more particularly on the social dialogue — as was emphasized at the two meetings of the Standing Committee on Employment in 1987.

As an outstanding means of coping successfully with the major industrial, technological and social changes with which our economies are faced, this dialogue can play a vital part as a regulatory instrument in the process of completing the internal market.

Comments and suggestions concerning the flexibility of the labour market will be set out — on a wider basis — in the third part of this report, which will attempt to clarify the concept of social integration.

# Part 3

## Roads to integration: an attempt at clarification

The analysis in the second part of this report showed that completing the internal market will, in the short or medium term bring about or accelerate transitional changes which should be anticipated and provided for.

However, if the frontier-free area is considered in the longer term, from the standpoint of durability, stability and expansion — and this is the aim of part 3 — it is clear that this new area cannot be left to develop on its own without adequate management of the process of change, in short without commensurate economic and social regulation. Dynamic mechanisms must therefore be established to ensure the harmonization and convergence of economic and social forces.

In particular, all analyses show that the internal market — the keystone of European integration — will demand greater economic and social cohesion. The structural Funds, reformed in accordance with the Commission's proposals, will be strong and essential instruments in maintaining and strengthening cohesion between the various Community regions. But there is no doubt that implementing the five priority

objectives, however necessary they may be, will not of itself be enough to satisfy the need for more cohesion. There are other areas in the social field where support and coordination measures at Community level will be useful if not indispensable. It would therefore be appropriate to outline the methods of regulation to be employed in this context and the roles to be played by the various interested parties, especially the two sides of industry.

The question may be posed in other terms: How best to exploit, in the social area, the opportunities offered by the large market? How to ensure that the economic and social policies complement each other? How to make European firms more competitive while ensuring stronger growth and more new jobs together with more social justice? How to implement fully the Treaty as reformed by the Single European Act?

The heterogeneous nature of national industrial relations systems recently noted in studies by the ILO (\*) and Directorate-General V (\*\*) makes it difficult to answer these questions.

In the current state of debate, it is possible without oversimplifying to identify

two types of approach, with radically different consequences for Community social policy:

- (i) a 'normative' approach using a range of binding provisions as its main weapons and seeking to regulate the various social questions at Community level;
- (ii) a 'decentralized' approach rejecting as counter-productive any further social legislation at Community level, apart from minimum health and safety standards.

Having examined the aspects of these approaches which would not provide a satisfactory and optimum answer to the twofold requirement for cohesion and competitiveness in the internal market, an attempt will be made to show that there is a middle, less simplistic way, and to outline its characteristics, which prefigure the development of a European industrial relations area.

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(\*) Industrial relations: current problems and trends. Report by the Director-General of the ILO, 1987.

(\*\*) First report of the industrial relations and collective bargaining monitoring unit — 1987.

## 3.1. Two less than ideal approaches

The above two approaches should be seen against an economic and social background in which there are both similarities and disparities between the Member States. While the differences are too numerous and well known to require re-enumeration here, it is important to be aware of the scale of the partial or general similarities deriving from common trends

as regards economic constraints (relatively low inflation, high unemployment, the competitiveness imperative, the introduction of new technologies, pressure on social security schemes, State disengagement, etc.) and certain admittedly rather limited common developments<sup>(1)</sup> which have emerged recently in the area of industrial relations (rarity of large-scale

tripartite agreements; bargaining on the introduction of new technologies, the adjustment of working conditions and collective or individual dismissals very much to the forefront; increasing role of company-level bargaining to supplement rather than replace sectoral agreements).

<sup>(1)</sup> Highlighted by the ILO study.

### 3.1.1. An essentially normative approach is inappropriate in the present context

Supporters of the 'normative' approach would like to apply a single harmonizing framework to all matters at Community level, — i.e. to set up a legal framework and/or approximate national laws, regulations and administrative provisions — mainly by means of binding instruments (regulations, directives, etc.). In the social area, however, the Community's terms of reference are relatively limited.

#### 3.1.1.1. In the past, the normative approach, conceived in a period of almost full employment, nevertheless achieved some significant results

Aside from the specific case of the European Social Fund, initiatives in relation to health and safety at work and provisions concerning migrant workers — all areas where Community intervention is specifically recognized — a number of past normative initiatives have yielded results which are, on the whole, positive. They mainly concern labour law and equal treatment for men and women:

- (i) the approximation of legislation on equal pay and equal treatment for men and women in relation to

employment and statutory social security schemes has, thanks to the Community rules, helped to supplement national legislation or fill a legislative vacuum. It has enabled more to be done to improve the situation of women on the labour market: this Community contribution is of considerable value when considering the fundamental nature of the right to equal treatment — often enshrined in constitutional texts in general terms. Furthermore, it has made it possible to improve competition rules in the Community by prohibiting the use of underpaid female labour;

- (ii) instruments adopted in the field of labour law (the 1975 Directive on collective redundancies, the 1977 Directive on safeguarding employees' rights in the event of transfers of undertakings) have led the way, sometimes to a significant extent, in a difficult political climate. In some cases they have contributed to the settlement of industrial disputes and have thus proved to be instruments promoting consensus.

It should be noted that in one Member State employers and unions rejected the Directive on collective redundancies on the grounds that this was a matter which came within their competence. This objection is highly significant for the future.

#### 3.1.1.2. Now, however, the employment crisis from which the European economy has been suffering for almost 15 years, changes in behaviour patterns and the demands of international competition call for a more flexible and pragmatic policy with different ambitions

Keeping to the essentials, the following argument can be put forward to show that this approach would be inappropriate in the present context:

- (i) apart from the patent difficulties of implementation — given the major disparities between one Member State and another — any attempt to lay down excessively rigid rules at Community level would be counter-productive at a time when great adaptability is called for: it would not allow for sufficiently flexible resource management;
- (ii) this type of harmonization, necessarily limiting, does not leave sufficient room for innovation and social experiments, nor does it meet the decentralizing aspirations expressed in certain cases by management and labour;

(iii) above all, it in practice denies the two sides of industry their full role and autonomy. With too much emphasis on centralization it rejects one of the vital components of the 'European social model' — which has yet to be defined;

(iv) finally, this approach is unrealistic in practice because it is firmly opposed by some Member States particularly, but not solely, for the above reasons. Indeed, as it is well known, the normative approach is problematical not only at Community level but also at national level.

As should by now be clear, the fundamental problem with this approach is not recourse to regulation, but intensive, almost exclusive and doctrinaire recourse to regulation. Having made all the above points, it should be stressed that support for this approach is currently shrinking.

### 3.1.2. A decentralized approach will not strengthen economic and social cohesion

Starting from the postulate that there is no general model with which the Member States could gradually become aligned, supporters of the decentralized approach advocate limiting Community action on the one hand to the fight against unemployment and the search for stronger growth, and on the other to areas where policies have 'external effects' (the Community having good reason to act in cases where a policy followed by a Member State has major cross-frontier implications). They acknowledge the need for common basic rules in the area of health and safety but as a general rule wish to see competition between social rules and a minimization of social legislation.

The decentralized approach is not only opposed to Community rules but also implies keeping to a minimum national provisions of a legislative or regulatory character not deriving from collective bargaining. Preference is increasingly given to collective bargaining and the fixing of rules at company level, a degree of *laissez-faire* on questions concerning working conditions, wages, supplementary social security schemes and certain other elements of the contract of employment being viewed with favour. This does not of course preclude the laying down of general social policy guidelines at a higher level.

The major advantages of the decentralized approach were indicated in point

3.1.1.2: flexible resource management, scope for innovation and experimentation, a fuller role and greater autonomy for the two sides of industry in certain circumstances.

The question which must be asked is whether the decentralized approach, based on largely compartmentalized regulation of labour markets at national level, will encourage the development and spread of better living and working conditions — of social progress for all workers — even if this occurs at rates varying from Member State to Member State?

There are a series of reasons for arguing that this approach, diametrically opposed to the other and attractive as it may be for its clarity and simplicity, is not the best approach if the medium-term effects are taken into account and assuming that at least a modicum of coherence is sought in the development of the Community:

(a) In some respects this approach is short-sighted: the factors taken into account are strictly localized, which means that there is a tendency to underestimate the beneficial consequences of social regulation to the extent that they fall outside the immediate field of assessment.

Short-term factors and choices are given greater weight than medium and long-term considerations, which are practically left out of account. Thus,

those following the decentralized approach tend to choose expedients assessed on a very circumstantial basis which on occasion could turn against them or against the Community at a later stage.

(b) It may be argued that the principle of mutual recognition could be applied to social provisions, but for this approach to bear fruit a Community yardstick would be needed, and such a yardstick cannot be provided.

(c) Rejection of all forms of standardization could have serious consequences since in some circumstances standards may actively promote development. Economic and social progress is not achieved solely through isolated initiatives, being also founded on the enactment and enforcement of rules and standards. The former prevent abuses and distortions of competition, whilst labour standards — when they are in line with realities — help to protect the least privileged and weakest members of society, who are the most at risk in the process of social adjustment.

There is no lack of examples:

(i) equal treatment for men and women in relation to employment has had beneficial repercussions on the social and economic plane — over and above considerations of social justice;

- (ii) the analyses in the first and second parts of this report clearly show that certain areas of the social field other than, health and safety can also benefit from harmonization, by either regulatory action or other means. This is, for instance, the case for certain matters concerning: the free movement of persons, the comparability of diplomas and the recognition of qualifications; in correlation with the free movement question, certain aspects of social protection; the interconnection of certain aspects of labour markets, for example adult training, etc.
- (d) The operation of comparative advantages alone can indeed stimulate development in some areas, but when it is based on very poor social conditions, this process will rarely suffice for the area to catch up in absolute terms with the most developed regions. In these circum-

stances, economic and social cohesion is not promoted — even if substantial funds are injected. Developments world-wide are enlightening in this regard: the combination of high social levels, high productivity and high quality is more successful than the combination of low social levels, low prices and mass production.

- (e) To these arguments, some of which are derived from economic theory, must be added a consideration of a more political nature: namely that the decentralized approach carries with it a grave risk of blocking social progress. Its advocates should be brought face-to-face with their responsibilities. Constant reliance on decentralization, which in practice entails and leads to deregulation — or a refusal to regulate — at all costs could at a given point bring short-term benefits for certain groups but carries within itself the danger of a formidable boomerang effect, some consequences of which can currently be

seen at work in the United States, for example.

Instead of a 'normative' approach unsuited to the present context or a 'decentralized' approach which would not strengthen economic and social cohesion in the Community, a middle road is to be preferred, taking some elements from both approaches and combining economic and the social policy effectively.

Above all, simplistic reasoning (as many rules as possible, as few as possible, the 'happy medium') must be abandoned in favour of a recognition that the process of integration launched by completing the internal market will make it necessary to steer economic and social change and demand a level of Community coherence which, far from being a superfluous luxury on top of national levels of regulation, will play a specific and constructive role, creating a genuine European industrial relations area.



## 3.2. Towards integration: a European industrial relations system

However useful they may be, the points and analyses made hitherto have the disadvantage of being purely static. As has already been pointed out on a number of occasions, the effects of integration in the social field will in the main be neither immediate nor direct and will depend on the behaviour of the economic and social interest groups involved, and on the momentum produced.

This is of course not the place to deal with such a subject in detail, but simply to raise a few points for consideration regarding three types of problem sometimes associated, rightly or wrongly, with the completion and success of the internal market: the threat of 'social dumping', illicit work, and the question of wage costs.

This attempt at clarification (3.2.1) forms a preamble to the description of the main thrust of Community action (3.2.2), the list of conditions which have to be met for such action to be effective (3.2.3) and the presentation of a set of measures which could be taken in this connection (3.2.4).

### 3.2.1. Competition and undesirable practices

Of the three questions with which the social aspect of the internal market is burdened, that of social dumping is the most emotive. Connected with this is the phenomenon of illicit work, which is assuming increasing importance and giving rise to legitimate fears; finally, the question of wage costs is at the very heart of the competition dynamic which will come into play in the frontier-free area.

#### 3.2.1.1. The question of social dumping

It should first be stressed that this concept is a vague one. None the less, the following elements can be discerned:

- (i) The concept is not a new one, since it came up in the 1920s in discussions at the League of Nations on remuneration corresponding to a fair share of the increase in production.

Subsequently, the concept of fair labour standards was raised on numerous occasions in the ILO with a view to defining a framework in which international trade could develop without distortions.

- (ii) In the EEC today, the expression originates in those countries with the most advanced social conditions.
- (iii) It reflects two worries in these countries.
  - Firstly, there is a fear that certain countries, where average labour

costs are significantly lower than in other areas of the Community, will take advantage of this differential by taking market shares thanks to competitiveness based on lower production costs and attracting (diverting) investment through a process of relocation. In both cases this would lead to job losses in certain areas, but also to new jobs in other regions.

- Second, and linked to this, there is the fear that national social progress will be blocked or, worse, that there will be downward pressure on social conditions (wages, level of social protection, fringe benefits, etc.) in the most advanced countries, simply because of this competition.

Such a fear is real. But is it justified? First, it should be noted that the phenomenon predates the completion of the internal market and present moves: neither workforce relocation operations — within and outside the EEC — nor the operation of the forces of competition with their consequences for employment and wage conditions are new phenomena.

Moreover, if nothing else, does this not offer the least-developed countries an essential opportunity to make progress (though not to catch up with the most advanced economies)?

This being so, the question is whether the completion of the internal market will accelerate or intensify a process which is an inherent element in the economic system. Here, the sectoral approach outlined in point 2.1.3 gives us valuable insights:

- (i) In many sectors, the specific impact of the large market will be small, if not negligible, as compared with other changes (introduction and use of the new technologies, effects of competition and world demand, etc.). In these circumstances, there is not much point in talking of social dumping in general.
- (ii) In contrast, the question remains open in relation to other sectors where fairly significant changes may occur as a result of the completion of the internal market. What, however, would be social variables, involved in this dumping: wages, social security, working conditions, contract of employment, etc.? Furthermore, there can be no suggestion of dumping in these sectors, if the differential in wage costs from one country to another is offset by other comparative advantages such as productivity level, degree of technological innovation, reliability, geographical location, etc.

This considerably limits the range of businesses concerned, restricting it in fact to the labour intensive

sectors involving relatively unskilled activities: certain food processing industries, transport (particularly road or maritime), the building and public works sector (in connection with the opening up of public sector contracting), etc. The possibility of social dumping cannot, therefore, be totally discounted.

- (iii) In these sectors, the risks are liable to be significantly increased by the free movement of persons and goods and the freedom to provide services. Even if one argues on the basis of the territoriality of laws, in particular labour legislation, one cannot exclude the possibility that an undertaking which has, for example, managed to obtain a public contract will relocate temporarily with its employees, recruited in the country of origin on terms significantly worse than those prevailing in the host country. The problem posed by frontier areas and frontier workers is similar, with the special case of the role played by the temporary employment businesses (see first part).

Summing up, it may be said that the risk of social dumping exists and cannot therefore be discounted, but arises in specific sectors and cases which are at all events very much in the minority, although they should not be disregarded.

It should also be pointed out that the Commission uses the concept of social dumping with regard to non-member countries, as is shown by the recent communication on shipbuilding, which refers to minimum social standards:

'Not only is failure to comply with minimum social standards contrary to the objectives of economic and social progress pursued by the Community in its policy on development cooperation, it also constitutes a form of social dumping.

The Commission plans to take into account the basic elements of several minimum international social standards which are regarded as being of fundamental importance and concern working hours in industry, non-discrimination in respect of employment and occupation, employment of children

and young people, fixing of minimum wages and health and safety in the working environment. The Commission will evaluate the possibilities of examining these matters within the framework of cooperation with a number of newly industrialized countries.'

### **3.2.1.2. Illicit work**

Of the possible alternatives, the following definition has been adopted during the Commission's work on this subject: 'Illicit work is defined as a sole or secondary occupational activity carried out for gain on a regular basis in partial or total disregard of the obligations provided for by law, regulation or collective agreement.'

The studies carried out by DG V and DG II at the request of the European Council in The Hague (June 1986) have shown that this form of employment, although existing in all fields, is particularly concentrated in a number of sectors and occupations:

- (i) the professions (doctors, dentists) and personal (mainly domestic) services;
- (ii) skilled manual work, carried out by, among others, small undertakings in the building and public works sector, through the device of subcontracting;
- (iii) vehicle repairs and craft activities in general;
- (iv) agricultural work, particularly that of a seasonal or temporary nature.

The most widespread form of illicit work is where a person is already in employment or carries on a self-employed activity. Unemployed persons are generally less involved in clandestine activities than the workforce as a whole. There are also cases of illicit employment on a more organized basis, where entire firms operate wholly or partially outside the tax and legal frameworks. This often goes hand in hand with the employment of illegal immigrants and occasionally of children.

Admittedly, the factors determining the structure and level of illicit employment (between 6 and 8% in the northern

Member States, and between 10 and 20% in the southern Member States, as compared with declared work) are very diverse, ranging from the structure of the local economy, the burden of taxation systems and social legislation, to cultural attitudes and the extent of official and social controls. Consequently, any measures to curtail illicit employment would need to mirror this diversity.

On the question of interaction between this phenomenon and the completion of the internal market, two points should be borne in mind: first, within a given country, illicit employment alters the distribution of incomes and creates distortions in the operation of the labour market; second, it distorts competition between countries (being in effect a form of social dumping) whenever it is directly or indirectly involved in trade.

The Commission has not yet completed its overall study of this question, but as regards the problem with which we are concerned, the following Community measures may be envisaged with a view to restricting the phenomenon:

- (i) compliance with national, Community and international standards by undertakings granted access to public contracts. It is in this spirit that, at the request of Parliament the Commission proposed the inclusion in the 'Supplies' Directive (77/62) of a provision enabling awarding authorities to exclude applicants which did not comply with their obligations with respect to labour law and equal opportunities for women, handicapped persons and minority groups;
- (ii) more thorough checking in the context of cross-frontier activities;
- (iii) desegregation of labour markets to bring together regions (taxation, social security contributions, etc.) and the various forms of employment (part-time work, temporary work, seasonal work, working at home, etc.);
- (iv) extreme vigilance with regard to so-called self-employed subcontracting;

(v) tighter controls on organized illicit work, particularly where illegal immigrants are involved.

### 3.2.1.3. The question of wage costs is a complex and delicate one

The question of wage costs (direct and indirect) is similar to that of social dumping as dealt with in point 3.2.1.1. It must, however, be seen in the context of a long-term imperative, that of integration, and there is no overtone of unfair competition.

Aside from the genuine problems of measuring and comparing wage costs from one Member State to another, two main points should be raised in this connection:

(i) The role of the level of unit wage costs in determining investment: will the labour cost factor be a fundamental criterion in the investment (re)location strategy pursued by firms within the frontier-free area?

Can variables such as the wage level, the level of social protection and the state of labour legislation vary from one Member State to another to such an extent that they will help to divert investments? To put the question even more clearly in dynamic terms, is it likely that one Member State will have available to it the strategic option of exploiting a downside differential in the development of these variables as compared with the average for the other countries in order to acquire market shares (it is

true that there is some room for manoeuvre in this respect as matters stand).

These questions are controversial and cannot be dealt with easily. Some people maintain that the wage costs criterion will be very important and conclude that there will be a polarization of investment (with the 'labour intensive sectors' locating primarily in areas where labour costs are lower in relative terms, and vice versa).

Others point to the fact that the cost of labour is only one factor in a whole set of variables, and one which in the majority of cases is probably not the most important, since questions such as company taxation levels or the

Table 1

#### Relative unit labour costs: total economy (calculated in a common currency against 19 countries)

(1980 = 100)

	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK	EUR 12	USA	J
1960	93.9	77.7	82.1	168.8	69.1	105.7	94.5	105.0	65.5	120.5	97.6	77.1	165.1	70.2
1961	88.5	80.0	88.5	152.8	67.3	106.7	93.7	100.7	69.0	116.8	99.0	80.6	160.6	68.6
1962	88.0	81.9	89.0	152.0	69.0	107.4	95.1	102.3	69.8	111.8	99.9	81.9	157.2	72.1
1963	87.6	83.3	88.2	141.2	74.3	110.3	94.1	110.2	71.8	110.3	96.7	83.2	153.2	73.4
1964	88.0	83.2	86.3	141.2	77.5	110.3	99.9	115.6	76.1	108.2	96.1	84.2	150.8	71.5
1965	89.7	88.5	85.8	137.9	81.7	107.7	98.3	113.8	78.3	107.6	97.5	84.7	145.9	74.8
1966	90.9	91.4	85.8	139.3	87.9	104.6	100.6	109.5	81.7	109.1	98.5	85.1	145.9	73.0
1967	91.4	94.0	83.3	139.2	92.5	104.1	99.3	109.2	83.1	111.8	95.4	82.9	146.3	73.2
1968	91.0	93.7	82.9	140.0	82.1	109.7	92.6	108.6	84.5	106.3	83.8	78.8	154.0	73.8
1969	89.4	94.2	84.0	133.1	80.8	105.3	94.5	105.1	87.6	109.2	84.5	78.0	158.5	73.0
1970	85.0	95.1	95.4	122.2	78.8	94.8	96.9	105.9	85.7	116.9	86.0	81.3	156.0	72.8
1971	85.5	95.5	99.5	112.0	75.9	90.9	100.2	108.5	87.8	117.5	85.9	83.1	146.5	77.4
1972	89.5	94.3	100.8	103.3	81.7	91.3	99.3	107.9	90.7	116.5	86.2	85.5	134.7	85.9
1973	90.1	102.2	110.0	97.0	86.2	93.8	98.4	100.5	95.1	114.8	76.0	87.6	120.2	95.9
1974	92.8	106.9	110.3	106.2	89.2	87.8	94.7	94.7	97.9	131.1	77.0	86.1	115.5	100.2
1975	96.8	108.2	102.0	96.2	90.3	98.7	92.4	101.2	99.1	152.9	82.5	91.4	107.1	97.6
1976	101.0	109.0	100.3	98.9	90.2	97.1	89.8	90.4	100.2	150.1	71.8	82.7	110.7	101.8
1977	107.0	108.8	102.5	106.5	89.0	94.1	86.3	93.1	104.0	127.5	69.7	83.9	108.3	110.9
1978	107.4	110.4	104.0	105.0	90.3	94.4	88.9	93.4	105.2	106.8	72.2	85.9	99.7	130.2
1979	105.8	109.2	103.6	110.4	106.7	96.7	97.1	95.7	104.4	96.6	81.6	93.9	99.6	112.9
1980	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1981	91.9	92.4	89.4	105.5	92.9	94.6	94.9	98.2	90.2	106.5	101.5	85.7	112.3	107.4
1982	81.3	89.9	89.2	114.8	89.9	90.3	98.7	99.4	92.6	99.8	95.7	80.7	127.4	96.2
1983	79.5	90.7	88.4	109.3	79.1	87.7	101.1	106.8	90.0	91.5	88.4	76.2	133.3	103.7
1984	78.5	87.4	84.6	107.4	79.5	85.4	98.9	106.1	83.7	87.0	85.9	70.4	143.6	105.6
1985	79.3	88.4	82.3	105.0	79.7	86.8	98.7	105.9	81.6	85.9	86.8	69.8	150.5	104.5
1986	82.9	94.9	90.6	91.1	82.3	90.5	106.0	113.5	86.3	86.9	82.2	77.5	120.8	134.3
1987	86.0	103.5	95.8	89.5	83.0	90.1	103.7	118.1	88.6	86.8	81.9	82.6	107.8	143.7
1988	85.5	103.6	95.8	89.0	82.9	88.7	104.6	118.9	88.0	85.7	84.4	82.8	105.1	149.2

Source: European economy.

quality of infrastructures may be decisive in a different sense.

Faced with this alternative, one is tempted to repeat the two comments already made in respect of social dumping: there is a risk of relocation and diversion of investments, but only in specific sectors and cases, which at all events are very much in the minority; moreover, this offers an opportunity (though doubtless not the best, as explained above).

- (ii) The role of the level of wage costs as an instrument of macroeconomic policy: in the (incidentally desirable) event of increasing economic and monetary integration of the Member States, i.e. if exchange rates and subsidies are subject increasingly to common rules, the number of variables through which economies can be adjusted will decrease and

wage costs will become the main instrument for adjustment.

A corollary to the two subjects thus briefly outlined is the question of the convergence of wage costs. It should be noted in passing that the decentralized approach dictates that no attempt whatsoever be made to force such convergence by means of binding provisions.

There can be no single definitive answer to the above fundamental questions. (The annex contains tables setting out, for each sector, unit wage costs and net annual wages).

Whilst awareness of the need to establish a genuine system of industrial relations at European level may result in part from the preceding analyses, backed up by examples, the fear of protectionist or corporatist responses on the part of certain social groups also provides solid

arguments: obstructive behaviour may be encouraged by the lack of an overview — and indeed of safeguards — in relation to the social field at Community level.

3.2.1.4. Apart from these arguments of a defensive nature, there is another which is more constructive: an effective system of industrial relations, based on consensus, could in the future be a valuable instrument of stability and social harmony and become one of the elements of the European 'social model'.

The need, then, at this point to define — in terms of special features, legitimation and ways of ensuring effectiveness — the action to be taken at Community level in the social field with a view to the large market and genuine economic and social integration. This can be done on the basis of the Community's wealth of accumulated achievements and experience.

## 3.2.2. The main thrust of Community action

The will to promote industrial relations at European level implies a change of attitude on the part of both the political authorities and the two sides of industry.

3.2.2.1. In this context, consideration should first be given to:

- (a) the way in which Community and national levels complement each other;
- (b) the way in which legislative action and collective bargaining complement each other;

(a) in the first instance, namely the relationship — more one of complementarity than of substitution — between action at Community level and policy at national or lower (regional, local, sectoral, company) level, one possibility would be to apply the principle of subsidiarity whereby the level at which a function is administered is the lowest at which it can

be effectively carried out. Would this be appropriate?

- (i) this principle certainly has the advantage of claiming to be coherent, clear and effective;
- (ii) the underlying cost/benefit method is, however, to say the least, difficult to apply to social questions where qualitative factors often predominate. In particular, it leads in practice to concentration on the short-term, which is easier to see than the medium or long-term — and effectiveness may be assessed differently depending on the timescale;
- (iii) by its very nature, this approach tends to reduce externalities to a minimum, placing them in most cases at the lowest level, and thus reducing the scope of the redistribution function: in the last century, application of the principle of subsidiarity

led to social questions being dealt with only at the lowest micro-economic level, i.e. the household. The development of the economy and of our modern societies went hand in hand with a raising of the level at which social functions (education, social protection, labour law, etc.) were carried out.

Three conclusions may be drawn from this analysis, which has been rapid and superficial in some respects:

- (i) social policy cannot be excluded from the sphere of action at Community level in the name of subsidiarity. This being so, the desire to draw a clear and fixed dividing line between various levels of administration, particularly between the Community and national levels, is barren and doctrinal; above all it is futile. Nevertheless, there is a need for pragmatic

and systematic efforts to demonstrate the value — if not the positive benefits — of any action at Community level;

- (ii) the purpose of the Community layer in the system must be to ensure overall cohesion: it cannot be an additional 'counter' where unsatisfied national claims are presented;
- (iii) it is therefore important to apply a clearly defined method which may indeed have legislative and regulatory facets but must also incorporate a collective bargaining element: this is one of the conclusions that can be drawn from Article 118 B of the Single Act, which confers a fundamental role on the dialogue between the two sides of industry.

(b) This brings us to the second relationship of complementarity. In the Member States, labour standards derive both from laws and from free collective bargaining between the two sides of industry.

The balance between these two sources is complex, varying from one country to another as a result of historical, sociological and economic factors. In any event, the relationship is a dynamic one and depends directly on the strategy followed by the various parties. Thus, it is on questions relating to working conditions, the rights and interests of workers and industrial relations that a balance is most difficult to find and the differences between Member States are greatest.

At Community level, labour standards have hitherto been formulated in the shape of regulations and directives. Of course, on each occasion, the measure has been preceded by thorough consultations with the two sides of industry: in some cases (for example, the 1975 Directive on collective redundancies), a consensus achieved beforehand in the Standing Committee on Employment has made it much easier for the Council to adopt the proposals presented by the Commission.

Although virtually no part has been played by collective agreements up to now (with the exception of farming, where

employers and workers have been able to conclude agreements on working hours), Article 118 B of the Single European Act opens up scope for bargaining at Community level.

An effort must, therefore, be made to ensure that there is the necessary degree of complementarity between legislative initiatives on the part of the institutions and independent action by the two sides of industry. The establishment of a balance between these two approaches would make it possible to manage the diversity of social practices and traditions specific to each Member State.

In specific terms, although the Commission certainly has to take a lead in the matter of social policy — to propose and encourage — it is for the two sides of industry to determine the mix between the two approaches.

This should not, however, be taken to mean that the Commission might in some way abdicate its role. Should the social dialogue fail, the Commission would not use it as an excuse to shirk its responsibilities.

3.2.2.2. With this in mind, it is possible to discern three main areas for action in the social field as we progress towards the frontier-free area:

- (a) working on harmonization by means of the most appropriate instruments;
- (b) seeking ways towards convergence in other areas;
- (c) spreading innovation and experimentation, and making action at Community level the focal point.

**(a) Harmonizing (or seeking harmonization) by means of the most appropriate instruments**

This appears possible:

- (i) in areas where the existing instruments allow it: this is true in particular of questions in the health and safety field, covered by Article 118 A, which should be given a broad interpretation which would include, for example, maximum working hours

where an ergonomic aspect is involved;

Similarly, as the second part shows, the transport sector lends itself to harmonization 'while the improvement is being maintained'.

- (ii) in areas where it is clear that harmonization at Community level would represent a plus, an advantage, both for individuals and undertakings. Such an area is not without substance. Two sets of questions lend themselves for example to such a demonstration:

- worker mobility (see first part) which partly determines the competitiveness of European undertakings;
- establishment of competition without distortions (unfair competition) and competitiveness of firms based on quality of products and services, in respect of which the introduction of labour standards could provide a stimulus. It is true that genuine competitiveness on a long-term basis will be based increasingly on quality, reliability and technological progress rather than a decrease in wage costs.

On these last points, it should be a question not so much of aiming at deregulation as revising the regulations to make them more suitable.

**(b) Looking for ways of achieving convergence, or alignment if one prefers, in other areas.**

It is essentially the time factor which distinguishes this from the previous point.

Such convergence is not, however, 'natural'. Forming part of a policy, it must be actively sought, on the one hand through the Commission's own discussions and, on the other, by encouraging intra-Community exchanges and cooperation.

In this respect, social protection provides us with a good example. The differences in resources, living standards,

cultures and social security systems from one Member State to another mean that it is unrealistic to speak of harmonization in the short term in this field. On the other hand, the similarity of the problems with which the systems are, and will continue to be, confronted:

- (i) containment of expenditure and balancing of public funds;
- (ii) demographic constraints;
- (iii) risk of marginalization and fear of increasing poverty, means that discussions with the Member States must be urgently pursued (or resumed) in the appropriate bodies, on a range of subjects (old-age pension systems, introduction of a minimum income ...).

Another illustration is provided by vocational training and retraining, which form one of the principal means of absorbing the social effects of the internal market and coping with changes (see second part).

However, mention may also be made of other action programmes (on growth and employment, for the long-term unemployed, for example) or other fields (particularly health).

**(c) Encouraging innovation and experimentation, making the Community a focal point in this respect, encouraging,**

**analysing and spreading innovative experience**

This is one of the specific tasks of the Commission and it can be of great value, particularly at the present time.

In other words, alongside the free movement of persons, capital, goods and services, there has to be provision for the free movement of ideas, of advances in social matters. This would involve not so much the legislative function of the Community as its role of breaking down barriers and establishing contacts; in short: exploiting diversity. It is one of the specific roles of the Commission and may be of great value, particularly at the present time.

### 3.2.3. Conditions governing effectiveness

A brief survey of the conditions needed for the setting up and successful operation of a system of social relations at European level shows that such relations fall under at least four headings.

#### 3.2.3.1. The first concern the fundamental role of the two sides of industry

Relaunched in January 1985 and guided since then by the Commission in accordance with Article 118 B of the Single Act, the Val Duchesse social dialogue has already achieved a considerable amount, since three agreements have been signed so far. At the microeconomic level, the agreement of 6 March 1987 on the new technologies (training and motivation, information and consultation) provides extremely important guidelines for the two sides of industry throughout the Community (and even beyond) for making inevitable industrial changes socially acceptable. This is the case even though, it must be acknowledged, more advanced systems for informing and consulting workers exist in some Member States.

These advances are real and should not be underestimated. The history of this same dialogue during the 1970s and early 1980s should not be forgotten.

However, it is necessary to go further with a view to a genuine system of European social relations: as an outstanding potential means of successfully tackling the major industrial, technological and social changes facing our economies, the search for consensus and negotiation between the two sides of industry could play a vital role as a regulatory instrument within the framework of the completion of the internal market.

This presupposes a major twofold effort on the part of the two sides of industry:

- (i) they must acknowledge a joint responsibility in managing the changes brought about by completion of the internal market and draw the resultant conclusions as to the aims of the social dialogue. This process must also take place at sectoral level;
- (ii) they must surmount their own internal conflicts, come to terms with their own diversity and not turn to the Commission to provide solutions. This

means among other things that they become more of a force for making proposals and become more 'European', gearing the conception and administration of their policy to the frontier-free area.

(See also the working paper (September 1987) and future report by Mr Alvarez de Paz of the European Parliament).

#### 3.2.3.2. The second relate to the aims of the social dialogue

The social dialogue is a dialogue. However, if it is to play its role of regulatory instrument to the full, it should lead to relations based on agreement comparable to those established at national level, as suggested by Article 118 B of the Single Act. This is because the aim of establishing Community harmonization of employment and working conditions is no longer entrusted to regulations and directives alone: the social dialogue is a regulatory instrument on the same footing as the other provisions.

*Table 2*  
**The diversity of social regulations in the Community**

Country	Separation law/agreement State intervention	Coordination between the levels of agreements	Dominant level of agreement
B	Overlapping of laws and agreements. State involvement depending on problems	The inter-industry agreement provides a minimum basis. Additional advantages granted by firms or at sectoral level	Inter-industry and sector
DK	Autonomy of the two sides of industry: but considerable involvement in wage policy	The inter-industry agreement provides a framework for sectoral agreements	Sector
D	Law supporting negotiation. Principle that State abstains from involvement	Increased coordination between sectoral and company agreements	Sector
GR	Two sides of industry closely linked to parties. Almost exclusively State regulation		Sector
E	Autonomy of two sides of industry, State participation in tripartite agreements	Interlocking between levels Inter-industry agreement provides the framework for the sectoral agreement which in turn provides a framework for company agreements	Sector
F	Importance of the law — centralized system — increasing autonomy of two sides of industry (Auroux laws)	Attempt to introduce a strict division between the levels (by the Auroux laws)	Sector
IRL	Principle of non-intervention by the State, but increasing involvement	The inter-industry agreement provides a framework for the sectoral agreements, complemented by a company agreement	Sector
I	Law of support for negotiation. Recent reduction in State involvement	Move towards strict complementarity of sectoral and company agreements	Sector
L	Overlapping of laws and agreements		Sector and company
NL	Overlapping of law and agreement; recent reduction in role of State	It is less and less the case that the inter-industry agreement provides a framework for the sectoral agreement	Sector
P	Principle of autonomy of the parties involved; role of State still important		Sector
UK	Law not very important, but individual contract highly developed; State abstentionism; principle of bipartisan agreements		Sector and occupational category

*Table 3*

**Respective roles of laws and collective agreements in the various areas of the labour market**

	Working time	Part-time work	Fixed term contracts	Temporary work	Minimum wages	Wage indexation	Collective redundancies	Individual redundancies	Vocational training
Belgium law CC	L ++ CC ++	L ++ CC ++	L ==	L ++	L ++ CC ++	L ++	L ==	L ++	L ++
Denmark law CC	L ++ CC ++	-- CC ++	L ==	L ==	-- CC ==	L ++	L ==	L == CC ==	L ++ CC ++
FRG law CC	L == CC ++	L ++ CC ++	L ++	L ++	-- CC ==	forbidden	L ++	L ++ CC ==	L ==
Greece law CC	L ++ CC ++	-- CC ++			L ++	L ++ CC ++	L ++	L CC	L ++
Spain law CC	L ++ CC ++	L ++ CC ++	L ++	L ++	L ==	--	L ==	L ++	L ++ CC ++
France law CC	L ++ CC ++	L ++ CC ++	L ++	L ++ CC ++	L ==	--	L ++ CC ++	L ++	L ++ CC ++
Ireland law CC	L == CC ++	-- CC ++	L ==	L ==	L == CC ==	--	L ==	L ==	L ++ CC ++
Italy law CC	L == CC ++	L ++ CC ++	L ++ CC ++	forbidden	-- CC ==	L ++ CC ++	L ==	L ++ CC	L ++ CC ++
Luxemb. law CC	L ==	-- CC ++	L ==	L ==	L ++	L ++	L ++	L ==	L ++
Netherl. law CC	L == CC ++	-- CC ++	L ==	L ++	L ++	-- CC ++	L == CC ++	L ==	L ++ CC ++
Portugal law CC	L ++ CC ++	L ==	L ==	L ==	L ==	--	L ++	L ++	L ++
UK law CC	-- CC ++	-- CC ++	--	--	L ++ CC ==	--	L ++	L ++	L ++ CC ++

*NB:* Each box provides two types of information:

- (i) if the matter is governed by law: L,  
or by collective agreement: CC,  
or is not governed by L/CC: --  
in the country in question;
- ii) if the regulations have changed: + +,  
or not = =,  
since 1982.



This being the case, however, we are faced with two difficulties:

- (i) should the social dialogue succeed on certain points, and a number of agreements be concluded between the two sides of industry, it is unrealistic, in view of the present heterogeneity of the systems in force in the various Member States (see table below), to consider a European collective agreement: this very concept needs to be standardized, since the rights and obligations of the contracting parties vary from one Member State to another. The differences relate to questions as fundamental as the nature of the contractual commitment, the capacity of the parties, the role of the State, etc.;
- (ii) added to this important problem is a second one which is just as fundamental: the interrelationships between any agreements at European level and

the other levels (inter-industry collective agreement, sectoral agreements, company negotiations etc.). For what is involved is a coordinated system of industrial relations; here, too, there is the problem of complementarity referred to above.

These two major questions would have to be studied in detail.

### 3.2.3.3. A forum to oversee the process is required

A genuine industrial relations area requires a forum where problems of a social nature arising from the frontier-free area can be expressed and raised. A forum, doubtless of an institutional nature, which operates as, so to speak, a marshalling yard for problems, which brings into being a coordinated system of industrial relations and is also an instrument for prior negotiation on

changes and harmonization at Community level.

### 3.2.3.4. The role of multinational firms

As was stressed on numerous occasions in the first and second parts of this report, cooperation between European firms and transnational restructuring operations will undoubtedly be stepped up with the completion of the internal market.

These changes will call for new methods of social management and lead European multinational undertakings to establish in-company industrial relations at European level. Certain examples already exist, others are under consideration.

In this respect, the resumption and completion of certain work concerning European company law may be particularly useful and fruitful.

## 3.2.4. Proposals for action

On the basis of the preceding analyses, those of the third part but also of the preceding parts, three sets of proposals have been formulated:

- (a) The practical conditions for organizing a European area of industrial relations should be studied in depth, with particular regard to the following:
  - (i) obstacles which stand in the way of a system of collective bargaining at European level — a potential outcome of the social dialogue — should be identified;
  - (ii) the interrelationship between such a system and other levels of collective bargaining should be explored;
  - (iii) the institutional forum in which social problems relating to the internal market can be expressed and discussed, should be identified;

- (iv) a catalogue should be drawn up of the scope for and limits of developing industrial relations within European multinationals.

- b) Two ways of deepening the social dialogue:

- (i) By including topics more directly linked to the problems of the internal market, such as those relating to the freedom of movement of persons (social cover, equal treatment, comparability of qualifications, training).

This proposal is in line with the joint opinion recently adopted by Unice, ETUC and the CEEP on the 1987/88 annual economic report:

'The internal market must be achieved rapidly while taking into account social policy, implying a

full implementation of Articles 118 and 130 of the Treaty, as amended by the European Single Act. The three organizations intend to deepen the exchange of views on this issue.'

- (ii) By its decentralization at sectoral level and a stepping up of the existing sectoral social dialogue arrangements. Economic analysis has already shown to what extent vulnerability to the completion of the internal market varies from one sector to another and how pronounced it probably will be in some sectors. Here, more than elsewhere, forward-looking discussions on the future of employment and the nature of the internal market would be highly useful.

To that end, a Commission recommendation (or an opinion

within the meaning of Article 118 of the Treaty, which provides for prior consultation of the Economic and Social Committee) could be drafted.

- (iii) A survey could be carried out on the repercussions of the Val Duchesse agreements on new technologies and the level at which they are being implemented in the Member States (by branch, sector, firm).
- (c) Continued consultation with national authorities and the two sides of industry on the implementation of a body of minimum social legislation supplementing those already in existence.

This suggestion calls for a more detailed analysis than the previous ones.

The analyses set out in this report, even if more work needs to be done on some of them, show that industry itself stands to benefit from the establishment at Community level of a body of minimum social provisions. It makes sense not only from an industrial relations point of view (which is by no means unimportant), but represents a factor of added value for industry in as much as certain standards are instrumental in generating development. It would provide a basis for facilitating the search for convergency, particularly within the framework of the social dialogue.

The above-mentioned body of provisions acquires its full significance in this context of a combination of economic and social factors.

### *Precedents*

The proposal made by the Belgian Presidency (Labour and Social Affairs Council of May 1987) introduced the concept of a core of fundamental worker rights which would provide the two sides of industry with a stable and common foundation for bargaining.

This idea was taken up in a recent opinion of the Economic and Social Committee in the form of a framework directive (Beretta report, November 1987).

We should point out, however, that the beginnings of such a core of rights already exist, witness the following three examples:

- (i) the Community instruments referred to in the course of this report:

the various directives adopted to date relating to labour law (collective redundancies, transfers of undertakings, etc.) and equal treatment for men and women;

sectoral legislation, such as harmonization of working time for farm workers; provisions governing road transport (driving time — see point 2.1.3).

Finally, the recommendations made in 1975 (40-hour week, 4 weeks of paid annual leave) and 1982 (flexible retirement).

A list of these measures is annexed;

- (ii) the European Social Charter, drawn up by the Council of Europe and ratified by 14 States, of which 9 are Community members;
- (iii) ILO regulations.

### *A preliminary proposal*

The idea, then, is not a new one. Taking into account the lessons of the analyses developed in this report and from previous ideas and proposals, we can suggest the following as elements of a body of minimum social provisions:

- (i) the right of all workers, regardless of their legal position, to be covered by a collective agreement or an analogous arrangement;
- (ii) the possibility for all workers to join a social security scheme and be covered by insurance (without being excluded for being a 'bad risk');
- (iii) prior information and consultation of workers in the event of major technological innovations or changes in their firms;
- (iv) the definition of flexible employment contracts and contracts for atypical work (part-time work, temporary work, fixed-term contracts, subcontracting work, etc.);
- (v) a standard employment contract;
- (vi) a decision on continuing training.

The proposals as set out above should not result in additional inflexibility on the labour market or prevent positive experiments in the Member States. Quite the reverse, they would provide the framework for genuine economic and social cohesion in industry.

What is more, an effective — consensus based — system of industrial relations could become one of the key components of the European social model.

# Glossary

<b>EEC Treaty:</b>	Amended by the Single European Act
<b>Unice:</b>	Union of Industries of the European Community
<b>ESC:</b>	Economic and Social Committee
<b>CEEP:</b>	European Centre of Public Enterprises
<b>Sedoc:</b>	European system for the international clearing of vacancies and applications for employment
<b>Regulation No 1612/68:</b>	Official Journal L 257, 19.10.1968, p. 2
<b>Misep:</b>	Mutual information system on employment policy
<b>Val Duchesse:</b>	Social dialogue, 1985
<b>DG V:</b>	Directorate-General V — Employment, Social Affairs and Education
<b>Lacroix Group:</b>	Central Advisory Group
<b>SMEs:</b>	Small and medium-sized enterprises
<b>White paper:</b>	White paper from the Commission to the European Council
<b>SOEC:</b>	Statistical Office of the European Communities
<b>BC-Net:</b>	Business cooperation net
<b>Science:</b>	International cooperation and interchange needed by European research scientists
<b>Esprit:</b>	European strategic programme for research and development in information technology
<b>RACE:</b>	Research and development in advanced communication technology for Europe
<b>Erasmus:</b>	European Community action scheme for the mobility of university students
<b>MECU:</b>	Million ECU
<b>Cedefop:</b>	European Centre for Development of Vocational Training
<b>Coreper:</b>	Committee of Permanent Representatives
<b>DG II:</b>	Directorate-General II — Economic and Financial Affairs
<b>DG XVI:</b>	Directorate-General XVI — Regional Policy
<b>BRITE:</b>	Basic research for industrial technology in Europe
<b>GDP:</b>	Gross domestic product
<b>DG VII:</b>	Directorate-General VII — Transport
<b>STAR:</b>	Special telecommunication action for regional development
<b>CEN:</b>	European Committee for Standardization
<b>Cenelec</b>	European Committee for Electrotechnical Standardization
<b>SCE:</b>	Standing Committee on Employment
<b>ECSC:</b>	European Coal and Steel Community
<b>ERDF:</b>	European Regional Development Fund
<b>ESF:</b>	European Social Fund
<b>Renaval:</b>	Community programme to assist the conversion of shipbuilding areas
<b>Resider:</b>	Community programme to assist the conversion of steel areas

<b>IMP:</b>	Integrated Mediterranean programmes
<b>Pedip:</b>	Specific programme for the development of Portuguese industry
<b>Comett:</b>	Programme on cooperation between universities and enterprises regarding training in the field of technology
<b>EuroTecNet:</b>	Working programme on vocational training and new information technology
<b>Saturn:</b>	Open University project
<b>ILO:</b>	International Labour Organization
<b>ETUC:</b>	European Trade Union Confederation

# Annexes

# Annexes

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# Annex 1

## Main instruments concerning freedom of movement for workers

Freedom of movement for workers has been the subject of the following secondary legislation:

- Council Regulation (EEC) 1612/68 on freedom of movement for workers within the Community
- Council Directive 68/360/EEC on the abolition of restrictions on movement and residence within the Community for workers of Member States and their families
- Council Directive 64/221/EEC on the coordination of special measures concerning the movement and residence of foreign nationals which are justified on grounds of public policy, public security or public health
- Commission Regulation (EEC) 1251/70 on the right of workers to remain in the territory of a Member State after having been employed in that State
- Council Directive 72/194/EEC extending to workers exercising the right to remain in the territory of a Member State after having been employed in that State the scope of Directive 64/221/EEC
- Council Directive 77/486/EEC on the education of the children of migrant workers
- Council Directive 73/148/EEC on the abolition of restrictions on movement and residence within the Community for nationals of Member States with regard to establishment and the provision of services

# Annex 2

## Mutual recognition of diplomas, certificates and other evidence of formal qualifications <sup>(1)</sup>

(Article 57 (1) of the EEC Treaty)

(as at 1 January 1986)

### Directives adopted and proposals currently before the Council

#### I — Directives adopted

Directives	Date transmitted to Council	Date adopted by Council
<p><i>Wholesale trade and intermediaries in commerce, industry and small craft industries</i></p> <p>Directive laying down detailed provisions concerning transitional measures in respect of activities in wholesale trade and activities of intermediaries in commerce, industry and small craft industries</p>	11.1.1963	Directive 64/222/EEC of 25 February 1964 (OJ 56, 4.4.1964)
<p><i>Industry and small craft industries</i></p> <p>Directive laying down detailed provisions concerning transitional measures in respect of activities of self-employed persons in manufacturing and processing industries falling within ISIC Major Groups 23-40 (industry and small craft industries)</p> <p>Amended by Directive 69/77/EEC of 4 March 1969 (OJ L 59, 10. 3. 1969).</p>	9.4.1963	Directive 64/427/EEC of 7 July 1964 (OJ 117, 23.7.1964)
<p><i>Retail trade</i></p> <p>Directive laying down detailed provisions concerning transitional measures in respect of activities of self-employed persons in retail trade (ISIC ex Group 612)</p>	30.3.1965	Directive 68/364/EEC of 15 October 1968 (OJ L 260, 22.10.1968)
<p><i>Personal service</i></p> <p>Directive laying down detailed provisions concerning transitional measures in respect of activities of self-employed persons in the personal services sector (ISIC ex Major Group 85):</p> <ol style="list-style-type: none"> <li>1. Restaurants, cafes, taverns and other drinking and eating places (ISIC Group 852);</li> <li>2. Hotel, rooming houses, camps and other lodging places (ISIC Group 853)</li> </ol>	8.4.1965	Directive 68/368/EEC of 15 October 1968 (OJ L 260, 22.10.1968)
<p><i>Food manufacturing and beverage industries</i></p> <p>Directive laying down detailed provisions concerning transitional measures in respect of activities of self-employed persons in the food manufacturing and beverage industries (ISIC Major Groups 20 and 21)</p>	15.4.1965	Directive 68/366/EEC of 15 October 1968 (OJ L 260, 22.10.1968)
<p><i>Wholesale coal trade</i></p> <p>Directive laying down detailed provisions concerning transitional measures in respect of activities of self-employed persons in the wholesale coal trade and in respect of activities of intermediaries in the coal trade (ISIC ex Group 6112)</p>	30.9.1969 (OJ C 152, 28.11.1969)	Directive 70/523/EEC of 30 November 1970 (OJ L 267, 10.12.1970)

(<sup>1</sup>) Source: Bull. EC 6-1986.



Directives	Date transmitted to Council	Date adopted by Council
<p><i>Toxic products</i></p> <p>Directive laying down detailed provisions concerning transitional measures in respect of activities relating to trade in and distribution of toxic products and activities entailing the professional use of such products including activities of intermediaries</p>	<p>21.12.1968 (OJ C 12, 4.2.1969)</p>	<p>Directive 74/556/EEC of 4 June 1974 (OJ L 307, 18.11.1974)</p>
<p><i>Various activities</i></p> <p>Directive on measures to facilitate the effective exercise of freedom of establishment and freedom to provide services in respect of various activities (ex ISIC Divisions 0.1 to 85) and, in particular, transitional measures in respect of those activities</p>	<p>30.11.1970 (OJ C 6, 22.1.1971)</p>	<p>Directive 75/368/EEC of 16 June 1975 (OJ L 167, 30.6.1975)</p>
<p><i>Doctors (1)</i></p> <p>Directive concerning the mutual recognition of diplomas, certificates and other evidence of formal qualification in medicine including measures to facilitate the effective exercise of the right of establishment and freedom to provide services</p>	<p>3.3.1969 (OJ C 54, 28.4.1969)</p>	<p>Directive 75/362/EEC of 16 June 1975 (OJ L 167, 30.6.1975)</p>
<p><i>Itinerant activities</i></p> <p>Directive on measures to facilitate the effective exercise of freedom of establishment and freedom to provide services in respect of itinerant activities and, in particular, transitional measures in respect of those activities</p>	<p>4.6.1970 (OJ C 99, 14.7.1970)</p>	<p>Directive 75/369/EEC of 16 June 1975 (OJ L 167, 30.6.1975)</p>
<p><i>Insurance agents and brokers</i></p> <p>Directive on measures to facilitate the effective exercise of freedom of establishment and freedom to provide services in respect of insurance agents and brokers (ex ISIC Group 630) and, in particular, transitional measures in respect of those activities</p>	<p>4.12.1970 (OJ C 14, 11.2.1971)</p>	<p>Directive 77/92/EEC of 13 December 1976 (OJ L 26, 31.1.1977)</p>
<p><i>Lawyers</i></p> <p>Directive to facilitate the effective exercise by lawyers of freedom to provide services</p>	<p>17.4.1969 (OJ C 78, 20.6.1969) and 19.8.1975 (OJ C 213, 17.9.1979)</p>	<p>Directive 77/249/EEC of 22 March 1977 (OJ L 78, 26.3.1977)</p>
<p><i>Nurses responsible for general care (2)</i></p> <p>Directive concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications of nurses responsible for general care, including measures to facilitate the effective exercise of right of establishment and freedom to provide services</p>	<p>14.10.1969 (OJ C 156, 8.12.1969)</p>	<p>Directive 77/452/EEC of 27 June 1977 (OJ L 176, 15.7.1977)</p>
<p><i>Transport</i></p> <p>Directive aiming at the mutual recognition of diplomas, certificates and other evidence of formal qualifications for goods haulage operators and road passenger transport operators, including measures to encourage these operators effectively to exercise their right to freedom of establishment</p>	<p>14.10.1975 (OJ C 1, 5.1.1976)</p>	<p>Directive 77/796/EEC of 12 December 1977 (OJ L 334, 24.12.1977)</p>
<p><i>Dental practitioners (2)</i></p> <p>Directive concerning the mutual recognition of diplomas, certificates and other evidence of the formal qualifications of practitioners of dentistry, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services</p>	<p>3.3.1969 (OJ C 54, 28.4.1969)</p>	<p>Directive 78/686/EEC of 25 July 1978 (OJ L 233, 24.8.1978)</p>
<p><i>Veterinary surgeons (2)</i></p> <p>Directive concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in veterinary medicine, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services</p>	<p>1.6.1970 (OJ C 92, 20.7.1970)</p>	<p>Directive 78/1026/EEC of 18 December 1978 (OJ L 362, 23.12.1978)</p>

Directives	Date transmitted to Council	Date adopted by Council
<p><i>Midwives</i> <sup>(3)</sup></p> <p>Directive concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in midwifery and including measures to facilitate the effective exercise of the right of establishment and freedom to provide services</p>	12.12.1969 (OJ C 18, 12.2.1970)	Directive 80/154/EEC of 21 January 1980 (OJ L 33, 11.2.1980)
<p><i>Services incidental to transport</i></p> <p>Directive on measures to facilitate the effective exercise of freedom of establishment and freedom to provide services in respect of activities of self-employed persons in certain services incidental to transport and travel agencies (ISIC Group 718) and in storage and warehousing (ISIC Group 720)</p>	21.12.1965 (OJ 73, 23.4.1966)	Directive 82/470/EEC of 29 June 1982 (OJ L 213, 21.7.1982)
<p><i>Hairdressing</i></p> <p>Directive laying down measures to facilitate the effective exercise of the right of establishment and freedom to provide services in hairdressing</p>	29.7.1971 (OJ C 106, 23.10.1971)	Directive 82/489/EEC of 19 July 1982 (OJ L 218, 27.7.1982)
<p><i>Architects</i> <sup>(4)</sup></p> <p>Directive on the mutual recognition of diplomas, certificates and other evidence of formal qualification in architecture, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services</p>	16.5.1967 (OJ 239, 4.10.1967)	Directive 85/384/EEC of 10 June 1985 (OJ L 223, 21.8.1985)
<p><i>Pharmacists</i> <sup>(5)</sup></p> <p>Directive concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in pharmacy, including measures to facilitate the effective exercise of the right of establishment relating to certain activities in the field of pharmacy</p>	3.2.1981 (OJ C 35, 18.2.1982)	Directive 85/433/EEC of 16 September 1985 (OJ L 253, 24.9.1985)

<sup>(1)</sup> Amended by Directive 81/1057/EEC of 14 December 1981 (OJ L 385, 31.12.1981) and 82/76/EEC of 16 January 1982 (OJ L 43, 15.2.1982).

<sup>(2)</sup> Amended by Directive 81/1057/EEC of 14 December 1981 (OJ L 385, 31.12.1981).

<sup>(3)</sup> Amended by Directive 80/1273/EEC of 22 December 1980 (OJ L 375, 31.12.1980).

<sup>(4)</sup> Amended by Directives 85/614/EEC of 20 December 1985 (OJ L 376, 31.12.1985) and 86/17/EEC of 27 January 1986 (OJ L 27, 1.2.1986).

<sup>(5)</sup> Amended by Directive 85/584/EEC of 20 December 1985 (OJ L 372, 31.12.1985).

*Note*

Some of the Directives listed above have been supplemented by the Acts of Accession of Denmark, Ireland and the United Kingdom (OJ L 73, 27.3.1972), of Greece (OJ L 291, 19.11.1979) and of Spain and Portugal (OJ L 302, 15.11.1985).

**II — Proposals currently before the Council**

Proposals	Date transmitted to Council
<p><i>Engineers</i></p> <p>Directive laying down detailed provisions concerning transitional measures in respect of activities in the field of technical research, invention, consultancy and their application</p>	8.5.1969 (OJ C 99, 30.7.1969)
<p><i>Transport</i></p> <p>Directive on access to the occupation of carrier of goods by waterway in national and international transport and on the mutual recognition of diplomas, certificates and other evidence of formal qualifications for this occupation</p>	2.12.1983 (OJ C 351, 24.12.1983)

Proposals	Date transmitted to Council
<i>General medical practice</i> Directive on specific training in general medical practice	30.11.1984 (OJ C 13, 15.1.1985)
<i>General system</i> Directive on a general system for the recognition of higher education diplomas	9.7.1985 (OJ C 217, 18.8.1985)

# Annex 3

## Sectoral data

Table 3.1

Hourly labour costs — manual and non-manual workers in ECU in 1984

(ECU)

NACE	D	F	I	NL	B	L	UK	IRL	DK	GR	P
247 Glass and glassware	13.0	13.0	10.5	14.7	13.1		9.4	10.3	11.0	4.4	3.3
248 Ceramic goods	11.8	10.7	10.0	12.0	11.5		7.3	7.0	11.5	4.0	2.1
257 Pharmaceutical products	17.8	15.4	11.9	17.2	16.4	12.9	11.1	11.1	13.2	4.8	3.7
258 Soap, detergents, perfume	17.8	15.4	11.9	17.2	16.4	12.9	11.1	11.1	13.2	4.8	3.7
259 Chemical products for household use	17.8	15.4	11.9	17.2	16.4	12.9	11.1	11.1	13.2	4.8	3.7
260 Man-made fibres	15.3	14.7	10.3		14.7		8.9			4.4	2.9
314 Structural metal products	13.8	11.2	9.9	11.5	11.8	8.7	7.1	7.4	12.0	4.1	
315 Boilermaking	13.0	11.5	10.4	11.6	12.7	10.4	8.0	7.3	11.4	3.9	2.3
316 Tools and finished metal goods	12.2	11.1	9.8	11.6	13.0	9.9	8.2	7.1	11.3	4.1	2.2
321 Agricultural machinery and tractors	14.5	12.7	10.7	12.3	13.3	12.2	9.1	7.6	11.8	3.4	2.6
322 Machine tools and other tools	14.5	12.7	10.7	12.3	13.3	12.2	9.1	7.6	11.8	3.4	2.6
323 Textile machinery and sewing machines	14.5	12.7	10.7	12.3	13.3	12.2	9.1	7.6	11.8	3.4	2.6
324 Machinery for the food and chemical industries	14.5	12.7	10.7	12.3	13.3	12.2	9.1	7.6	11.8	3.4	2.6
325 Plant for mines, iron and steel industry	14.5	12.7	10.7	12.3	13.3	12.2	9.1	7.6	11.8	3.4	2.6
327 Other mach. & equip. for use in spec. branches of ind.	14.5	12.7	10.7	12.3	13.3	12.2	9.1	7.6	11.8	3.4	2.6
328 Other machinery and equipment	14.5	12.7	10.7	12.3	13.3	12.2	9.1	7.6	11.8	3.4	2.6
330 Office machinery and data-processing machinery	20.8	21.1	12.7	15.9			13.4	9.9	13.7		
341 Insulated wires and cables	14.7	13.1	10.6	13.8	14.0	11.5	8.8	7.2	11.7	4.2	2.9
344 Telecoms., electronic equipment & electro-med. equip.	14.7	13.1	10.6	13.8	14.0	11.5	8.8	7.2	11.7	4.2	2.9
345 Radio & telev. receiving sets, & electronic equipment	14.7	13.1	10.6	13.8	14.0	11.5	8.8	7.2	11.7	4.2	2.9
346 Domestic-type electric appliances	14.7	13.1	10.6	13.8	14.0	11.5	8.8	7.2	11.7	4.2	2.9
347 Electric lamps & electric lighting equipment	14.7	13.1	10.6	13.8	14.0	11.5	8.8	7.2	11.7	4.2	2.9
351 Manufacture and assembly of motor vehicles	18.3	13.6	11.9	13.4	15.5		10.1	23.6		4.7	3.2
361 Shipbuilding	14.9	12.8	10.2	13.4	15.1		9.9		12.9	4.4	3.3
362 Railway and tramway rolling stock	16.0	15.4	10.5	13.3	15.2		10.4	15.0	12.8	5.2	3.1
363 Cycles and motorcycles	16.0	15.4	10.5	13.3	15.2		10.4	15.0	12.8	5.2	3.1
364 Aerospace equipment manufacturing and repairing	17.9	17.4	10.6		15.9		11.0		7.4		
372 Medical and surgical equipment & orthop. appliances	12.5	11.7	9.8	11.8	13.3	6.1	8.8	8.8	11.4	3.6	2.6
373 Optical instruments and photographic equipment	12.5	11.7	9.8	11.8	13.3	6.1	8.8	8.0	11.4	3.6	2.6
374 Clocks and watches and parts thereof	12.5	11.7	9.8	11.8	13.3	6.1	8.8	8.0	11.4	3.6	2.6
411 Vegetable and animal oils and fats	11.3	10.8	10.6	13.1	11.7	7.5	7.4	8.3	11.6	3.6	2.0
412 Slaughtering, preparing and preserving of meat	11.3	10.8	10.6	13.1	11.7	7.5	7.4	8.3	11.6	3.6	2.0
413 Dairy products	11.3	10.8	10.6	13.1	11.7	7.5	7.4	8.3	11.6	3.6	2.0
415 Fish and other seafoods	11.3	10.8	10.6	13.1	11.7	7.5	7.4	8.3	11.6	3.6	2.0
416 Grain milling	11.3	10.8	10.6	13.1	11.7	7.5	7.4	8.3	11.6	3.6	2.0
417 Spaghetti, macaroni, etc.	11.3	10.8	10.6	13.1	11.7	7.5	7.4	8.3	11.6	3.6	2.0
419 Bread and flour confectionery	11.3	10.8	10.6	13.1	11.7	7.5	7.4	8.3	11.6	3.6	2.0
420 Sugar	11.3	10.8	10.6	13.1	11.7	7.5	7.4	8.3	11.6	3.6	2.0
421 Cocoa, chocolate and sugar confectionery	11.3	10.8	10.6	13.1	11.7	7.5	7.4	8.3	11.6	3.6	2.0
423 Other food products	11.3	10.8	10.6	13.1	11.7	7.5	7.4	8.3	11.6	3.6	2.0
424 Distilling of ethyl alcohol	13.5	14.1	11.2	15.4	12.5	10.5	10.2	13.4	14.9	4.4	2.8
425 Wine of fresh grapes & beverages based thereon	13.5	14.1	11.2	15.4	12.5	10.5	10.2	13.4	14.9	4.4	2.8
427 Brewing and malting	13.5	14.1	11.2	15.4	12.5	10.5	10.2	13.4	14.9	4.4	2.8
428 Soft drinks, including natural spa waters	13.5	14.1	11.2	15.4	12.5	10.5	10.2	13.4	14.9	4.4	2.8
429 Tobacco products	16.8		9.2	14.8	12.8		13.1	12.5	11.5	3.8	3.4
431 Wool industry	10.6	9.4	9.3	12.5	10.4		6.2	6.3	10.8	3.6	1.7
432 Cotton industry	10.7	9.5	9.2	11.9	10.2		6.4	7.7	10.9		1.9
438 Carpets, linoleum and other floor coverings	10.5	9.2	8.9	11.8	9.9		6.1	6.8	10.5	3.4	1.8
442 Products from leather and leather substitutes	9.4	8.8	8.7	10.7	9.3		6.3	6.7	9.4	3.6	2.2
451 Footwear	9.1	8.5	7.5	9.9	8.6		6.5	5.8	9.8	3.0	1.6
453 Ready-made clothing and accessories	9.0	8.0	7.9	9.3	8.0	4.8	5.0	4.7	9.1	2.7	1.6
455 Household textiles and other made-up text. goods	9.0	8.2	7.8	9.4	8.1	5.1	5.4	5.0	9.4	2.9	1.6
467 Wooden furniture	11.8	9.2	8.7	10.8	10.7	8.3	7.5	6.9	10.1	3.3	1.8
472 Paper and board	11.9	11.1	9.8	13.2	12.2		8.9	7.4	12.0	4.1	2.4
473 Printing and allied industries	14.3	14.0	12.3	14.4	12.9		10.8	10.5	14.4	4.2	2.5
474 Publishing	14.3	14.0	12.3	14.4	12.9		10.8	10.5	14.4	4.2	2.5
481 Rubber products	13.4	11.4	11.4	13.1	13.0		8.5	8.0	11.4	4.8	2.5
491 Arts jewellery & cut./work. of prec. & s/prec. stones	10.7	11.6	9.1	11.1	9.2		7.4	7.6	11.0	3.0	1.7
492 Musical instruments	10.7	11.6	9.1	11.1	9.2		7.4	7.6	11.0	3.0	1.7
493 Photographic and cinematographic laboratories	10.7	11.6	9.1	11.1	9.2		7.4	7.6	11.0	3.0	1.7
494 Toys and sports goods	10.7	11.6	9.1	11.1	9.2		7.4	7.6	11.0	3.0	1.7

Source: Eurostat, Labour costs survey, 1984.

Table 3.2  
Unit wage costs in 1984

NACE	D	F	I	NL	B	L	UK	IRL	DK	DISP
247 Glass and glassware	38	35	16	30	21		27	43	38	27.6
248 Ceramic goods	39	36	17	33	24		25		37	24.9
257 Pharmaceutical products	43	19	14	49	17	15	18		29	49.6
258 Soap, detergents, perfume	39	35	21	29	25	23	22		36	23.3
259 Chemical products for household use	51	32	21	24			33		49	32.7
260 Man-made fibres	34	100	25		18		22			76.6
314 Structural metal products	40	36	27	28	23		20	25	41	24.3
315 Boilermaking	29	30	28	37	25		13	42	48	31.8
316 Tools and finished metal goods	36	33	23	31	26	22	27	39	44	22.3
321 Agricultural machinery and tractors	36	35	21	29	31		27		43	20.7
322 Machine tools and other tools	42	36	29	24	25		44		43	22.8
323 Textile machinery and sewing machines	37	35	31	24	35		41		61	28.1
324 Machinery for the food and chemical industries	34	37	25	32	29		17		38	22.6
325 Plant for mines, iron and steel industry	35	30	22	27	41		35		31	17.8
327 Oth. mach. & equip. for use in spec. branch. of industry	39	41	23		27		36		36	19.4
328 Other machinery and equipment	38	34	20	33	27		32		37	18.6
330 Office machinery and data-processing machinery	25	24	12	14			17			27.2
341 Insulated wires and cables		39	27	30			21			23.3
344 Telecoms., electron. equip. & electro-med. equipment	31	35	29				24			13.8
345 Radio & telev. receiving sets, & electronic equip.	50	35	26				27			27.7
346 Domestic-type electric appliances	44	48	29				31			21.5
347 Electric lamps & electric lighting equipment	42	36	26				42			18.1
351 Manufacture and assembly of motor vehicles	36	38	37	43						6.5
361 Shipbuilding	38	50	36	35	29		42		50	18.2
362 Railway and tramway rolling stock	47	57	31	28	28		49			28.0
363 Cycles and motorcycles	57	64	31	48			66		28	30.2
364 Aerospace equip. manufacturing and repairing	32	26	24				29			10.8
372 Medical and surgical equipment & orthop. appliances	38	33	26		38	19	16		39	30.5
373 Optical instruments and photographic equipment	56	33	27	87			33		40	44.2
374 Clocks and watches and parts thereof	52	32	16				44			37.7
411 Vegetable and animal oils and fats	35	37	21	36	27	25	28		36	18.9
412 Slaughtering, preparing and preserving of meat	33	28	25	23	22	19	13		23	23.5
413 Dairy products	32	28	27	38	28	18	25	36	35	19.8
415 Fish and other seafoods	41	40	37		36	23	34	30	46	18.5
416 Grain milling	19	23	22	20	16	12	13		21	21.7
417 Spaghetti, macaroni, etc.	31	21	28							15.4
419 Bread and flour confectionery	52	41	29	36	31	33	31		40	19.8
420 Sugar	16	16	18	18	15	10				16.3
421 Cocoa, chocolate and sugar confectionery	34	27	28	25	24	19	23		35	18.2
423 Other food products	25	23	23	25	22	14		19		16.9
424 Distilling of ethyl alcohol	33	20	17	31	19	19	14			30.0
425 Wine of fresh grapes & beverages based thereon	22	18	18			25	19			13.8
427 Brewing and malting	25	32	16	14	17	14	18	34	31	34.4
428 Soft drinks, including natural spa waters	28	24	14	50	19	13	21		26	45.0
429 Tobacco products	38		30	23	152		17		24	99.8
431 Wool industry	37	43	22	29	32		23		39	23.2
432 Cotton industry	42	48	25	25	28		26		44	28.0
438 Carpets, linoleum and other floor coverings	26	23	45		24		22		28	27.4
442 Products from leather and leather substitutes	33	22	29		25		42		44	25.1
451 Footwear	37	28	23	34	36		29		44	19.2
453 Ready-made clothing and accessories	42	35	32	19	36	33	27	61	40	29.8
455 Household textiles and other made-up textile goods	40		23	16	31	19	26		37	30.2
467 Wooden furniture	35	36	24	31	29	25	28	51	36	23.4
472 Paper and board	36	33	23	18	22		32		38	24.4
473 Printing and allied industries	38	32	29	61	23		25		54	36.0
474 Publishing		25	26	33	16			39		27.0
481 Rubber products	35	32	25	35	24		34		45	20.0
491 Arts jewellery & cutt./work. of prec. & s/prec. stones	40	30	14		7		28		61	57.5
492 Musical instruments	29	38	33				34		37	9.2
493 Photographic and cinematographic laboratories		33	25		8					49.6
494 Toys and sports goods	38	34	26	24	23		35		25	19.5
DISP	22.2	35.9	24.9	40.5	71.1	30.5	35.6	28.8	23.0	

Definitions: Unit wage costs = wage cost per year and per worker divided by productivity in volume.

DISP, dispersal index in % = average or typical difference in %.

Source: Eurostat, labour costs survey, 1984 and Commission departments.

*Table 3.3*

**Average wage costs for the employer compared with the net earnings for a married worker with two children (one wage)**

In 1984	B	DK (¹)	D	GR	E	F	IRL	I	L	NL	P	UK
Wage cost for the worker in ECU per month	1 719	1 732	2 008	623		1 734	1 423	1 545	1 574	1 891	386	1 417
— %	100	100	100	100		100	100	100	100	100	100	100
Vocational training costs	0.4	1.9	1.6			1.6	1.3	0.3	0.5	0.4	2	1.5
Employer's s/security contribs.	24	5.7	21	18		28.1	14.7	33.5	14.9	24.4	18.4	14.6
Worker's s/security contribs.	9.8	1.5	13.3	12.2		10.2	7.0	6.3	9.9	20.4	9.2	7.5
Employer's taxes								0.5	0.5		2.7	
Worker's taxes	15.0	39.9	10.0	2.3		0.0	14.9	9.6	2.6	7.0	3.0	15.1
Employer's subsidies	1.1	0.3						8.1				0.1
Family allowances (2 children)	8.2	0.0	3.5	6.4		5.4	2.5	7.1	7.0	5.8	3.1	7.0
Various charges and costs	1.4	0.4	0.7	1		2.3	1.4	1.2	1.3	2.3	3	1.2
Worker's net earnings	58.7	50.9	56.8	73.0		63.2	63.2	63.8	77.3	51.2	64.8	67.3

Source: Eurostat.

(¹) Single worker average earnings.

Table 3.4

## Average net hourly earnings of a married worker with two children (one wage) in ECU in 1984

(ECU)

NACE	D	F	I	NL	B	L	UK	IRL	DK	GR	P
247 Glass and glassware	7.4	8.2	6.7	7.5	7.7		6.3	6.5	5.6	3.2	2.1
248 Ceramic goods	6.7	6.8	6.4	6.1	6.8		4.9	4.4	5.9	2.9	1.4
257 Pharmaceutical products	10.1	9.8	7.6	8.8	9.6	9.9	7.5	7.0	6.7	3.5	2.4
258 Soap, detergents, perfume	10.1	9.8	7.6	8.8	9.6	9.9	7.5	7.0	6.7	3.5	2.4
259 Chemical products for household use	10.1	9.8	7.6	8.8	9.6	9.9	7.5	7.0	6.7	3.5	2.4
260 Man-made fibres	8.7	9.3	6.5		8.6		6.0			3.2	1.9
314 Structural metal products	7.8	7.1	5.3	5.9	6.9	6.7	4.8	4.7	6.1	3.0	0.0
315 Boilermaking	7.4	7.3	6.6	5.9	7.5	8.1	5.4	4.6	5.8	2.8	1.5
316 Tools and finished metal goods	6.9	7.0	6.3	6.0	7.6	7.7	5.5	4.5	5.7	3.0	1.4
321 Agricultural machinery and tractors	8.3	8.0	6.8	6.3	7.8	9.4	6.1	4.8	6.0	2.5	1.7
322 Machine tools and other tools	8.3	8.0	6.8	6.3	7.8	9.4	6.1	4.8	6.0	2.5	1.7
323 Textile machinery and sewing machines	8.3	8.0	6.8	6.3	7.8	9.4	6.1	4.8	6.0	2.5	1.7
324 Machinery for the food and chemical industries	8.3	8.0	6.8	6.3	7.8	9.4	6.1	4.8	6.0	2.5	1.7
325 Plant for mines, iron and steel industry	8.3	8.0	6.8	6.3	7.8	9.4	6.1	4.8	6.0	2.5	1.7
327 Oth.mach. & equip.foruseinspec.branchesofind.	8.3	8.0	6.8	6.3	7.8	9.4	6.1	4.8	6.0	2.5	1.7
328 Other machinery and equipment	8.3	8.0	6.8	6.3	7.8	9.4	6.1	4.8	6.0	2.5	1.7
330 Office machinery and data-processing machinery	11.8	13.3	8.1	8.1			9.0	6.3	7.0		
341 Insulated wires and cables	8.3	8.2	6.8	7.1	8.2	8.9	5.9	4.6	5.9	3.1	1.9
344 Telecoms., electronic equip. & electro-med. equip.	8.3	8.2	6.8	7.1	8.2	8.9	5.9	4.6	5.9	3.1	1.9
345 Radio & telev. receiving sets, & electronic equip.	8.3	8.2	6.8	7.1	8.2	8.9	5.9	4.6	5.9	3.1	1.9
346 Domestic-type electric appliances	8.3	8.2	6.8	7.1	8.2	8.9	5.9	4.6	5.9	3.1	1.9
347 Electric lamps & electric lighting equipment	8.3	8.2	6.8	7.1	8.2	8.9	5.9	4.6	5.9	3.1	1.9
351 Manufacture and assembly of motor vehicles	10.4	8.6	7.6	6.9	9.1		6.8	14.9		3.4	2.1
361 Shipbuilding	8.5	8.1	6.5	6.9	8.9		6.7		6.6	3.2	2.1
362 Railway and tramway rolling stock	9.1	9.7	6.7	6.8	8.9		7.0	9.5	6.5	3.8	2.0
363 Cycles and motorcycles	9.1	9.7	6.7	6.8	8.9		7.0	9.5	6.5	3.8	2.0
364 Aerospace equip. manufacturing and repairing	10.2	11.0	6.7		9.3		7.4			5.4	
372 Medical and surgical equipmt & orthop. appliances	7.1	7.4	6.2	6.1	7.8	4.7	5.9	5.1	5.8	2.6	1.7
373 Optical instruments and photographic equipment	7.1	7.4	6.2	6.1	7.8	4.7	5.9	5.1	5.8	2.6	1.7
374 Clocks and watches and parts thereof	7.1	7.4	6.2	6.1	7.8	4.7	5.9	5.1	5.8	2.6	1.7
411 Vegetable and animal oils and fats	6.4	6.8	6.7	6.7	6.9	5.8	5.0	5.2	5.9	2.6	1.3
412 Slaughtering, preparing and preserving of meat	6.4	6.8	6.7	6.7	6.9	5.8	5.0	5.2	5.9	2.6	1.3
413 Dairy products	6.4	6.8	6.7	6.7	6.9	5.8	5.0	5.2	5.9	2.6	1.3
415 Fish and other seafoods	6.4	6.8	6.7	6.7	6.9	5.8	5.0	5.2	5.9	2.6	1.3
416 Grain milling	6.4	6.8	6.7	6.7	6.9	5.8	5.0	5.2	5.9	2.6	1.3
417 Spaghetti, macaroni, etc.	6.4	6.8	6.7	6.7	6.9	5.8	5.0	5.2	5.9	2.6	1.3
419 Bread and flour confectionery	6.4	6.8	6.7	6.7	6.9	5.8	5.0	5.2	5.9	2.6	1.3
420 Sugar	6.4	6.8	6.7	6.7	6.9	5.8	5.0	5.2	5.9	2.6	1.3
421 Cocoa, chocolate and sugar confectionery	6.4	6.8	6.7	6.7	6.9	5.8	5.0	5.2	5.9	2.6	1.3
423 Other food products	6.4	6.8	6.7	6.7	6.9	5.8	5.0	5.2	5.9	2.6	1.3
424 Distilling of ethyl alcohol	7.6	8.9	7.1	7.9	7.3	8.1	6.9	8.4	7.6	3.2	1.8
425 Wine of fresh grapes & beverages based thereon	7.6	8.9	7.1	7.9	7.3	8.1	6.9	8.4	7.6	3.2	1.8
427 Brewing and malting	7.6	8.9	7.1	7.9	7.3	8.1	6.9	8.4	7.6	3.2	1.8
428 Soft drinks, including natural spa waters	7.6	8.9	7.1	7.9	7.3	8.1	6.9	8.4	7.6	3.2	1.8
429 Tobacco products	9.5		5.9	7.6	7.5		8.8	7.9	5.8	2.8	2.2
431 Wool industry	6.0	5.9	5.9	6.4	6.1		4.2	4.0	5.5	2.6	1.1
432 Cotton industry	6.1	6.0	5.9	6.1	6.0		4.3	4.9	5.6		1.2
438 Carpets, linoleum and other floor coverings	6.0	5.8	5.7	6.0	5.8		4.1	4.3	5.3	2.5	1.2
442 Products from leather and leather substitutes	5.3	5.6	5.5	5.5	5.5		4.3	4.2	4.9	2.6	1.4
451 Footwear	5.2	5.4	4.8	5.1	5.1		4.4	3.7	5.0	2.2	1.0
453 Ready-made clothing and accessories	5.1	5.1	5.0	4.7	4.7	3.7	3.4	3.0	4.6	2.0	1.1
455 Household text. and other made-up textile goods	5.1	5.2	4.9	4.8	4.8	3.9	3.6	3.1	4.8	2.1	1.0
467 Wooden furniture	6.7	5.8	5.5	5.5	6.3	6.4	5.1	4.4	5.1	2.4	1.2
472 Paper and board	6.7	7.0	6.2	6.7	7.1		6.0	4.7	6.1	3.0	1.5
473 Printing and allied industries	8.1	8.9	7.9	7.3	7.6		7.3	6.6	7.3	3.1	1.6
474 Publishing	8.1	8.9	7.9	7.3	7.6		7.3	6.6	7.3	3.1	1.6
481 Rubber products	7.6	7.2	7.3	6.7	7.6		5.7	5.1	5.8	3.5	1.6
491 Arts jewellery & cutt./work.of prec. & s/prec.stones	6.0	7.3	5.8	5.7	5.4		5.0	4.8	5.6	2.2	1.1
492 Musical instruments	6.0	7.3	5.8	5.7	5.4		5.0	4.8	5.6	2.2	1.1
493 Photographic and cinematographic laboratories	6.0	7.3	5.8	5.7	5.4		5.0	4.8	5.6	2.2	1.1
494 Toys and sports goods	6.0	7.3	5.8	5.7	5.4		5.0	4.8	5.6	2.2	1.1

Definition: Hourly labour cost in ECU multiplied by the share of the worker's net earnings in the employer's wage cost.

Source: Eurostat: Labour cost survey 1984 and Rapid Reports, population and social conditions, 1/1987.

*Table 3.5*  
**Gains and losses in shares of export markets**  
**EUR 10, USA, JAP**

<b>Gains (+) and losses (–) in shares of export markets over the period 1985/1979</b> <b>(in declining order of importance) (1)</b>			
<b>EUR 10 (2)</b>			
Branches	Losses	Branches	Gains
Electrical goods	– 4.39	Leather & footwear	+ 5.45
Motor vehicles	– 4.25	Wood & furniture	+ 4.86
Rubber & plastic products	– 2.53	Textiles & clothing	+ 3.87
Agric. & industr. machinery	– 2.49	Non-metallic minerals & products	+ 2.47
Other transport equipment	– 2.27	Food, beverage & tobacco products	+ 2.03
Office & data mach.; prec.	– 2.23	Paper & printing products	+ 1.25
Other manufact. products	– 0.84	Ferrous & non-ferrous ores & metals other than radioactive	+ 1.23
Metal prod. except mach. & transport equipment	– 0.65	Chemical products	+ 0.51
<b>USA</b>			
Branches	Losses	Branches	Gains
Other manufact. products	– 2.06	Other transport equipment	+ 5.45
Textiles and clothing	– 1.41	Rubber & plastic prod.	+ 3.63
Ferrous & non-ferrous ores & metals, other than radioactive	– 1.29	Office & data mach.; prec. & optical instruments	+ 3.30
Motor vehicles	– 0.86	Paper & printing products	+ 0.68
Food, beverage and tobacco products	– 0.52	Electrical goods	+ 0.66
Wood & furniture	– 0.46	Leather & footwear	+ 0.52
Non-metallic minerals and products	– 0.36		
Metal prod. except mach. & transport equipment	– 0.24		
Chemical products	– 0.01		
Agric. & industr. machinery	– 0.01		
<b>Japan</b>			
Branches	Losses	Branches	Gains
Food, beverage & tobacco products	0.00	Electrical goods	+ 11.66
		Motor vehicles	+ 9.40
		Office & data mach.; prec. & optical instruments	+ 5.47
		Agric. & industr. machinery	+ 5.26
		Other manufact. products	+ 5.24
		Non-metallic minerals & products	+ 3.17
		Rubber & plastic prod.	+ 3.04
		Other transport equipment	+ 2.71
		Textiles & clothing	+ 2.20
		Metal prod. except mach. & transport equipment	+ 1.75
		Ferrous & non-ferrous ores & metals, other than radioactive	+ 1.63
		Chemical products	+ 1.35
		Paper & printing products	+ 0.78
		Leather & footwear	+ 0.42
		Wood & furniture	+ 0.18

(1) Market share is defined as the exports of USA, of Japan or EUR 10 to the rest of the world in relation to exports of OECD countries to the world.

(2) Only extra-Community trade is taken into account.

Source: Commission services, Volimex.

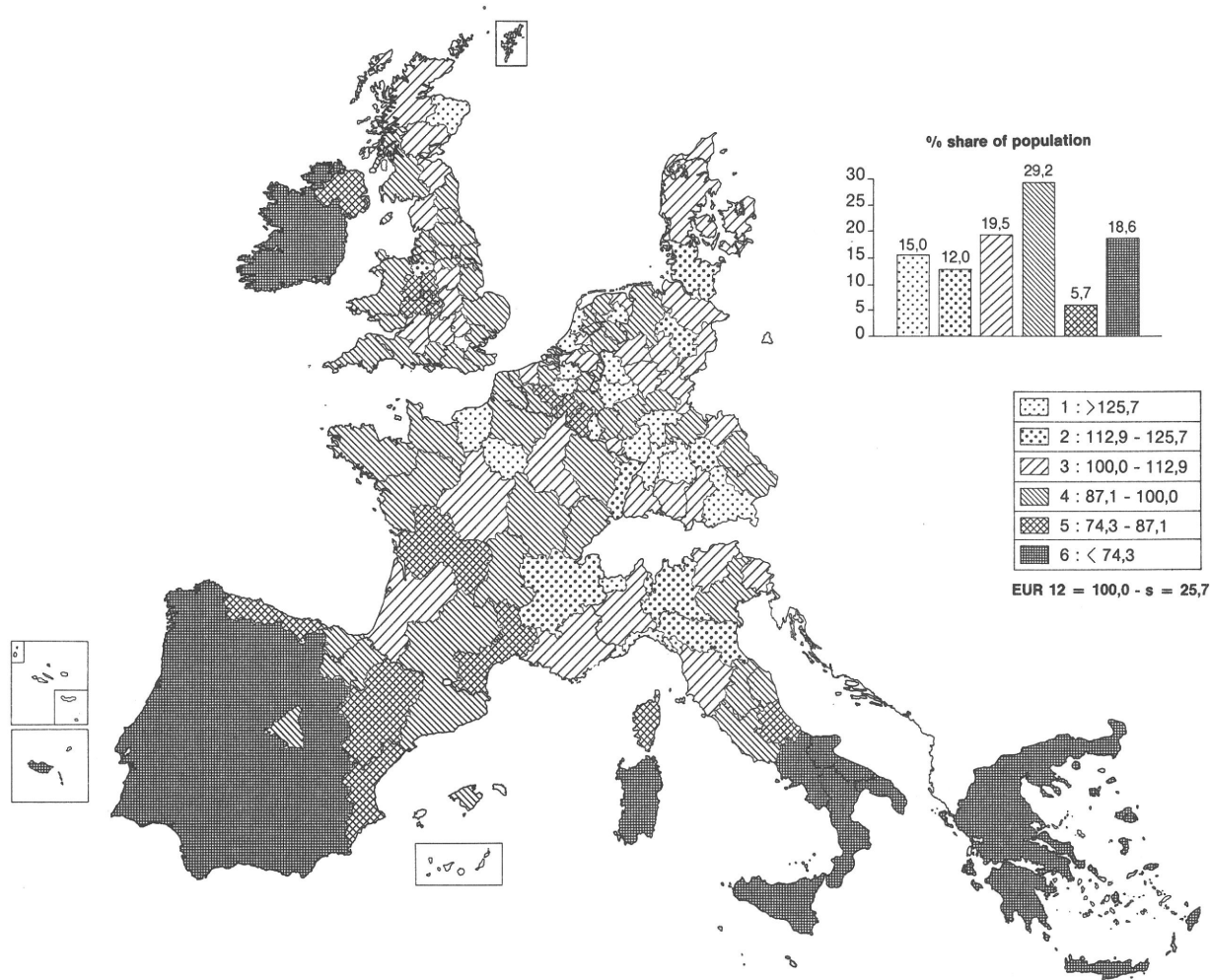


# Annex 4

## Regional data <sup>(1)</sup>

Map 4.1

GDP per head of population <sup>(2)</sup>

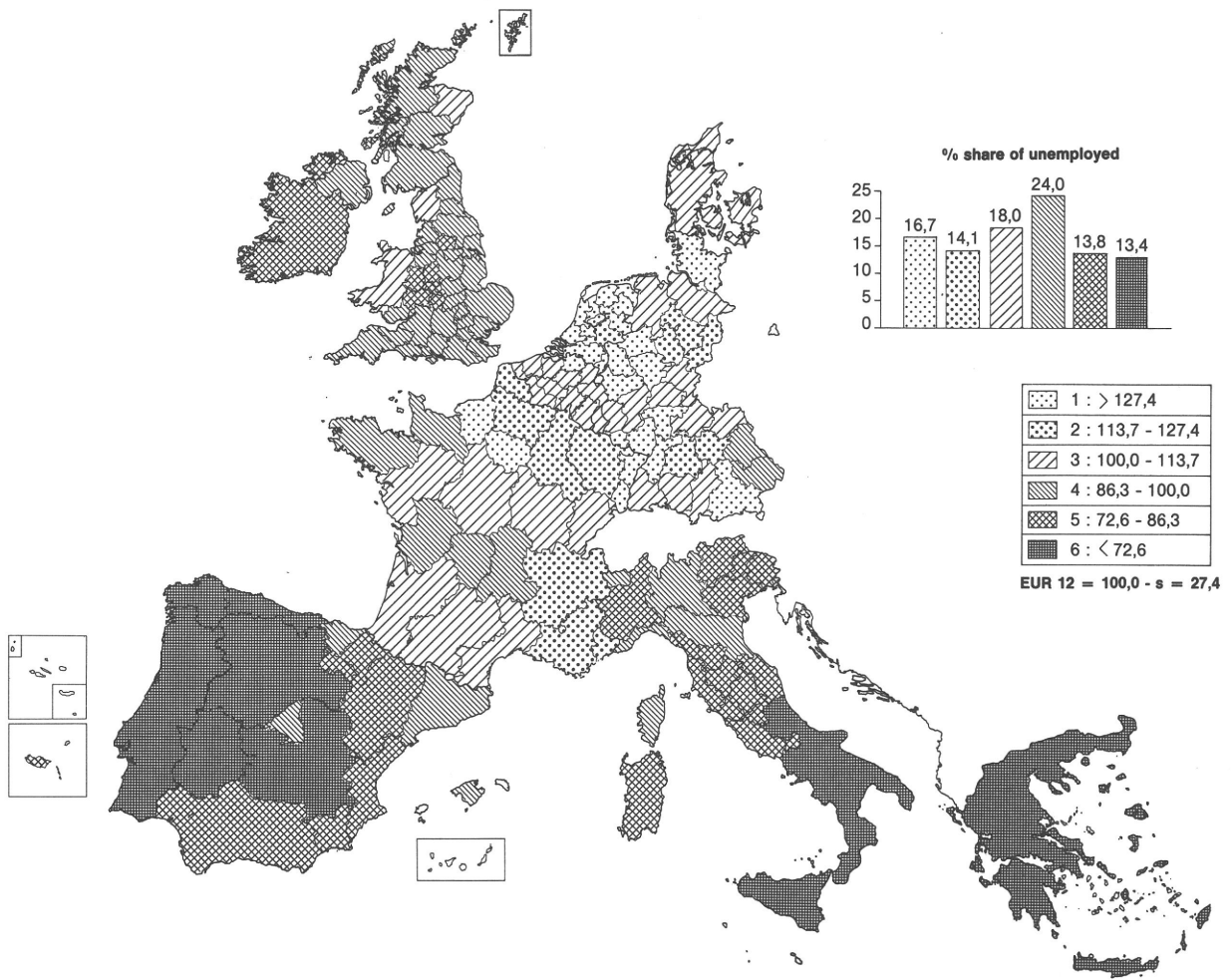


<sup>(1)</sup> Source: Third periodic report of the Commission on the situation and social and economic trends in the regions of the Community.

<sup>(2)</sup> After redistribution of GDP of Groningen, Hamburg and Bremen.

Map 4.2

GDP per person employed (¹)



(¹) After redistribution of GDP of Groningen.

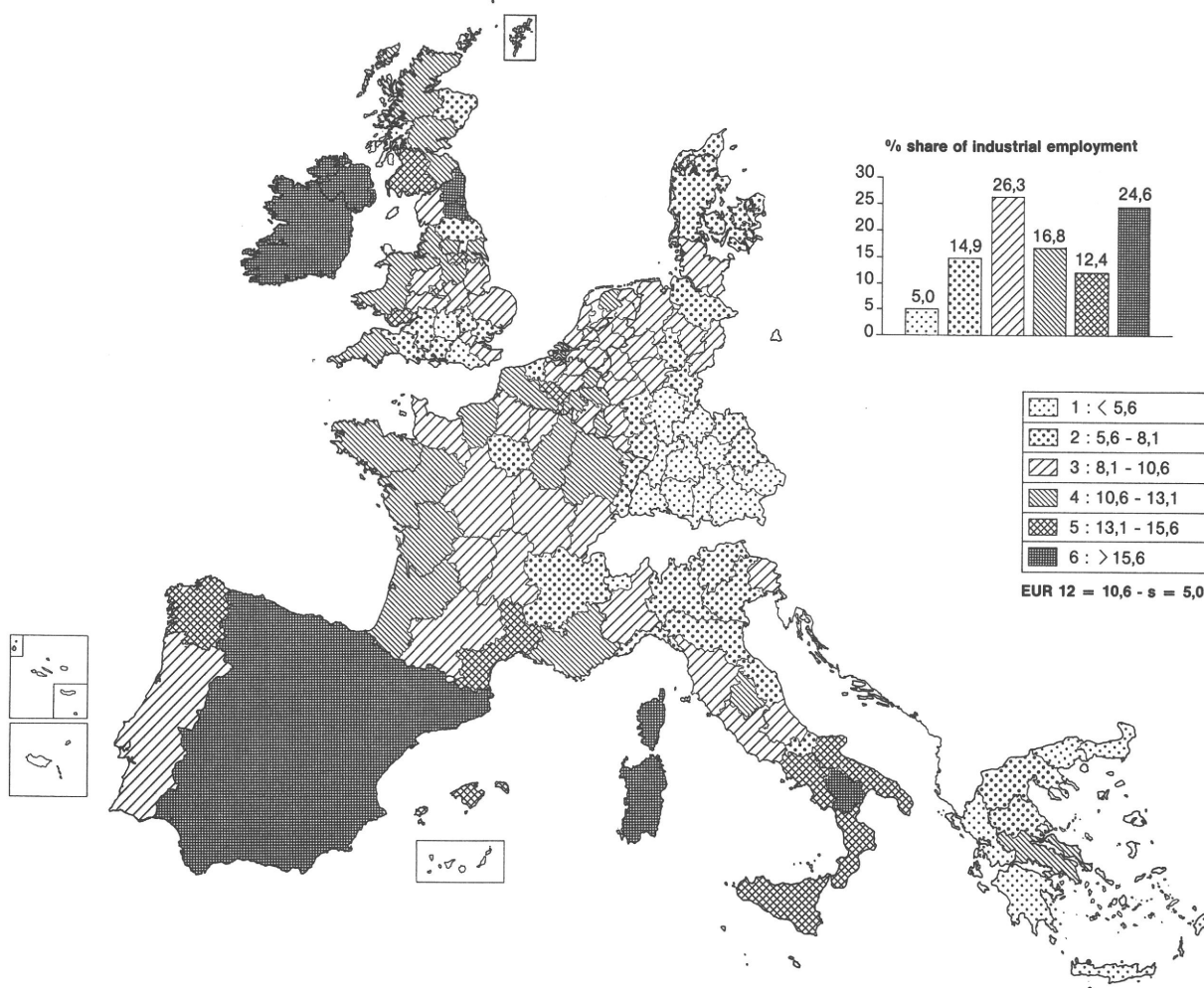
*Table 4.3*  
**The development of regional disparities of GDP in the Community (1)**

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
<b>GDP per capita</b>														
B	16.0	16.5	16.3	15.6	14.9	16.9	16.4	17.1	16.6	16.7	16.7	16.7	16.6	16.5
DK	16.2	16.3	15.3	13.9	14.4	14.4	13.9	12.8	12.4	12.4	13.1	14.0	13.7	13.0
D	17.7	17.1	16.9	17.1	17.6	17.0	16.6	17.0	16.9	17.1	16.9	17.1	17.6	17.8
F	25.5	23.2	29.5	25.5	24.1	28.8	28.6	25.1	22.6	21.6	21.6	24.2	24.0	24.0
I	26.6	24.4	24.9	24.9	25.3	24.2	26.0	25.6	26.0	25.0	25.0	24.5	24.6	25.0
NL	13.3	12.2	12.6	14.2	17.2	22.7	24.8	22.2	20.4	20.0	22.5	27.5	26.1	26.2
UK	14.0	14.0	12.6	11.6	10.6	10.9	10.0	9.9	9.9	10.4	10.6	11.5	11.7	11.6
EUR 10	24.5	23.4	24.9	23.5	23.5	24.8	25.1	24.2	23.5	23.3	23.3	24.4	24.5	24.7
E								17.1	17.1	17.5	17.3	18.3	18.5	18.5
EUR 12								26.9	26.5	26.6	26.6	27.5	27.5	27.7
<b>GDP per person employed</b>														
B	7.8	9.4	9.5	9.5	9.2	11.2	11.0	12.1	11.5	12.2	12.1	12.1	12.1	12.1
DK	11.8	11.8	10.5	8.7	10.8	10.6	10.6	9.4	9.3	9.4	9.6	10.3	9.9	9.2
D	13.1	12.4	12.0	12.2	12.8	12.0	11.4	11.3	11.3	11.5	11.2	11.4	11.6	11.5
F	16.4	13.6	19.3	15.9	15.1	19.0	19.0	15.7	13.3	12.8	12.7	14.9	14.7	14.7
I	17.3	15.7	16.2	15.4	15.3	13.8	15.6	15.2	15.3	14.4	13.8	13.7	13.9	13.9
NL	6.9	6.4	7.2	10.7	14.6	22.2	24.7	21.3	18.6	18.3	21.6	27.3	25.4	25.4
UK	7.7	7.7	5.9	5.6	4.9	6.0	5.5	5.3	5.2	5.8	5.8	6.0	6.3	6.3
EUR 10	17.2	16.1	17.3	16.2	17.3	18.6	19.1	18.1	17.3	17.4	17.9	18.6	18.3	18.2
E								15.2	15.5	16.5	15.2	14.1	14.4	14.6
EUR 12								20.8	20.0	20.1	20.2	20.7	20.5	20.6

(1) Coefficient of variation = Standard deviation of regional GDP levels as percentage of the national or Community average in PPS.

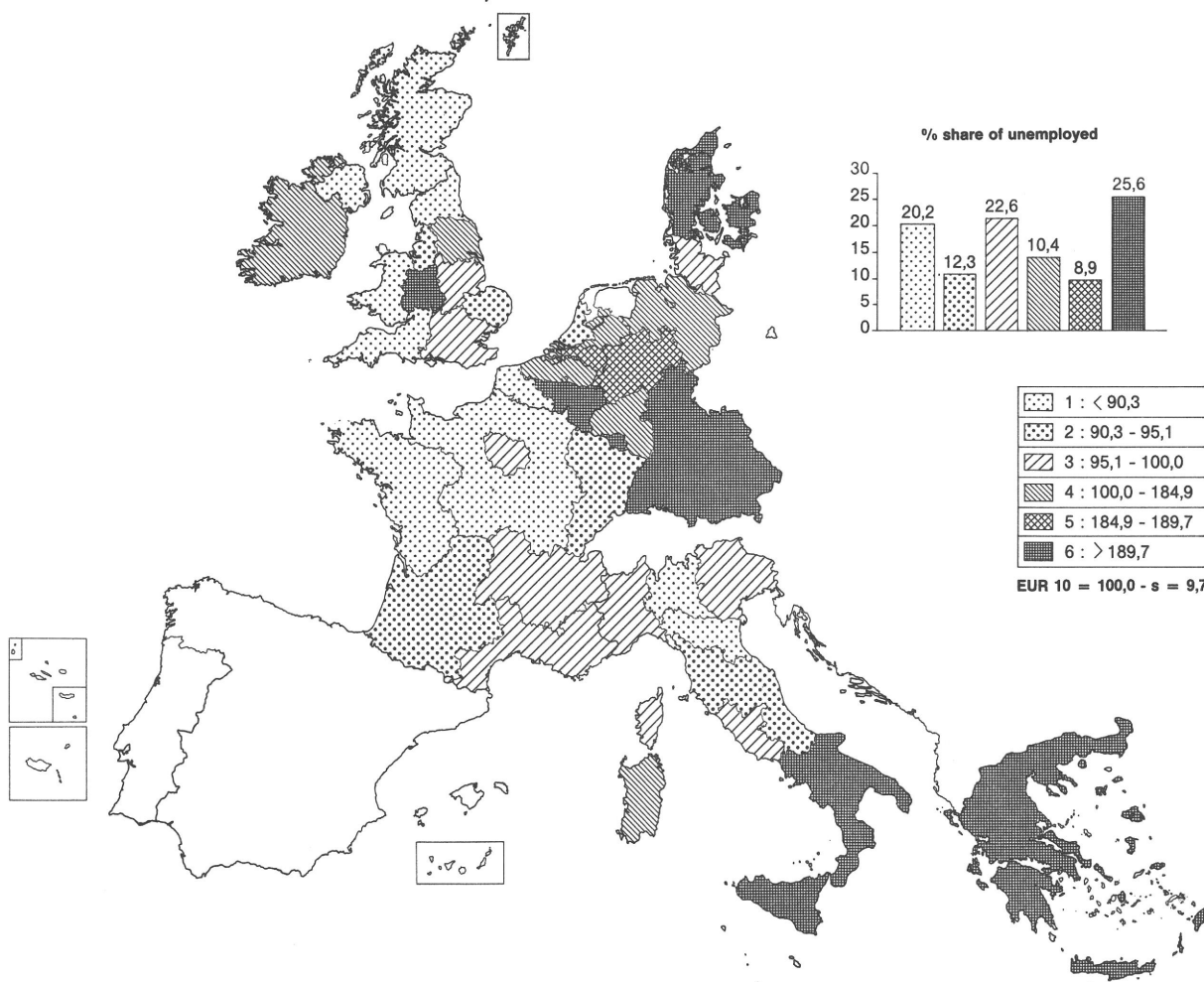
Map 4.4

**Total unemployment rates — 1986  
(Men and women)**



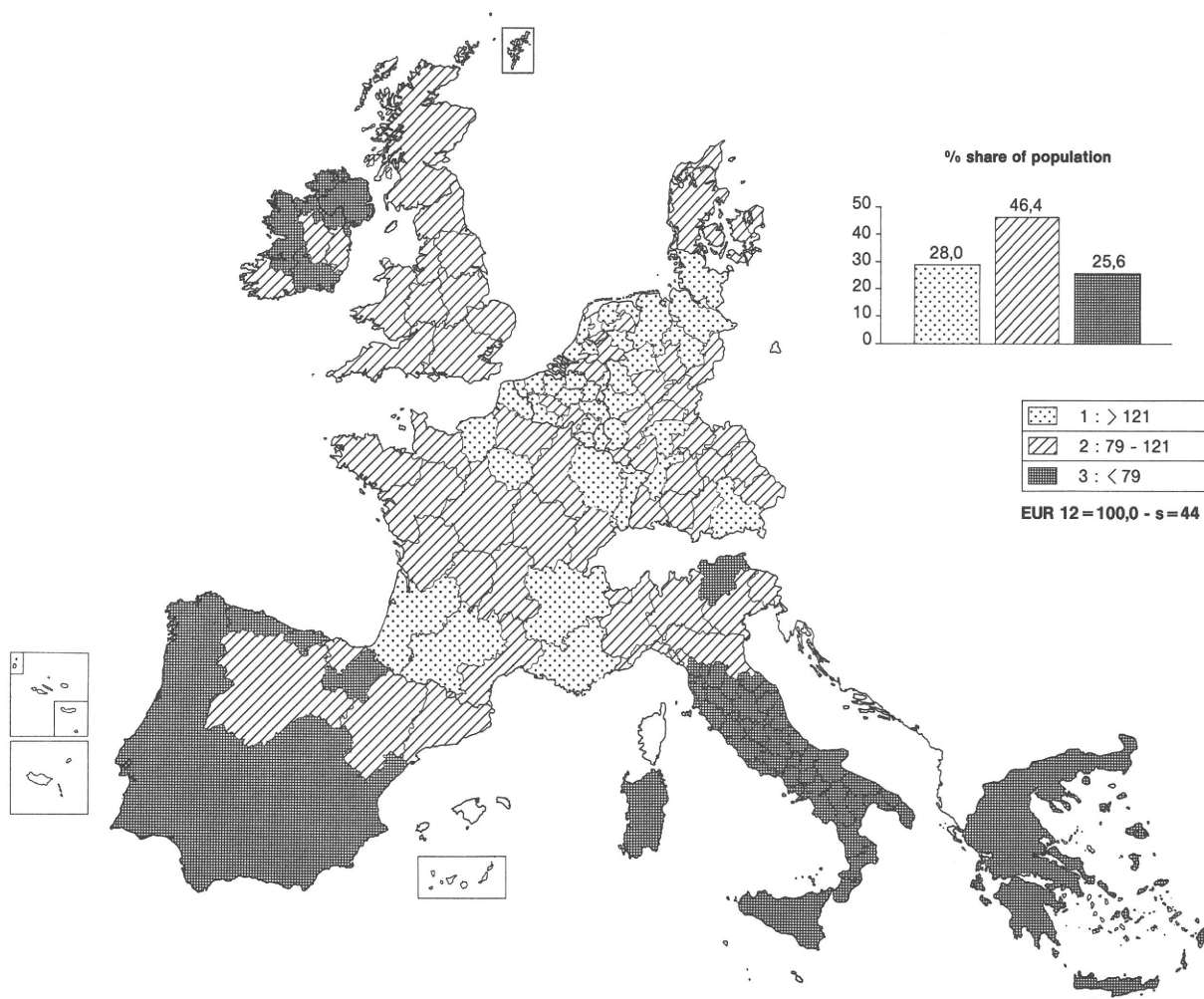
Map 4.5

Unit labour costs in industry — 1981



Map 4.6

Aggregate infrastructure indicator



Notes: The aggregate infrastructure endowment indicator is made up of four broad groups of infrastructure directly related to economic performance:

- (i) transport networks (roads, railways, ports, etc.);
- (ii) communication networks (telephone, telex);
- (iii) energy (petrol stations networks, electricity and gas supplies);
- (iv) education (number of university students and persons in vocational training).

# Annex 5

## Education and training

Table 5.1

Total numbers as a proportion of population aged 5-24 years

	(%)											
	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1976	1982
	Total										EUR 10 = 100	
Belgique/België	77.5	77.0	77.0	77.1	77.6	78.1	78.6	:	:	:	105.7	109.5
Danmark	71.6	71.9	71.0	72.1	72.5	73.1	73.5	:	:	:	97.7	102.4
BR Deutschland	71.7	71.0	70.7	69.7	68.9	68.8	68.9	68.2	:	:	97.8	96.0
Ελλάδα	65.2	65.2	65.0	65.0	65.7	67.2	66.1	:	:	:	88.9	92.1
España	:	:	:	:	:	76.1	75.6	:	:	:	:	105.3
France	79.4	79.8	80.0	80.0	80.4	82.1	82.2	81.5	:	:	108.3	114.5
Ireland	71.3	71.1	70.4	69.9	70.4	70.7	71.0	71.0	:	:	97.3	98.9
Italia	73.8	73.7	73.4	72.8	72.1	71.2	70.7	69.9	68.6	:	100.8	98.5
Luxembourg	62.5	60.4	60.8	58.7	59.0	59.5	59.7	76.8	75.1	:	85.3	83.1
Nederland	75.6	75.6	75.4	75.0	74.5	74.3	74.7	76.8	75.1	:	103.1	104.0
Portugal	:	:	:	:	:	52.4*	53.9*	:	:	:	:	75.1*
United Kingdom	69.1	68.3	67.7	66.7	65.9	65.1	64.5	63.4	62.3	:	94.3	89.8
EUR 10	73.3	73.1	72.8	72.3	71.9	71.9	71.8	:	:	:	100	100
EUR 12	:	:	:	:	:	71.6	71.3	:	:	:	:	99.3
USA	:	:	:	:	:	:	:	:	:	:	:	:
Nippon (Japan)	:	:	:	:	:	:	:	:	:	:	:	:
	Boys											
Belgique/België	78.4	77.9	77.8	77.9	78.1	78.7	79.2	:	:	:	105.2	109.7
Danmark	73.4	73.1	71.9	72.5	72.8	73.1	73.7	:	:	:	98.5	102.1
BR Deutschland	72.8	72.0	71.4	70.1	69.2	69.3	69.6	68.9	:	:	97.7	96.4
Ελλάδα	69.0	68.6	68.1	67.8	67.9	69.1	66.7	:	:	:	92.6	92.4
España	:	:	:	:	:	75.7	74.9	:	:	:	:	103.7
France	79.1	79.2	79.4	79.2	79.2	81.5	81.6	80.6	:	:	106.2	113.0
Ireland	71.0	70.6	69.8	69.1	69.7	69.9	70.2	70.2	:	:	95.3	97.2
Italia	76.3	75.8	75.3	74.3	73.3	72.1	71.4	70.5	69.5	:	102.4	98.9
Luxembourg	62.7	61.5	61.3	59.1	59.6	59.8	60.2	:	:	:	84.2	83.4
Nederland	78.8	78.8	78.4	77.9	77.2	76.9	77.2	79.9	77.3	:	105.8	106.9
Portugal	:	:	:	:	:	52.9*	54.2*	:	:	:	:	75.1*
United Kingdom	69.4	68.6	67.9	66.9	66.0	65.2	64.5	63.4	62.5	:	93.2	89.3
EUR 10	74.5	74.1	73.6	72.8	72.2	72.3	72.2	:	:	:	100	100
EUR 12	:	:	:	:	:	71.9	71.6	:	:	:	:	99.2
USA	:	:	:	:	:	:	:	:	:	:	:	:
Nippon (Japan)	:	:	:	:	:	:	:	:	:	:	:	:
	Girls											
Belgique/België	76.5	76.1	76.2	76.2	77.1	77.6	78.0	:	:	:	106.0	109.2
Danmark	69.8	70.6	70.1	71.6	72.3	73.1	73.2	:	:	:	96.7	102.5
BR Deutschland	70.5	70.0	69.9	69.2	68.6	68.3	68.2	67.4	:	:	97.6	95.5
Ελλάδα	61.2	61.6	61.8	61.9	63.3	65.3	65.4	:	:	:	84.8	91.6
España	:	:	:	:	:	76.5	76.4	:	:	:	:	107.0
France	79.8	80.5	80.6	80.9	81.6	82.8	82.9	82.5	:	:	110.5	116.1
Ireland	71.7	71.7	71.1	70.8	71.3	71.6	71.8	71.8	:	:	99.3	100.1
Italia	71.1	71.5	71.4	71.3	70.9	70.3	69.2	67.7	67.6	:	98.5	96.9
Luxembourg	62.3	59.3	60.2	58.3	58.4	59.2	59.1	:	:	:	86.3	82.8
Nederland	72.2	72.4	72.3	72.0	71.7	71.6	72.1	73.5	72.7	:	100.0	101.0
Portugal	:	:	:	:	:	51.9*	53.6*	:	:	:	:	75.1*
United Kingdom	68.8	68.1	67.4	66.5	65.7	65.0	64.4	63.3	62.1	:	95.3	90.2
EUR 10	72.2	72.1	72.0	71.7	71.5	71.5	71.4	:	:	:	100	100
EUR 12	:	:	:	:	:	71.1	70.9	:	:	:	:	99.1
USA	:	:	:	:	:	:	:	:	:	:	:	:
Nippon (Japan)	:	:	:	:	:	:	:	:	:	:	:	:

Source: Eurostat.

Table 5.2  
Breakdown by level of education

	(%)											
	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1983/76	1983/82
	First level											Δ
Belgique/België	39.6	39.2	38.6	38.1	37.5	36.8	36.0	:	:	:	:	:
Danmark	44.1	42.8	41.5	40.4	39.4	39.2	39.3	:	:	:	:	:
BR Deutschland	29.1	27.8	26.2	24.5	23.1	21.8	21.0	20.9	:	:	- 8.2	- 0.1
Ελλάδα	50.2	49.5	48.7	47.8	47.2	45.9	46.3	:	:	:	:	:
España	42.4	41.0	39.7	38.6	38.2	37.2	37.4	:	:	:	:	:
France	35.7	36.3	36.6	36.8	36.5	35.1	33.8	33.1	:	:	- 2.6	- 0.7
Ireland	47.6	47.4	47.5	47.6	47.2	46.6	46.0	45.1	:	:	- 2.5	- 0.9
Italia	37.5	36.5	35.7	35.4	34.9	34.8	34.1	33.5	32.6	:	- 4.0	- 0.6
Luxembourg	48.6	48.5	47.4	45.0	44.2	43.2	42.2	:	:	:	:	:
Nederland	42.0	41.6	41.3	40.8	39.9	38.6	36.9	35.5	34.6	:	- 6.5	- 1.4
Portugal	65.4	65.3	67.2*	67.1*	68.4*	69.2*	66.9*	:	:	:	:	:
United Kingdom	47.7	46.9	45.9	45.1	44.0	43.0	41.9	41.1	41.6	:	- 6.6	- 0.8
EUR 10	38.3	37.7	37.0	36.3	35.6	34.6	33.7	:	:	:	:	:
EUR 12	39.5	38.8	38.1	37.4	36.8	35.9	35.1	:	:	:	:	:
USA	39.4	39.4	:	:	50.7	50.7	:	:	:	:	:	:
Nippon (Japan)	48.2	48.3	:	:	49.6	49.3	48.8	:	:	:	:	:
	Second level											
Belgique/België	35.4	36.0	36.6	37.0	37.1	37.3	37.6	:	:	:	:	:
Danmark	40.2	41.3	43.2	44.3	45.2	45.2	45.1	:	:	:	:	:
BR Deutschland	49.8	51.5	52.7	54.2	54.8	54.9	54.3	53.0	:	:	3.2	- 1.3
Ελλάδα	37.0	37.3	37.5	38.4	38.8	40.0	39.1	:	:	:	:	:
España	39.6	39.9	41.5	41.9	42.1	43.3	42.9	:	:	:	:	:
France	37.8	37.4	37.6	37.9	38.1	39.0	39.8	40.1	:	:	2.3	0.3
Ireland	32.2	32.5	32.7	32.8	33.0	33.5	33.7	34.2	:	:	2.0	0.5
Italia	40.0	40.8	41.3	41.6	42.0	42.6	43.3	43.9	44.6	:	3.9	0.6
Luxembourg	37.2	39.4	40.2	41.3	41.5	42.6	43.1	:	:	:	:	:
Nederland	37.2	38.1	38.9	39.5	40.3	41.5	42.8	43.9	44.3	:	6.7	1.1
Portugal	26.1	26.7	24.1*	24.0*	22.6*	22.6*	24.7*	:	:	:	:	:
United Kingdom	45.0	45.9	46.8	47.3	48.2	49.1	49.9	50.0	49.2	:	5.0	0.1
EUR 10	42.1	42.8	43.4	44.0	44.5	45.1	45.5	:	:	:	:	:
EUR 12	41.4	42.0	42.7	43.3	43.6	44.3	44.6	:	:	:	:	:
USA	43.4	43.0	:	:	26.9	26.7	:	:	:	:	:	:
Nippon (Japan)	42.0	41.9	:	:	40.2	40.7	41.4	:	:	:	:	:
	Third level											
Belgique/België	7.0	7.4	7.8	8.2	8.6	8.9	9.2	:	:	:	:	:
Danmark	11.3	10.8	9.8	9.7	9.6	9.7	10.1	:	:	:	:	:
BR Deutschland	7.9	8.1	8.5	9.0	9.7	10.7	11.5	12.5	:	:	4.6	1.0
Ελλάδα	6.5	6.5	6.7	6.3	6.3	6.4	:	:	:	:	:	:
España	6.8	7.6	6.9	7.1	7.2	7.2	7.5	:	:	:	:	:
France	7.1	7.2	7.3	7.4	7.6	8.5	8.7	8.4	:	:	1.3	- 0.3
Ireland	4.0	4.1	4.2	4.3	4.6	4.8	5.1	5.2	:	:	1.2	0.1
Italia	7.8	7.8	8.1	8.2	8.3	8.3	8.3	8.7	9.1	:	0.9	0.4
Luxembourg	0.9	0.8	1.0	1.0	1.3	1.2	1.5	:	:	:	:	:
Nederland	6.9	7.2	7.5	7.9	8.1	8.3	8.6	8.8	9.1	:	1.9	0.2
Portugal	5.2	4.6	5.1*	5.2*	5.2*	4.6*	:	:	:	:	:	:
United Kingdom	4.4	4.4	4.4	4.5	4.7	5.0	5.3	5.5	5.7	:	1.1	0.2
EUR 10	6.9	7.0	7.2	7.4	7.7	8.1	8.5*	:	:	:	:	:
EUR 12	6.8	7.0	7.1	7.3	7.6	7.9	8.2*	:	:	:	:	:
USA	17.2	17.6	:	:	22.4	22.6	:	:	:	:	:	:
Nippon (Japan)	9.7	9.8	:	:	10.2	10.0	9.9	:	:	:	:	:

Source: Eurostat.



Table 5.3  
Pupils learning a foreign language

	BR Deutschland		France		Italia		België/Belgique		Luxembourg (*)		Irlande		Danemark	
	1970-1971	1982-1983	1970-1971	1982-1983	1970-1971	1977-1978	1970-1971 ( <sup>1</sup> )	1977-1978	1974-1975	1982-1983	1975-1976	1982-1983	1974-1975	1975-1976
1 000														
First level														
Danish	—	1.9	—	—	—	—	—	—	—	—	—	—	—	—
German	—	—	—	—	—	—	3.7	3.7	31.5	24.0	—	—	—	—
English	21.1	29.3	—	—	—	—	—	—	—	—	—	—	—	—
French	3.8	9.6	—	—	—	—	192.8	160.9	25.7	19.9	—	—	—	—
Italian	—	—	—	8.3	—	—	—	—	—	—	—	—	—	—
Dutch	—	—	—	—	—	—	111.9	87.9	—	—	—	—	—	—
Total Community languages ( <sup>2</sup> )	24.8	40.8	—	8.3	—	—	308.4	281.9	57.2	43.9	—	—	—	—
Other languages ( <sup>3</sup> )	1.3	2.6	—	40.6	—	—	—	—	—	—	—	—	—	—
<b>Total modern languages</b>	<b>26.1</b>	<b>43.5</b>	<b>—</b>	<b>48.9</b>	<b>—</b>	<b>—</b>	<b>308.4</b>	<b>281.9</b>	<b>57.2</b>	<b>43.9</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Second level, first stage														
Danish	—	5.5	—	—	—	—	—	( <sup>4</sup> )	—	—	—	—	—	—
German	—	—	608.8	723.2	2 167.5	75.7	4.4	—	13.9	14.3	12.4	12.7	156.7	154.0
English	3 681.3	4 693.3	2 291.7	2 745.1	2 167.5	1 553.5	128.5	109.5	4.5	8.0	—	—	332.5	320.3
French	603.8	1 099.2	—	—	—	1 201.4	124.1	436.8	13.9	14.3	127.4	146.4	14.4	12.8
Italian	0.0	2.1	59.6	73.1	—	—	—	412.4	0.1	—	1.8	0.4	—	—
Dutch	—	0.6	—	0.1	—	—	—	82.3	1.4	—	—	—	—	—
Total Community languages ( <sup>2</sup> )	4 285.0	5 800.8	2 860.1	3 541.4	2 167.5	2 830.7	399.3	188.2	32.4	36.6	141.6	159.5	493.6	487.1
Spanish	0.1	8.1	314.6	544.0	—	3.4	0.0	1 148.3	—	—	11.9	6.3	—	—
Portuguese	—	0.0	—	8.9	—	—	—	5.1	—	—	—	—	—	—
Russian	3.8	11.8	8.5	9.4	—	—	—	0.0	—	—	—	—	—	—
Other languages	7.1	6.3	1.4	12.7	—	15.8	—	0.0	—	—	—	—	—	—
<b>Total modern languages</b>	<b>4 295.0</b>	<b>5 827.0</b>	<b>3 184.6</b>	<b>4 116.4</b>	<b>2 167.5</b>	<b>2 849.9</b>	<b>339.4</b>	<b>1 153.4</b>	<b>32.4</b>	<b>36.6</b>	<b>153.6</b>	<b>165.8</b>	<b>493.5(<sup>5</sup>)</b>	<b>487.1(<sup>6</sup>)</b>
Latin	484.9	620.5	219.7	309.7	302.6	—	—	—	0.5	0.6	28.5	13.2	18.1	19.0
Ancient Greek	17.1	14.5	11.7	22.5	—	—	35.4	—	—	—	0.5	0.2	—	—
Second level, second stage														
Danish	—	0.5	—	—	—	—	—	—	—	—	—	—	—	—
German	—	—	331.1	501.3	—	202.9	76.7	—	—	9.1	2.3	3.2	24.2	24.8
English	411.5	1 020.3	998.9	1 529.1	—	1 461.0	104.8	—	6.0	8.2	—	—	35.3	36.1
French	174.5	364.2	—	—	—	864.0	59.9	—	5.4	9.2	41.3	58.7	44.9	45.8
Italian	0.0	5.6	59.2	70.8	—	—	0.2	—	6.2	0.3	0.6	0.1	—	—
Dutch	0.0	1.5	—	0.2	—	—	48.9	—	0.5	0.1	—	—	—	—
Total Community languages ( <sup>2</sup> )	586.0	1 392.1	1 389.2	2 101.4	—	2 528.5	290.4	—	0.1	—	—	—	—	—
Spanish	7.8	21.6	248.5	389.9	—	20.0	1.7	—	18.3	0.3	4.5	2.4	—	—
Portuguese	—	—	0.2	2.2	—	—	—	—	0.2	—	—	—	—	—
Russian	1.2	11.4	13.2	17.4	—	—	—	—	—	—	—	—	—	—
Other languages	0.3	32.7	2.0	11.8	—	10.4	—	—	—	—	—	—	2.4	2.1
<b>Total modern languages</b>	<b>595.1(<sup>7</sup>)</b>	<b>1 457.8</b>	<b>1 653.1</b>	<b>2 522.7</b>	<b>—</b>	<b>2 558.9</b>	<b>292.1</b>	<b>—</b>	<b>18.5</b>	<b>27.3</b>	<b>48.7</b>	<b>64.3</b>	<b>106.8(<sup>8</sup>)</b>	<b>108.8(<sup>9</sup>)</b>
Latin	129.0	185.0	83.9	126.8	654.9	—	—	—	0.9	0.8	8.7	2.3	11.2	10.8
Ancient Greek	24.4	13.3	11.9	24.3	204.9	—	31.6	—	0.0	—	0.1	0.1	—	—

Source: Eurostat.

(<sup>1</sup>) Excluding 'Berufs- und Fachhochschulen' and 'Fachoberschulen'.(<sup>2</sup>) Excluding 'enseignement technique et professionnel'.(<sup>3</sup>) Excluding the international schools.(<sup>4</sup>) Only 'folkeskolen'.(<sup>5</sup>) 'Gymnasier, HF-kursus, studenterkursus'.(<sup>6</sup>) Including 2nd stage.(<sup>7</sup>) In this table modern Greek is included in other languages.

*Table 5.4*

**Expenditure (current and capital) on vocational training as percentage of total public expenditure on education and training (1978-82)**

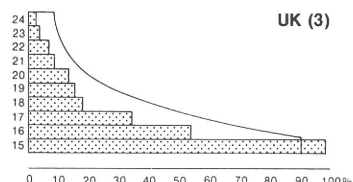
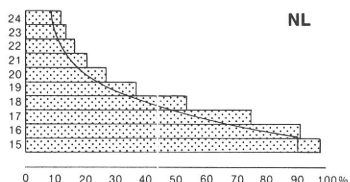
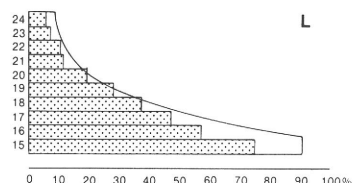
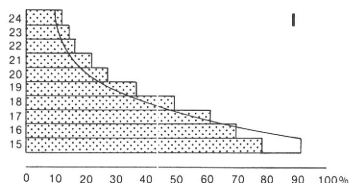
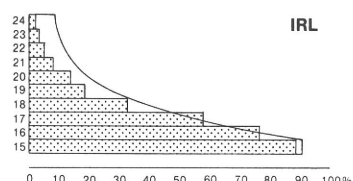
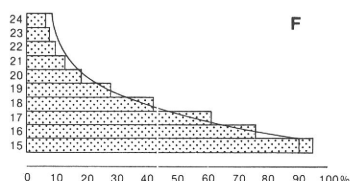
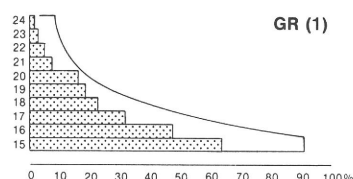
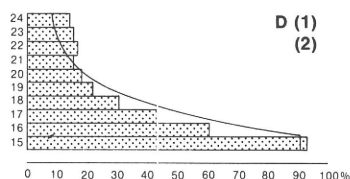
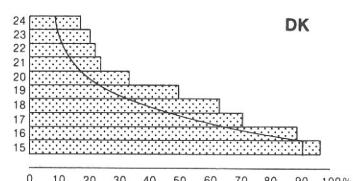
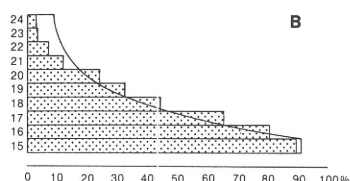
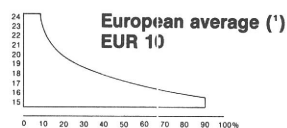
	BR Deutsch- land	France	Italia	Nederland	België/ Belgique	Luxem- bourg	United Kingdom	Ireland	Danmark	EUR 9
Initial vocational training	11.2	21.6	:	23.4	1.7	:	:	24.4	7.6	1.5
	11.7	21.7	:	23.4	1.6	:	:	24.4	9.7	11.7
	12.0	21.1	:	23.1	1.9	20.9	:	22.6	11.1	11.4
	12.2	21.8	:	23.5	1.6	19.2	:	22.7	11.9	11.5
	:	22.5	:	23.8	1.2	16.0	:	21.5	:	:
of which: within the school system	9.8	20.7	1.3	21.7	1.1	:	:	23.3	7.6	10.2
	10.3	20.8	2.6	21.5	1.1	:	:	23.3	9.7	10.3
	10.5	20.2	1.9	21.4	1.1	20.9	:	21.0	11.1	9.9
	10.5	20.9	1.9	21.9	1.1	19.2	:	21.2	11.9	10.0
	:	21.6	1.8	22.2	0.9	16.0	:	20.0	:	:
Adult vocational training	4.0	6.2	:	1.5	3.7	1.7	:	3.1	2.7	4.2
	4.8	5.0	:	1.9	3.8	1.6	:	3.0	2.2	4.1
	5.3	4.9	:	2.0	3.4	1.3	:	3.1	2.1	4.2
	6.0	4.8	:	2.1	3.7	1.2	:	3.1	2.0	4.4
	:	4.8	:	2.3	4.7	1.0	:	3.1	:	:
Total vocational training	15.2	27.8	:	24.9	5.4	:	:	27.5	10.3	15.7
	16.5	26.8	:	25.3	5.4	:	:	27.4	12.0	15.9
	17.3	26.1	:	25.2	5.3	22.2	:	25.6	13.3	15.6
	18.2	26.6	:	25.5	5.3	20.4	:	25.8	14.0	15.9
	:	27.2	:	26.0	5.9	17.0	:	24.6	:	:
Expenditure (current and capital) on general education as percentage of total	84.8	72.2	:	75.1	94.6	98.3	:	72.5	89.7	84.3
	83.5	73.2	:	74.7	94.6	98.4	:	72.6	88.0	84.1
	82.7	73.9	:	74.8	94.7	77.8	:	74.4	86.7	84.4
	81.8	73.4	:	74.5	94.7	79.6	:	74.2	86.0	84.1
	:	72.8	:	74.0	94.1	83.0	:	75.4	:	:

Source: Eurostat.

Table 5.5

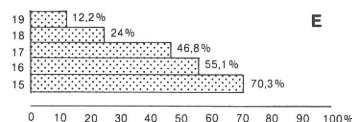
Percentage of young people aged 15-24 years enrolled in full-time education in 1982-83  
in each Member State — comparison with the Community average (EUR 10)

	B	DK	( <sup>1</sup> ) D	( <sup>1</sup> ) GR	F	IRL	I	L	NL	UK	EUR 10
15 years	92.5	98	95.9	64	98	89.4	80.3	75.6	98.8	100	93.3
16 years	84.2	89.7	62.4	47.4	78.8	76.9	71.2	57.6	92	52.9	67.9
17 years	68.1	71.9	44.8	31.6	63.5	57.8	62.4	46.7	74.8	33.5	52
18 years	48.2	63.8	30.8	22.6	44.3	32	50.3	36.1	52.6	17.3	36.3
19 ans	33.1	50	21.7	17.9	28.5	18.4	35.8	26.9	34.8	13.7	25.4
20 ans	24.9	33.6	18.2	16.2	17.9	13.8	26.6	19.2	25	4.9	19.5
21 years	12.8	24.6	16.3	7.5	13	8	21.6	14.2	18.8		13.9
22 years	7.8	22.5	16.8	4.9	9.7	6.2	16.3	10.4	14.7		11.9
23 years	4.4	20.4	15.9	3.3	8.1	3.1	14.7	7.1	11.9		10.8
24 years	3.8	17.5	15	2.8	8.7	2.1	12.1	5.4	9.1		9.4

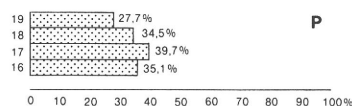


Each graph represents the percentage of young people enrolled in full-time education by age group in each Member State. The curve showing the European average enrolled in full-time education (starting from point 1) on each graph highlights the situation in each Member State.

Enrolment rates in respect of higher education were not available. The graph relates to 15-19 year-olds only.



## 16-19 years



(<sup>1</sup>) 1981-1982.

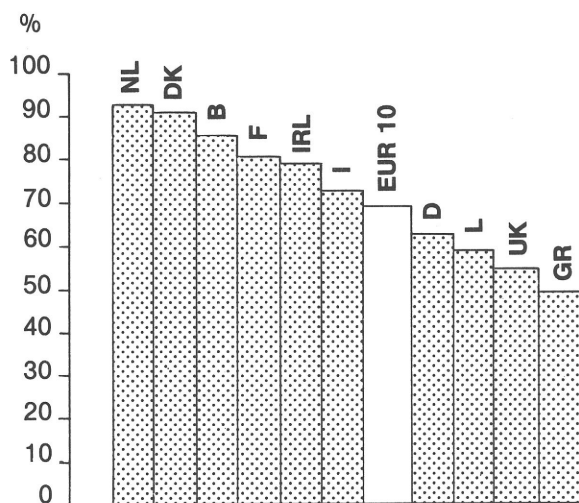
(<sup>2</sup>) Part-time education is not included in the rates considered. This accounts for the difference between Germany and the European average for 18-20 year-olds.

(<sup>3</sup>) Approximation based on the overall figure of . . . . . for 21-24 year-olds.

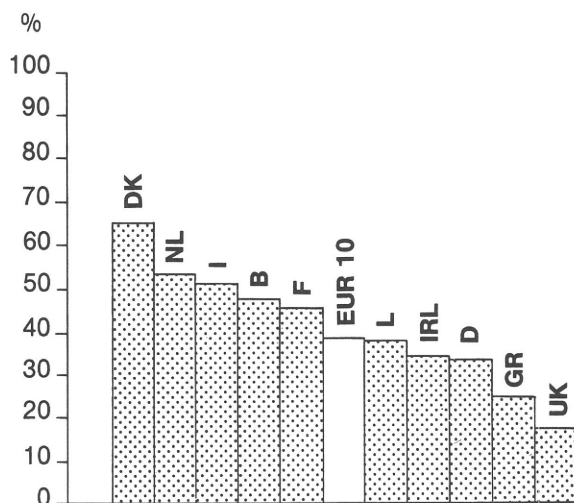
Table 5.6

Comparison of school enrolment rates in 1982 between the Member States in EUR 10 at 16, 18, 21 and 24 years

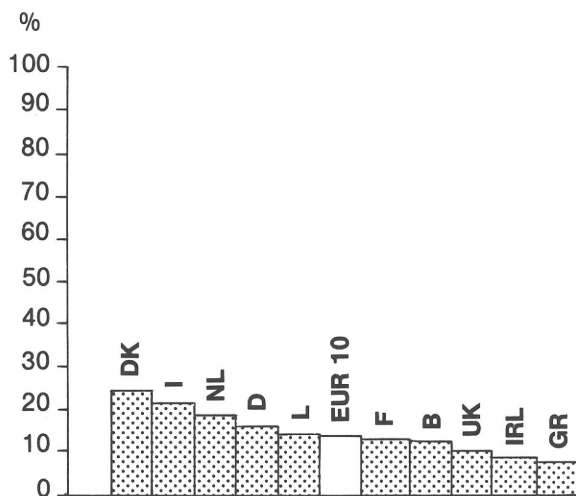
16 years (1982)



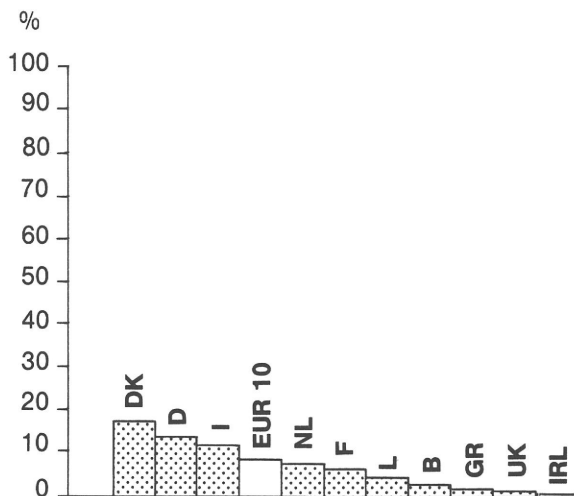
18 years (1982)



21 years (1982)



24 years (1982)



Some extremes demonstrate European disparities

16 years: Over half the population of the school-age population in Greece no longer attends school, whereas 90% of 16 year-olds are in full-time education in the Netherlands.

18 years: One out of 6 young people in the United Kingdom is still in full-time education compared with 4 out of 6 in Denmark.

24 years: Two out of 100 young people in Ireland are in full-time education compared with 15 out of 100 in Germany.

# Annex 6

## Employment statistics

Table 6.1

### Employment and unemployment in the Community — 1985

(1 000)

		Belgium	Denmark	FR Germany	Greece	France	Ireland	Italy	Luxem- bourg	Nether- lands	United Kingdom	EUR 10	Spain	Portugal	EUR 12
Number employed	T	3 512	2 539	26 167	3 589	21 297	1 068	20 591	148	5 124	24 282	108 317	10 515	4 074	122 906
	M	2 280	1 400	15 958	2 371	12 439	738	13 959	97	3 375	14 173	66 791	7 474	2 438	76 703
	W	1 231	1 139	10 209	1 218	8 858	330	6 631	50	1 749	10 110	41 526	3 041	1 636	46 203
Agriculture	T	127	170	1 349	1 037	1 734	176	2 259	7	269	563	7 690	1 921	989	10 600
	M	89	131	711	576	1 108	152	1 496	5	215	438	4 920	1 432	517	6 869
	W	38	39	639	461	626	23	762	2	54	125	2 769	489	472	3 730
Industry	T	1 119	706	10 728	921	6 871	318	6 906	47	1 436	8 273	37 325	3 348	1 408	42 081
	M	914	526	8 114	720	5 167	255	5 281	42	1 229	6 327	28 576	2 834	1 005	32 415
	W	205	180	2 614	201	1 704	63	1 625	5	206	1 946	8 749	514	404	9 667
Services	T	2 266	1 657	14 090	1 629	12 610	569	11 426	93	3 378	15 040	62 758	5 247	1 677	69 682
	M	1 278	738	7 133	1 074	6 116	327	7 182	50	1 904	7 145	32 947	3 208	917	37 072
	W	988	918	6 957	555	6 495	242	4 244	43	1 473	7 895	29 811	2 038	760	32 609
Unemployed	T	449	215	1 932	304	2 436	234	2 093	4	601	3 151	11 419	2 953	385	14 757
	M	181	95	987	142	1 155	155	924	2	353	1 903	5 899	1 935	160	7 994
	W	267	119	945	162	1 281	78	1 169	2	247	1 248	5 520	1 017	225	6 762
Labour force	T	3 961	2 754	28 099	3 893	23 733	1 301	22 684	152	5 725	27 434	119 736	13 468	4 459	137 663
	M	2 462	1 495	16 945	2 513	13 594	893	14 883	100	3 728	16 076	72 690	9 410	2 598	84 698
	W	1 499	1 259	11 154	1 379	10 139	408	7 801	53	1 997	11 358	47 046	4 058	1 860	52 964
%															
Activity rates	T	49.1	65.7	54.2	50.6	56.1	52.0	49.0	50.9	49.7	60.0	54.3	47.2	53.6	53.5
	M	63.3	72.9	69.6	68.8	67.6	71.6	67.1	68.3	65.7	72.9	69.0	68.5	65.5	68.8
	W	35.9	58.7	40.6	34.2	45.7	32.6	32.4	34.4	34.1	47.9	40.9	27.4	42.8	39.4
%															
Total unemployment rate	T	11.3	7.8	6.9	7.8	10.3	18.0	9.2	3.0	10.5	11.5	9.5	21.9	8.6	10.7
	M	7.4	6.4	5.8	5.6	8.5	17.4	6.2	2.2	9.5	11.8	8.1	20.6	6.2	9.4
	W	17.8	9.5	8.5	11.7	12.6	19.2	15.0	4.3	12.4	11.0	11.7	25.1	12.1	12.8
14-24 years	T	23.6	11.5	9.8	23.9	25.8	25.1	31.7	6.5	17.7	18.2	20.0	48.1	19.9	22.9
	M	17.7	10.0	9.0	17.5	22.9	26.4	26.0	6.4	18.7	19.6	18.5	46.1	15.1	21.5
	W	29.8	13.2	10.7	31.7	28.8	23.4	38.6	6.5	16.7	16.6	21.7	50.8	25.8	24.7
> 24 years	T	9.0	6.8	6.1	5.2	7.2	15.4	4.4	2.0	8.7	9.5	7.0	14.9	5.3	7.7
	M	5.8	5.4	5.2	4.1	6.0	14.9	2.8	1.4	7.8	9.7	6.0	15.2	3.7	6.9
	W	14.8	8.5	7.8	7.5	8.9	16.6	7.9	3.3	10.6	9.1	8.8	14.1	7.7	9.1

Source: Eurostat.

Note: Data for Spain and Portugal given in this table are based on national publications on the findings of the labour force surveys. The data for Spain relate to the population aged 16 years or over. The data for Portugal relate to the population aged 10 years or over.

Table 6.2  
Employees by ISIC economic activity

	1982	1983	1984	1985	1982	1983	1984	1985	1982	1983	1984	1985	1982	1983	1984	1985
	<b>EUR 12</b>				<b>D</b>				<b>IRL</b>				<b>NL</b>			
<b>All activities</b>	<b>98 157</b>	<b>97 195</b>	<b>96 727</b>	<b>97 623</b>	<b>21 904</b>	<b>21 519</b>	<b>21 546</b>	<b>21 706</b>	<b>861</b>	<b>833</b>	<b>820</b>	<b>799</b>	<b>4 388</b>	<b>4 329</b>	<b>4 372</b>	<b>4 515</b>
Agriculture, forestry, fishing	2 846	2 768	2 633	2 631	243	247	252	254	23	22	21	23	65	64	64	65
Mining and quarrying	1 159	1 125	1 113	1 091	322	316	312	310	11	9	9	10	8	8	8	9
Manufacturing	29 535	28 571	27 902	27 736	7 916	7 599	7 527	7 607	222	207	198	190	996	968	945	961
Electricity, gas, water	1 044	1 041	1 026	1 026	247	243	238	236	15	15	15	15	46	46	47	47
Construction	7 750	7 367	7 042	6 847	1 642	1 606	1 601	1 519	78	68	64	59	320	281	344	358
Trades, restaurants, hotels	:	14 430	14 647	14 895	2 986	2 930	2 948	2 953	140	138	140	142	676	673	681	699
Transport, communications	6 714	6 603	6 520	6 557	1 444	1 423	1 414	1 421	63	63	63	61	304	301	311	314
Financing, insurance	6 517	6 638	6 835	7 117	1 338	1 353	1 373	1 403	69	70	69	67	422	422	455	498
Community services	:	28 649	29 004	29 720	5 766	5 802	5 881	6 003	237	237	238	232	1 550	1 565	1 516	1 563
	<b>EUR 10</b>				<b>GR</b>				<b>I</b>				<b>P</b>			
<b>All activities</b>	<b>87 776</b>	<b>86 817</b>	<b>86 842</b>	<b>87 589</b>	<b>1 719</b>	<b>1 712</b>	<b>1 744</b>	<b>1 770</b>	<b>14 472</b>	<b>14 360</b>	<b>14 253</b>	<b>14 418</b>	<b>2 762</b>	<b>2 865</b>	<b>2 752</b>	<b>2 745</b>
Agriculture, forestry, fishing	2 044	2 015	1 941	1 922	30	44	40	42	964	930	873	857	217	206	171	170
Mining and quarrying	1 050	1 028	1 008	990	16	27	24	28	198	190	205	208	23	18	25	21
Manufacturing	26 300	25 383	24 873	24 718	473	470	474	471	4 535	4 404	4 205	4 101	920	928	870	888
Electricity, gas, water	934	924	921	914	35	28	30	31	:	:	:	:	22	34	28	27
Construction	6 657	6 367	6 199	6 029	219	195	186	170	1 594	1 555	1 475	1 444	365	312	280	265
Trades, restaurants, hotels	:	13 128	13 395	13 629	181	193	196	205	1 749	1 748	1 824	1 871	288	300	299	303
Transport, communications	6 061	5 961	5 913	5 913	205	184	196	185	957	940	890	912	150	162	152	161
Financing, insurance	6 053	6 159	6 358	6 616	85	76	78	83	535	571	619	669	86	103	107	102
Community services	:	25 848	26 228	26 854	473	494	519	554	3 941	4 023	4 162	4 357	691	803	820	808
	<b>B</b>				<b>E</b>				<b>L</b>				<b>UK</b>			
<b>All activities</b>	<b>2 958</b>	<b>2 916</b>	<b>2 908</b>	<b>2 928</b>	<b>7 619</b>	<b>7 513</b>	<b>7 133</b>	<b>7 289</b>	<b>138,0</b>	<b>137,8</b>	<b>137,6</b>	<b>139,9</b>	<b>21 400</b>	<b>21 059</b>	<b>21 243</b>	<b>21 461</b>
Agriculture, forestry, fishing	11	11	12	12	585	547	521	539	1,0	1,2	1,1	1,0	354	349	340	338
Mining and quarrying	27	26	25	24	86	79	80	80	0,2	0,2	0,2	0,2	340	326	306	291
Manufacturing	792	773	765	752	2 315	2 260	2 159	2 130	39,2	38,2	37,1	37,0	5 889	5 596	5 531	5 519
Electricity, gas, water	33	33	33	32	88	83	77	85	1,4	1,4	1,4	1,4	339	331	326	321
Construction	189	171	156	156	728	688	563	553	14,1	13,7	13,1	12,7	1 057	1 012	989	970
Trades, restaurants, hotels	414	409	413	417	1 018	1 002	953	963	:	26,2	26,2	27,4	3 985	3 994	4 156	4 289
Transport, communications	258	251	247	246	503	480	455	483	10,1	10,1	10,0	10,2	1 370	1 326	1 311	1 300
Financing, insurance	209	218	222	237	378	376	370	399	9,2	14,2	15,1	16,3	1 750	1 795	1 858	1 941
Community services	1 025	1 024	1 035	1 052	1 918	1 998	1 956	2 058	:	32,6	33,4	33,7	6 315	6 332	6 425	6 491
	<b>DK</b>				<b>F</b>											
<b>All activities</b>	<b>2 184</b>	<b>2 214</b>	<b>2 218</b>	<b>2 284</b>	<b>17 752</b>	<b>17 737</b>	<b>17 601</b>	<b>17 568</b>								
Agriculture, forestry, fishing	52	54	55	56	301	293	283	274								
Mining and quarrying	2	3	3	3	126	123	116	107								
Manufacturing	444	445	447	477	4 994	4 883	4 744	4 603								
Electricity, gas, water	16	16	17	17	202	211	213	214								
Construction	132	128	129	142	1 412	1 337	1 242	1 198								
Trades, restaurants, hotels	351	347	349	360	2 653	2 669	2 662	2 666								
Transport, communications	163	160	164	165	1 287	1 303	1 307	1 299								
Financing, insurance	162	164	172	181	1 474	1 476	1 497	1 521								
Community services	862	897	881	882	5 305	5 442	5 538	5 687								

Source: Eurostat.

# Annex 7

## Directives on labour law

Table 7.1 Directives on labour law and equal treatment for men and women

Table 7.2 Application of Directives on labour law

*Table 7.1*

### **Directives adopted by the Council on labour law and equal treatment for men and women**

#### **Labour law**

1. Council Directive 75/129 of 17 February 1975 on the approximation of the laws of the Member States relating to collective redundancies.
2. Council Directive 77/187 of 14 February 1977 on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of businesses.
3. Council Directive 80/987 of 20 October 1980 on the approximation of the laws of the Member States relating to the protection of employees in the event of the insolvency of their employer.

#### **Equal treatment for men and women**

1. Council Directive 75/117 of 10 February 1975 on the approximation of the laws of the Member States relating to the application of the principle of equal pay for men and women.
2. Council Directive 76/207 of 9 February 1976 on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions.
3. Council Directive 79/7 of 19 December 1978 on the progressive implementation of the principle of equal treatment for men and women in matters of social security.
4. Council Directive 86/378 of 24 July 1986 on the implementation of the principle of equal treatment for men and women in occupational social security schemes.
5. Council Directive 86/613 of 11 December 1986 on the application of the principle of equal treatment between men and women engaged in an activity, including agriculture, in a self-employed capacity, and on the protection of self-employed women during pregnancy and motherhood.

Table 7.2

Application of directives on labour law

Directives in force	State of progress	Legal loopholes to be filled by 1992
1. Collective dismissal	All Member States except Italy (2 Court judgments)	<p>When the Decision regarding dismissal is not taken by the employer but in another State. If the decision-making centre does not send all information to the local employer the latter cannot apply the laws in force. For consultation he must have received sufficient authority to negotiate.</p> <ul style="list-style-type: none"> <li>— compensation etc.</li> <li>— reclassification.</li> </ul>
2. Transfers of undertakings	<p>All the Member States except</p> <ul style="list-style-type: none"> <li>— Greece (procedure under way)</li> <li>— Italy (Court judgment)</li> </ul>	<ol style="list-style-type: none"> <li>1. There is a loophole if the transfer takes place in another State since the Directive is designed to be applied to transfers in a single Member State;</li> <li>2. The Directive does not cover mergers as a result of takeovers which are numerous in some Member States (UK, Ireland) and create the same problems for workers if these mergers are followed by restructuring;</li> <li>3. The 10th Directive on company law refers to the Directive on transfers which is not designed for international mergers which would become legally possible under the 10th Directive and would multiply.</li> </ol>
3. Insolvency of the employer	All Member States except Greece (procedure) Italy (procedure)	<p>There is a problem if insolvency is noted in one State and the worker was employed in another: which compensation fund should pay?</p> <p>problem related to</p> <ol style="list-style-type: none"> <li>1. the law applicable to the contact</li> <li>2. the place where the social security contributions were paid</li> </ol> <p>In case of dispute, the two funds concerned may consider they do not have jurisdiction and refuse to pay.</p>



# Annex 8

## Contents of the European social charter

- Article 1 of the Charter — The right to work
- § 1 — Full employment
  - § 2 — The right of the worker to earn his living in an occupation freely entered upon
  - § 3 — Free employment services
  - § 4 — Vocational guidance, training and rehabilitation
- Article 2 of the Charter — The right to just conditions of work
- § 1 — Reasonable daily and weekly working hours
  - § 2 — Public holidays with pay
  - § 3 — Annual holiday with pay
  - § 4 — Reduced working hours or additional holidays for workers in dangerous or unhealthy occupations
  - § 5 — Weekly rest period
- Article 3 of the Charter — The right to safe and healthy working conditions
- § 1 — Issue of safety and health regulations
  - § 2 — Provision for the enforcement of safety and health regulations by measures of supervision
  - § 3 — Consultation with employers' and workers' organizations on questions of safety and health
- Article 4 of the Charter — The right to a fair remuneration
- § 1 — Adequate remuneration
  - § 2 — Payment for overtime
  - § 3 — Non-discrimination between men and women workers with respect to remuneration
  - § 4 — Reasonable notice of termination of employment
  - § 5 — Limitation of deductions from wages
- Article 5 of the Charter — The right to organize
- Article 6 of the Charter — The right to bargain collectively
- § 1 — Joint consultation
  - § 2 — Promotion of machinery for voluntary negotiation
  - § 3 — Conciliation and arbitration
  - § 4 — The right to collective action
- Article 7 of the Charter — The right of children and young persons to protection
- § 1 — Minimum working age
  - § 2 — Higher minimum age in certain occupations
  - § 3 — Full benefit of compulsory education
  - § 4 — Respect for the development of young people under 16 years and their vocational training
  - § 5 — Fair remuneration for young workers and apprentices
  - § 6 — Treatment of the time spent in vocational training as forming part of the working day
  - § 7 — Annual holiday of young persons under 18
  - § 8 — Prohibition of night work for persons under 18 years of age
  - § 9 — Regular medical examinations of workers under 18
  - § 10 — Special protection for children and adolescents against physical and moral dangers
- Article 8 of the Charter — The right of employed women to protection
- § 1 — Maternity leave
  - § 2 — Illegality of dismissal during maternity leave
  - § 3 — Time off for nursing mothers
  - § 4 — Regulation of night work and prohibition of dangerous, unhealthy or arduous work for women workers
- Article 9 of the Charter — The right to vocational guidance
- Article 10 of the Charter — The right to vocational training
- § 1 — Promotion of technical and vocational training and the granting of facilities for access to higher and university education
  - § 2 — Promotion of apprenticeships
  - § 3 — Vocational training and re-training of adults
  - § 4 — Encouragement for the full utilization of available facilities
- Article 11 of the Charter — The right to protection of health
- § 1 — Removal of causes of ill health
  - § 2 — Advisory and educational facilities
  - § 3 — Prevention of diseases
- Article 12 of the Charter — The right to social security
- § 1 — Establishment or maintenance of a system of social security
  - § 2 — Maintenance of a social security system at a satisfactory level at least equal to that required for ratification of ILO Convention No 102
  - § 3 — Progressive improvement of the social security system
  - § 4 — Equal treatment for the nationals of other contracting parties with respect to social security

Article 13 of the Charter — The right to social and medical assistance

- § 1 — Social and medical assistance for those in need
- § 2 — Non-discrimination with respect to persons receiving social and medical assistance
- § 3 — Advice and assistance in case of want
- § 4 — Equal treatment for the nationals of other contracting parties with respect to social security

Article 14 of the Charter — The right to benefit from social welfare services

- § 1 — Promotion of provision of social welfare services
- § 2 — Public participation in the establishment and maintenance of social welfare services

Article 15 of the Charter — The right of physically and mentally disabled persons to vocational training, rehabilitation and social resettlement

- § 1 — Vocational training arrangements for the disabled

§ 2 — Placement arrangements for the disabled

Article 16 of the Charter — The right of the family to social, legal and economic protection

Article 17 of the Charter — The right of mothers and children to social and economic protection

Article 18 of the Charter — The right to engage in a gainful occupation in the territory of the other contracting parties

- § 1 — Liberal application of regulations
- § 2 — Simplification of existing formalities and reduction of chancery dues and taxes
- § 3 — Liberalization of regulations
- § 4 — The rights of nationals to emigrate

Article 19 of the Charter — The right of migrant workers and their families to protection and assistance

- § 1 — Free assistance and information services — Steps against misleading propaganda relating to emigration and immigration

§ 2 — Measures to facilitate the departure, travel and reception of migrant workers and their families

§ 3 — Cooperation between social services in emigration and immigration countries

§ 4 — Treatment of migrant workers not less favourable than that of nationals in respect of employment, trade union rights and accommodation

§ 5 — Treatment of migrant workers not less favourable than that of nationals in respect of employment taxes, dues and contributions

§ 6 — Family reunion

§ 7 — Treatment of migrant workers not less favourable than that of nationals in respect of legal proceedings

§ 8 — Security against expulsion

§ 9 — Transfer of earnings and savings

§ 10 — Extension of protection and assistance to self-employed migrants

# Annex 9

## Position as regards ratification by the Member States of the EEC of a list of ILO conventions likely to be relevant in the context of a body of minimum social provisions

No	Exact title of the Convention	Date of entry into force	Ratification												
			B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	
94	Labour clauses (public contracts), 1949	20.9.1972	x	x			x	x			x		x		
98	right to organize and collective bargaining, 1949	18.7.1951	x	x	x	x	x	x	x	x	x		x	x	
111	discrimination in respect of employment and of occupation	15.6.1960	x	x	x	x	x	x			x		x		
115	protection of workers against ionizing radiation, 1960	17.6.1962	x	x	x	x	x	x			x		x	x	
119	guarding of machinery, 1963	21.4.1965					x				x				
120	hygiene (in commerce and offices), 1964	29.3.1966	x	x	x		x	x			x		x	x	
131	minimum wage fixing, 1970	29.4.1972					x	x				x			
132	annual holidays with pay (revised), 1970	30.6.1973			x		x		x	x	x		x		
136	benzine, 1971	27.7.1973			x	x	x	x			x				
138	minimum age for admission to employment, 1973	19.6.1976			x	x	x		x	x	x	x			
139	occupational cancer, 1974	10.6.1976		x	x						x				
140	paid educational leave, 1974	23.9.1976			x		x	x				x		x	
148	working environment, air pollution, noise, vibration	11.7.1979					x	x			x		x	x	
149	concerning nursing personnel 1977	11.7.1979		x				x			x		x		
151	conditions of employment in the public service, 1978	25.2.1981		x			x				x		x	x	
154	promotion of collective bargaining, 1981	11.8.1983					x								
155	safety and health of workers, 1981	11.8.1983					x						x		
156	workers with family responsibilities, 1981	11.8.1983					x						x		
157	maintenance of rights in social security, 1982	11.9.1986					x								
158	termination of employment, 1982	23.11.1985					x								
159	occupational readaptation and employment of handicapped persons, 1983	20.6.1985			x	x									
161	health services, 1985	pending													
162	concerning safety in the use of asbestos, 1986	pending													

# Annex 10

## Note on the implementation of the Community social dialogue

### 1. Introduction

Article 2 of the Treaty of Rome states that the task of the Community shall be to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, an increase in stability, an accelerated raising of the standard of living and closer relations between the States belonging to it.

Raising the standard of living is one of the main objectives of the European Community and Part Three, Title III of the Treaty contains guidelines on Community social policy (Articles 117-128). The continuous promotion of employment and improved standards of living for workers ('so as to make possible their harmonization while improvement is being maintained') head the list of priority policies.

The executive arm of the European Community (the Commission) has the task of promoting close cooperation between the Member States in the social field, in particular as regards employment, the right to work and working conditions, basic and advanced vocational training, social security, prevention of occupational accidents and diseases, occupational hygiene, the right of association, and collective bargaining between employers and workers (Article 118). To this end, the Commission shall act by making studies, delivering opinions and arranging consultations (second paragraph Article 118).

The Single European Act, signed in Luxembourg at the beginning of 1986 and which came into force in 1987, supplements the social policy by adding Articles 118 A and 118 B to the Treaty. Article 118 A empowers the Council to adopt by a qualified majority directives encouraging improvement and harmonization of

conditions, especially in the working environment as regards the health and safety of workers.

In Article 118 B the Commission is asked to develop the dialogue between management and labour at European level which could 'lead to relations based on agreement'. This Article confirms the importance the Commission attaches to developing the dialogue between management and labour and provides essential support for its efforts in this direction.

### 2. Participation of labour and management in decision-making at European level

In every Community country the two sides of industry directly or indirectly influence the social and economic decisions of the public authorities, either through institutional procedures, or in other ways. Accordingly, these groups should also participate in the Community's decision-making process.

Within the institutions of the European Community there are dozens of committees, joint committees, specialized working parties, etc. composed of representatives of labour and management. Some are directly provided for by the Treaty, such as the Economic and Social Committee and the ECSC Consultative Committee, while others, such as the European Social Fund Committee, are founded on the Treaty. Still others were instituted in the course of integration to assist the Council and/or the Commission in carrying out their tasks.

### 3. Economic and Social Committee (1)

The Economic and Social Committee is the expression of efforts to associate the various social and economic groups with European integration with a view to reconciling

these groups' interests with the demands of the European Economic Community as it moves towards integration.

The Economic and Social Committee includes 189 representatives from all economic and social sectors, especially manufacturers, farmers, carriers, workers, traders, craftsmen, representatives of the liberal professions and of general interest groups.

The Committee must be consulted by the Council or the Commission in the cases specified in the Treaty or whenever it is considered appropriate. Since the Summit conference in Paris (October 1972) the Committee has had the right to advise on its own initiative on all matters concerning the Community. Opinions are communicated to the Council and/or the Commission and published in the *Official Journal of the European Communities*.

The purely subsidiary role allocated to the Committee by the Treaty has changed as a result of the right of initiative which was confirmed and made general at the end of 1972, and the desire of the Commission and the Council to cooperate with the Committee.

Nevertheless, the Economic and Social Committee is still no more than a consultative body and despite the weight given to its opinions they play a relatively minor role in the Community decision-making process, particularly since the Committee's opinion is sought only after the Commission has adopted a position. Its opinions are more for purposes of information and are becoming increasingly technical.

The groups represented on the Committee prefer to make their views known directly to the national authorities (by influencing the Council) or the Commission, before the latter submits a formal proposal (on which the Committee delivers an opinion).

(1) Articles 193 - 198 of the EEC Treaty.

Whatever may be the Committee's role in European integration, it does not provide an institutional framework where labour and management can participate in the European decision-making process. The composition of the Committee and its tripartite structure has been criticized on many sides. There is no doubt that a joint structure would give the Committee more political weight and would provide more of an incentive for labour and management.

#### 4. The tripartite conference

To promote consultation between the Council, the trade unions and the employers' organizations in co-operation with the Commission, tripartite conferences have been convened since 1970. The first meeting took place mainly as a result of pressure from the two sides of industry which since 1968 had expressed their dissatisfaction with the social policy implemented by the Community. It was decided in Luxembourg that tripartite conferences would take place regularly and that a standing committee on employment would be set up (see 5).

Genuine discussion did not begin until the second meeting on 16 December 1974: the main items on the agenda concerned problems connected with the economic recession, employment and equal treatment for men and women workers.

The third conference (18 November 1975) focused on a search for Community solutions to employment problems. The fourth conference (24 June 1976) also concentrated on employment problems and for the first time achieved a result. The parties concerned declared that they were prepared to work together in the future towards a return to full employment, a gradual reduction in inflation to 4 or 5% and an annual growth in GDP of about 5%.

The conference on 27 June 1977 was held under the motto of growth, stability and employment, but participants were obliged to note that progress as regards economic growth and employment was disappointing.

The conference on 9 November 1978 which mainly concerned the redistribution of available work closed without any definite decisions being made and the ETUC threatened to reconsider its participation in future meetings unless proposals were put forward to give a new impetus to the conference's activities. In this connection the Commission presented proposals to the Council and the two sides of industry. On 9 June 1980 the Council adopted measures concerning arrangements with respect to the preparation and conduct of tripartite conferences together with their conclusions and follow-up. However, no further conferences have been held since 1978.

#### 5. Standing Committee on Employment

Since 1967, the European Trade Union Confederation has expressed its desire to be more closely associated with the preparation of Community economic and social decisions, especially those concerning employment.

In putting forward this claim the ETUC sought to give a more specific content and meaning to the rather vague social measures set out in the Treaty and at the same time to set up an institutional framework in which the two sides of industry and the executive bodies of the European Community, that is the bodies directly responsible for economic and social policy, could reach agreement together.

It was not long before UNICE became associated with this idea and raised it with the European

institutions on several occasions. At first the Council and the Commission hesitated to initiate such a dialogue, but finally agreed that concertation should take place between the two sides of industry and Community institutions on the content and meaning of Community economic and social policy. The idea of setting up a standing committee on employment was discussed at the first tripartite conference on employment (27-28 April 1970) and was confirmed by the Council of Ministers for Social Affairs on 25-26 May 1970. On 14 December 1970 the Council decided to set up this new concertation body which differs from all other advisory committees as regards its composition, role and working methods. Four parties take part in the Committee's activities: representatives of the employers, the workers, the Commission and the Council of Ministers, which takes the chair and is responsible for the secretariat.

The aim of the Committee is to maintain an ongoing dialogue, organize the concertation process and provide information for the Council, the Commission and the two sides of industry to facilitate coordination of the Member States' labour market policies by ensuring that they coincide with Community objectives.

The Committee's action takes place one stage prior to the final adoption of decisions by the competent institutions.

Since it was set up in 1972 the Committee has primarily been engaged in studying general problems concerning Community employment policy and the introduction of a reformed European Social Fund. In 1972, difficulties arose concerning the representation of workers following the boycott by the ETUC, and the decision to reactivate the Committee was not taken until the Tripartite Conference on 14 December 1974. Since then the Committee has mainly been concerned with the problems which

have arisen since the radical change in the economic situation brought about by the crisis: the fight against unemployment, the reorganization of working time, vocational training and youth unemployment are the main items on the Committee agenda. Since 1980, the agenda has also covered problems concerning the social consequences of new technologies, the internal market and long-term unemployment.

Further to the Council Decision of 14 December 1970, the chief aim of the Committee is to promote the coordination of the Member States' labour market policies. The idea of promoting cooperation in the social field is expressed in Article 118 of the EEC Treaty from which it is safe to conclude that there is no intention of attributing other than an advisory role to the Committee.

The Committee meets two or three times a year. The agenda is always discussed by a 'restricted' committee. For some years past the conclusions of the forthcoming meeting are prepared by the restricted committee. This is the forum where most of the consultation takes place.

The Standing Committee on Employment provides a forum for direct confrontation between labour and management, the Council and the Commission, in other words the two sides of industry and the Community decision-making bodies. This is its *raison d'être* and value. Debates in this body can be said to exercise a real influence on decision-making.

### 6. The Val Duchesse social dialogue

The social action programme adopted by the Council on 22 June 1984 placed considerable emphasis on social dialogue. The Commission

was requested both to improve the dialogue within the framework of existing mechanisms and to 'work out appropriate methods for encouraging, while scrupulously respecting the autonomy of, and responsibilities peculiar to, the two sides of industry, the development of joint relations at Community level'.<sup>1</sup>

With this in view, in January 1985 the Commission initiated informal contacts with the two sides of industry which was to lead to a meeting on 12 November 1985 at Val Duchesse. It was attended by representatives of the Economic and Social Committee, CEEP and Unice, while the Commission was represented by Mr. Delors, Mr Pfeiffer and Mr Sutherland and the topic of discussion was the 'cooperative growth strategy for more employment' proposed by the Commission.

The results of the meeting were fairly positive since the outline proposed by the Commission was generally welcomed and it was decided to continue to examine the possibilities for implementing this strategy by a working party. Labour and management adopted a joint declaration of intent on the social dialogue and new technologies in which it was agreed to entrust to a working party the task of examining the possibility in the Community of arriving at a common approach on the social dialogue and the introduction of new technologies.

In spring 1986, the Commission set up a macroeconomics working party under the Chairmanship of Mr Pfeiffer, Member of the Commission to study the problems of implementing the cooperation strategy, and a microeconomics working party to study new technologies under Vice-President Marin. Both working parties are made up of representatives of workers and employers' organizations with one representative from each country.

The Commission provides the secretariat and the preparatory documents.

The results of the work of these two working parties took the form of two common opinions. First, on 6 November 1986 the macroeconomics working party adopted a common opinion on the cooperative growth strategy for employment. Unice, the Economic Social Committee and CEEP reaffirmed their agreement on the Commission's basic options and the general economic policy guidelines proposed in the 1986/87 Annual economic report. The three organizations affirmed their belief in the importance of social dialogue in implementing this strategy and declared their willingness to pursue the dialogue on outstanding problems.

The new technologies working party delivered an opinion on 6 March 1987. It deals with training and motivation of workers in response to the introduction of new technologies in their firms and the information and consultation which should accompany it. If a decision to introduce new technologies is the employer's sole responsibility, workers and/or their representatives must be consulted in good time. The two sides of industry emphasized the vital importance of basic education and a smooth transition of young people from school to work. Public authorities are invited to examine the need to reorganize education systems to make them more effective. Continuing training and retraining are also considered essential.

On 7 May 1987 the Summit meeting, called by the President (at the time, Belgium) and the Commission, provided the occasion for an initial review and an opportunity to express the common wish to continue the policy of reinforcing the social dialogue. Labour and

management also backed the Commission's efforts to achieve the large internal market by 1992.

Both working parties soon returned to work and each has held meetings: the microeconomics working party on the topic 'New technologies, work organization and adaptability of the labour market', and the macroeconomics working party on public and private investments. At its meeting on 26 November 1987 the latter also adopted a common opinion on the 1987/88 Annual economic report.

## 7. Sectoral social dialogue

The sectoral social dialogue takes place in the joint committees within the institutions and in informal working parties.

There are joint committees on:

- I social problems in sea fishing;
- II the footwear industry;
- III inland waterways;
- IV railways;
- V road transport;
- VI maritime transport;
- VII social problems of agricultural workers.

In the ECSC there is a

Consultative Committee.

The priority aim of joint committees is to enable labour and management to participate in the Community's economic and social decisions. In practice, participation is given effect through the advisory role of the committees which formulate opinions on decisions and actions relating to

their sectors taken by the Commission. These opinions are delivered following a request by Commission departments or on the committees' own initiative: it should be noted that in principle the committees' opinions are delivered before the Commission takes a decision or forwards a proposal to the Council for decision.

The dialogue between the two sides of industry and the Commission developed through the joint committees has proved positive to the extent that the Commission considers that the committees' consultative role in the decision-making process is important. In this connection, the possibility of setting up systematic consultation procedures on all subjects of sectoral importance should be considered.

Representatives of the trade organizations currently have the impression that the Commission consults them on a selective basis. Another source of discontent is the lack of procedures concerning the role of the committees' opinions and the use made of them by the Commission.

Apart from the social dialogue between the trade organizations and the Commission a dialogue has developed between labour and management. In certain sectors it is reflected in specific activities concerning training, safety and health (for example, the organization of medical assistance at sea) and in the study of working conditions in this sector which in some cases has led to the harmonization of these working conditions.

Scarcely any progress has been made by the joint committees on a European collective agreement.

However, in the agriculture sector in 1978 and 1980 the representatives of the trade union and employers' organizations adopted two Recommendations on working time for agricultural workers.

In this area it might be interesting to examine the extent to which the two sides of industry envisage the adoption of recommendations or agreements in sectors which would be regarded as extending the Val Duchesse discussions.

Social dialogue within the informal working parties was initiated in the 1970s when it proved impossible to set up new committees within the institutions. The less ambitious aim of these working parties was limited to a regular exchange of views on an important problem in a sector selected jointly by the two sides of industry.

The Commission affords them the same material facilities as it does to formal committees and finances the studies which often provide the basis for discussion. For example, sectors where regular dialogue takes place include banking (employment in relation to the introduction of new technologies), the construction sector (vocational training) and, more recently, the retail trade.

In addition to these organized and planned exchanges of views, meetings on specific subjects take place in such sectors as catering, machine tools, shipbuilding and food-stuffs while consideration is being given to organizing dialogue in the insurance and telecommunications sectors.

This practice is clearly a step back compared with the Commission's ambitions when the joint committees were formally constituted in the 1960s. However, the Commission supports all initiatives leading to dialogue, however informal.

# Annex 11

## Procedures for across-the-board application of collective agreements within the Community

In all Community Member States collective agreements are private law contracts and as such are only binding on the contracting parties and the signatories.

However, in an attempt to ensure equal treatment for employees as well as employers, in several Member States there exist procedures which extend the applicability of collective agreements to all employers and all employees within a sector or a branch of the economy.

### Belgium

- (i) The agreements signed within the Conseil national du travail (National Labour Council) or one of the joint industrial councils are binding on all employers who are members of an employers' organization and on all their employees. Employers who are not members are equally bound unless otherwise established by written agreement concluded with each employer.
- (ii) The law provides for across-the-board application by means of a Royal Decree, on the request of both sides of industry. No exception is then admissible and the collective agreement applies to all employers and employees within the scope of the signatory body (general for the Conseil national du travail, branch of the economy for the joint industrial council).

In practice, extension of applicability is normally applied for and granted: for instance, 41 out of 42 collective agreements signed by the Conseil national du travail have had their applicability extended by Royal Decree.

### Italy

The provisions laid down by the Constitution enabling the trade

unions to conclude generally binding collective agreements are not applied.

A law passed in 1959 allowed the government to adopt decrees whose contents reflected those of collective agreements registered with the Ministry of Labour. The Constitutional Court, however, declared this law to be against the Constitution.

On the other hand, later accession to an agreement already signed is common practice.

### Luxembourg

By Grand-Ducal decree, the government may extend the agreements' applicability if (a) the National Conciliation Office (a joint industrial body) gives its assent and (b) the agreement does not contain any clauses which are against the law. This procedure is widely used.

### Denmark

There is no extension procedure as such. In the event of a dispute, Parliament may extend the agreement signed within one branch of industry to those branches which have failed to reach one. This practice has been increasingly applied in recent years, particularly in the major sectors of the economy.

### Federal Republic of Germany

Extended applicability of the agreements (which does not, however, affect their geographical applicability) is declared by the Federal Minister for Labour, or by his *Länder* counterpart, at the request of one of the contracting parties and upon simple majority decision by a joint industrial committee; the employers, however, must account for 50% of the workforce concerned

by the agreement. In practice, this procedure is rarely applied, with the exception of those industrial sectors where small and medium-sized businesses predominate.

### United Kingdom

There is no procedure for across-the-board application of collective agreements.

### The Netherlands

A law adopted in 1937 enables the Minister for Social Affairs, at the request of one of the parties, to enforce application of a collective agreement to a whole sector.

### Ireland

Collective agreements become generally applicable through:

- (i) registration with the Labour Court of agreements fulfilling certain conditions,
- (ii) employment regulation orders drawn up by the Joint Labour Committees (tripartite sectorial bodies) and enforced by the Labour Court. It is estimated that such orders concern around 5% of the workforce;
- (iii) the possibility, established under the 'Fair wages resolution', of reserving public contracts to those employers who conform to the pay levels and working conditions agreed for the sector. Little is known, however, about its practical implementation.

### France

There are two possible procedures:

- (i) the first, a broadening procedure, is intended to obviate the lack of



workers' organizations which makes it impossible to conclude an agreement within a certain sector or a particular area; the Minister for Labour, at the request of one of the representative organizations concerned or on his own initiative, may extend an agreement reached in a similar sector or for a comparable area to another sector or area; this procedure is not commonly applied;

- (ii) the second, for across-the-board application of an agreement, may be initiated at the request of one of the parties or on the minister's own initiative; the extension decree is issued after a reasoned opinion has been sought from the national committee for collective agreements (commission nationale des conventions collectives); it is a widely used procedure.

### Greece

A law passed in 1955 envisages two extension procedures:

- (i) an agreement binding employers accounting for 3/5 of the sector's

workforce may be enforced across the board by ministerial decree and upon verification that all legal obligations have been satisfied; in practice, it is difficult to verify the requirement as regards numbers;

- (ii) agreements which have been negotiated and signed in the presence of the Minister for Labour are binding on all employers and their employees; this procedure is in common use.

### Spain

Collective agreements signed by trade unions representing 50% of the workforce are automatically applied across the board; the two major unions alone account for such a percentage. A procedure to broaden the scope of an agreement, initiated by the Minister for Labour, also exists, but is only rarely applied.

### Portugal

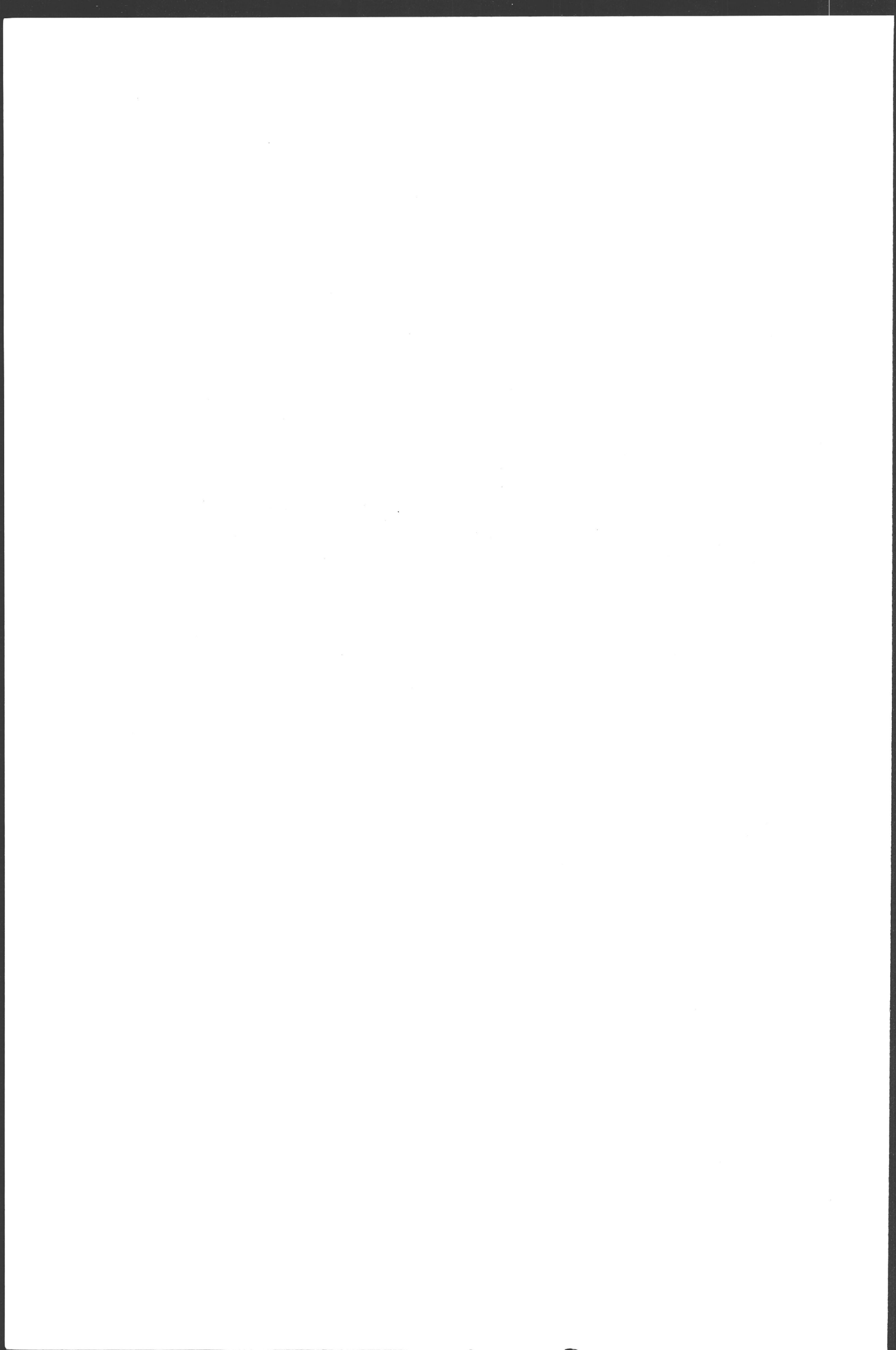
Extension procedure by ministerial decree

### Rate of union membership among paid workers in the period 1980-85

Rate in %	Country (*)
70-80	Belgium and Denmark
60-70	Luxembourg
50-60	Ireland, Italy and United Kingdom
40-50	Germany
30-40	The Netherlands
15-30	France, Spain and Portugal

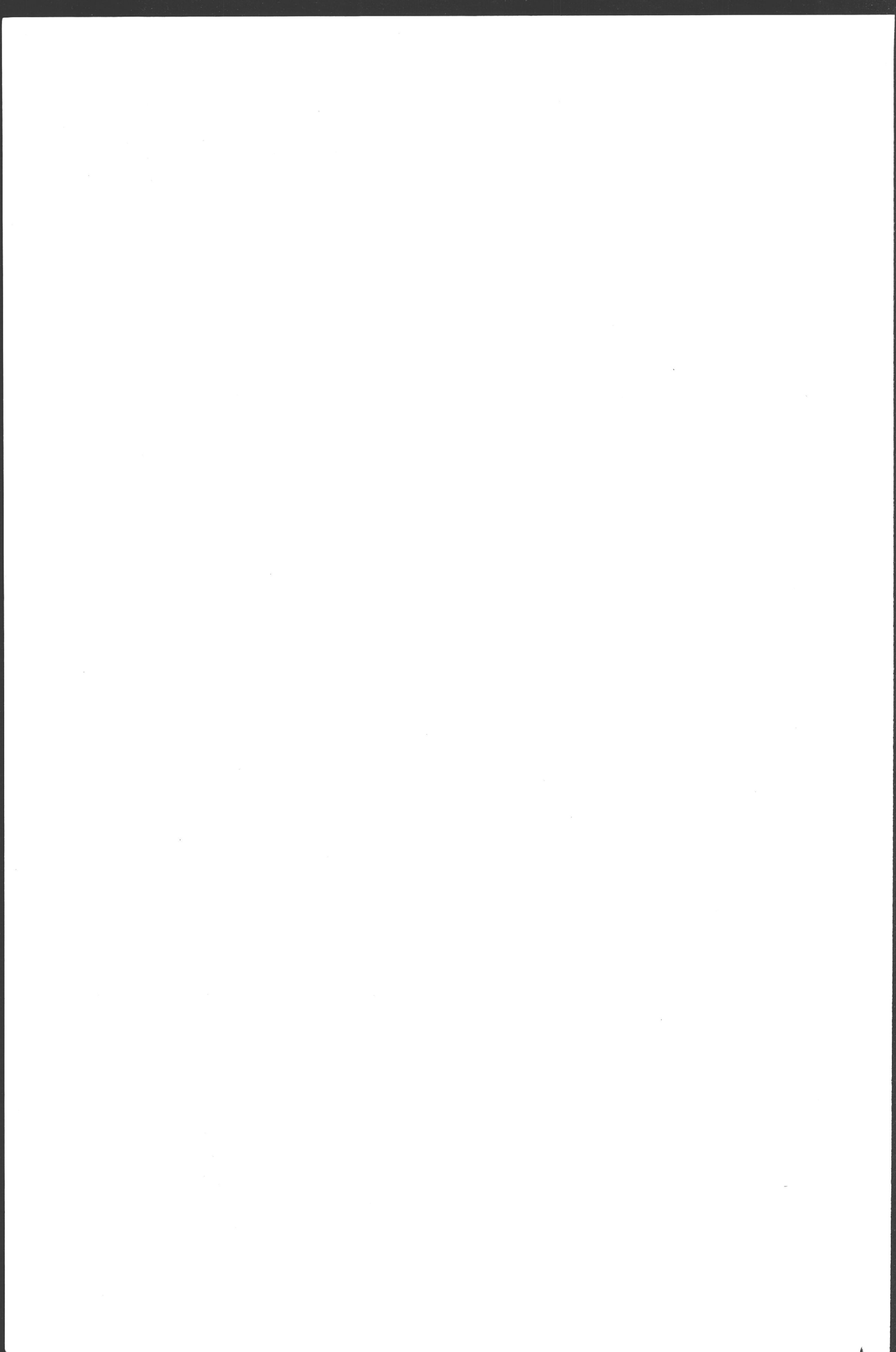
Source: ILO 'World labour' No. 2.

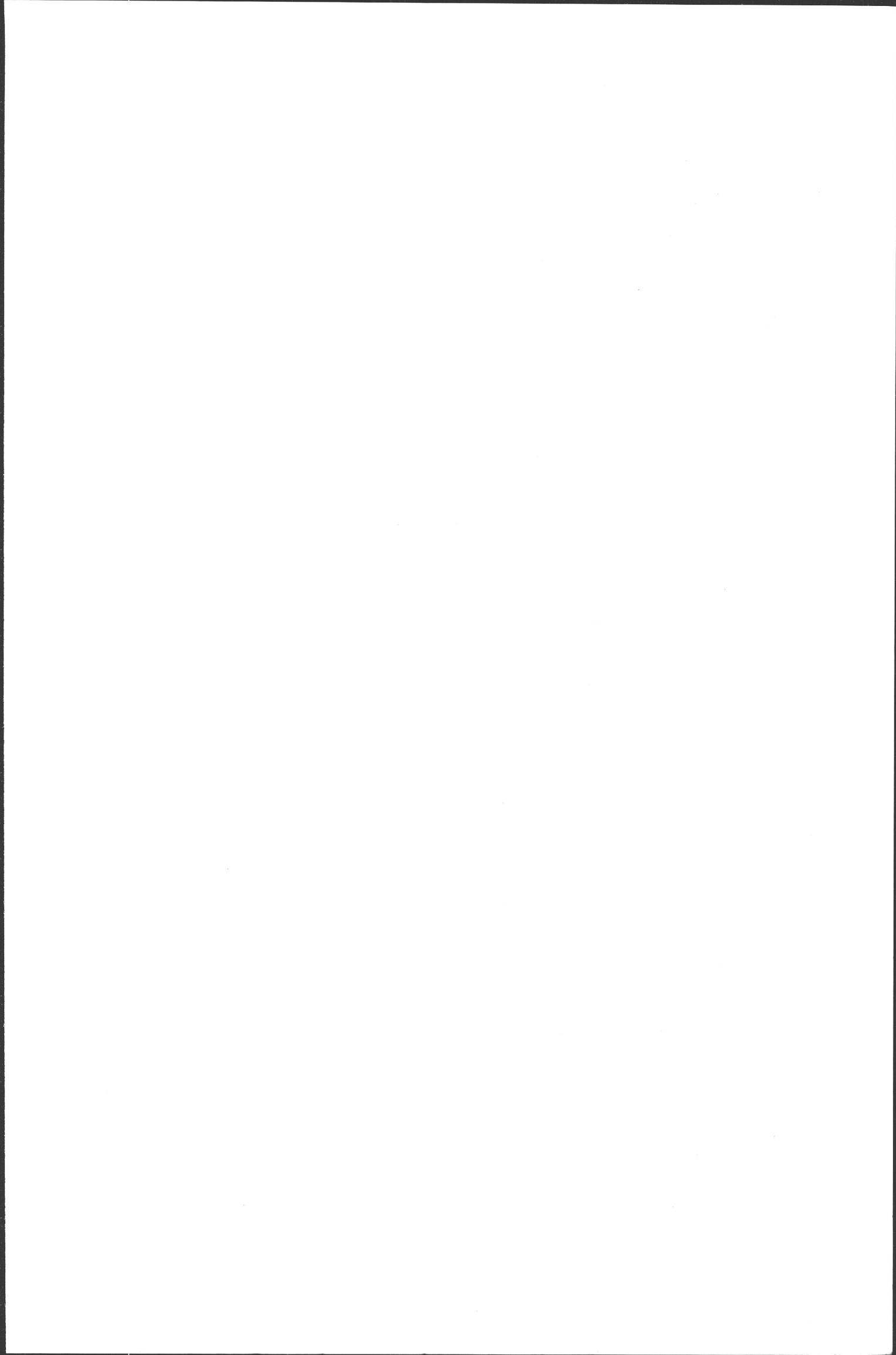
(\*) Figure not available for Greece.

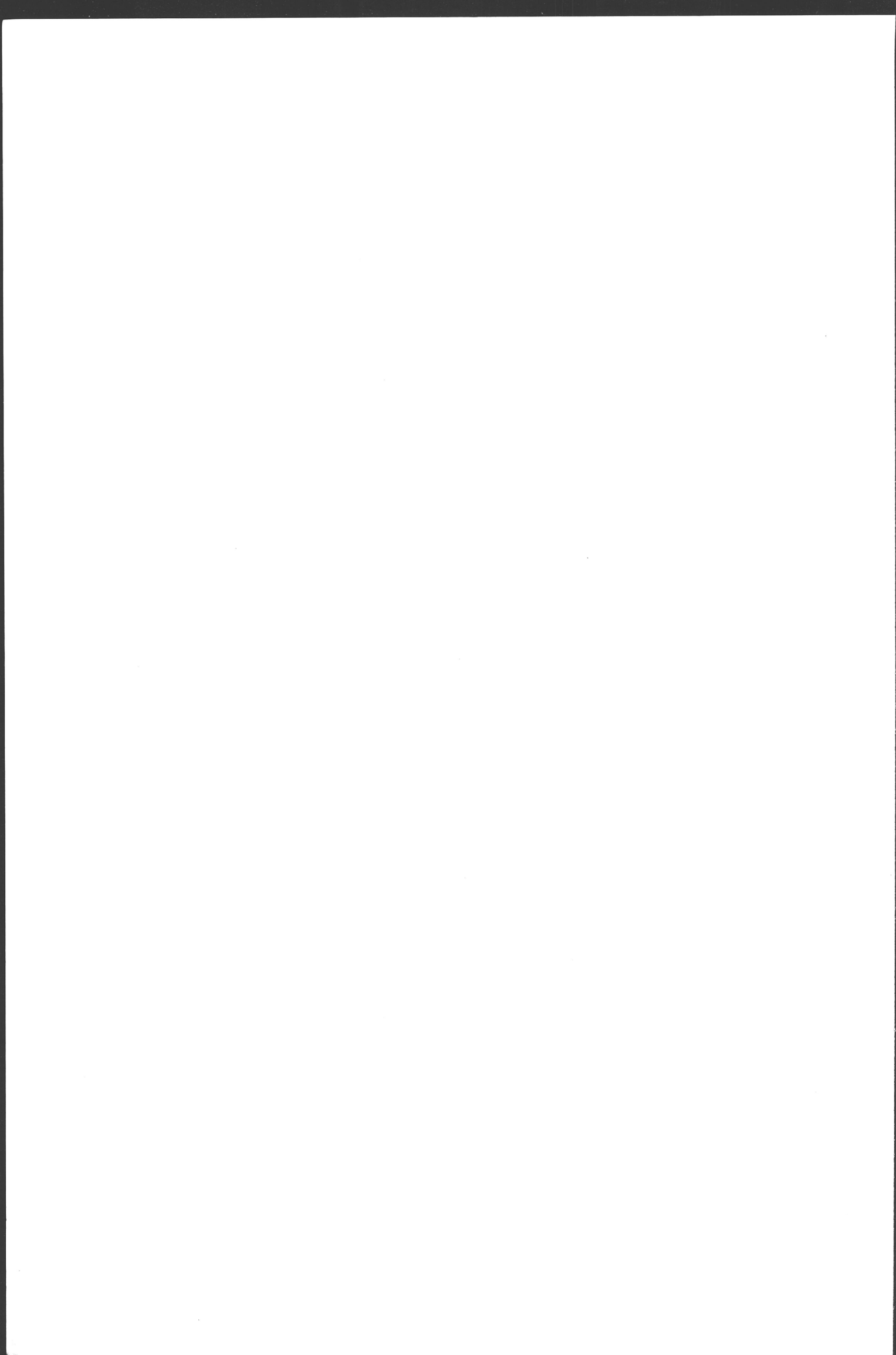


# Makeup of the interdepartmental working party on the social dimension of the internal market

- Chairman: Mr DEGIMBE (DG V)
- Vice Chairman: Mr VIGNON (Lacroix working party)
- Rapporteurs: Mr KÄDING (DG V)  
Mr VENTURINI (Lacroix working party)
- Legal Service: Mr GARZON, Mr CAEIRO, Mr GOULOSSIS
- Secretariat General: Miss JOUEN
- DG II: Mr GOYBET, Mr BUIGUES, Mr LEHNER, Mr NERB
- DG III: Mr AYRAL, Mr VINOIS
- DG V: Mr GOMMERS, Mr SAVOINI, Mr MORLEY, Mr VAN ZONNEVELD, Mr ZINGONE, Mrs EVANS, Mr RAPPACIUOLO, Mr LEBRUN
- DG VII: Mr BULLOUGH, Mrs MARTIN
- DG XIII: Mr LE QUEMENT
- DG XV: Mr HARRIS-BURLAND
- DG XVI: Mr CLARK, Mr VAN DER WEE
- DG XXI: Mr SIMS
- TF SME: Mrs GAUDIN
- The secretarial activities were in the hands of Mrs Becquart and Mrs Bijlsma (Lacroix working party).







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