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FedEE
Federation of European Employers
Fédération des Employeurs Européens

Mettre à jour

Latest News from the Federation of European Employers (FedEE)

Inside this Issue:

Europe: Why the eurozone pay bubble is damaging recovery

Although there has been much talk about the decline in real pay levels that resulted from the post-2007 economic decline, workers across the eurozone have actually fared better relative to their company's fortunes following the downturn than during the period leading up to it. The sustaining of employee salaries through the recession has also hit company profitability and the level of reinvestment in fixed capital.

According to the latest figures published by the European Commission's statistical agency, Eurostat, in the first quarter of 2002 total employee remuneration in the eurozone stood at 60.4% of gross value added. When the downswing came in 2008 it fell to 59.2%. However, as the recession took hold and company value added fell sharply through the Autumn and Winter of 2008/9 employee remuneration climbed to 62.1% of value added. Since then remuneration levels have sustained much of their recessionary gains to stand at 61.1% of value added in the first quarter of this year.

Gross fixed capital formation did not enjoy such a level of shielding during the downturn. In the first quarter of 2002 it amounted to 21.5% of gross value added. By the second quarter of 2009 it had fallen to 19.8%, but then it continued to fall to just 18.8% by the first quarter of 2013.

If there is to be a sustained recovery in the eurozone, resources are going to have to be diverted away from employees back into long-term investments. Companies have sustained their positions by substituting capital for labour for far too long and that is exposing the European economy to increasingly capital intensive competitors in North America and the Far East.

France: Film industry hit by new collective agreement

A new collective agreement in the French film industry that is due to come into effect on October 1st 2013 is being legally challenged by several

trade unions representing film producers. The agreement, reached by Pathe, MK2, Gaumont and UGC with the Union of Professionals of the Audiovisual and Cinema Industry (SPIAC), sets minimum weekly rates for all members of production crews. This includes 2,570 euros a week for a director of photography and 2,540 a week for a production designer.

Although there is an exemption for films with a budget below 2.5m euros, all film crews must still be paid at least 2,000 a month, plus overtime at premium rates. This has led many leading filmmakers to warn in an open letter published in the newspaper Liberation that "This agreement, which is supposed to protect us, buries us alive".

Germany: Real wages rise, but agreement duration falls

An analysis of wage developments in Germany, carried out by the Hans Boeckler Foundation, has found that negotiated wage rates rose in Germany by an average of 2.7% last year compared to a 2% rise in consumer prices over the same period. Although the total number of agreements fell over the year, the number of company agreements rose by 2% to 10,116.

The average term for agreements was 18 months (down from 22.8 months in 2011). They set an average working week of 37.7 hours and annualised hours amounting to 1655.5 per employee. Supplements for temporary workers were introduced in the rubber, plastic, wood, textiles, rail and printing industries and statutory minimum wage rates operated within 12 industry sectors — with minimum rates varying from 7 euros to 13.70 euros an hour.

Italy: Italy struggles to update its antidiscrimination laws

A Bill has been introduced into the Italian parliament that seeks to extend the existing "Legge Mancino" anti-discrimination law to include sexual orientation and gender identity.

Opposition from the Catholic Church has led to reluctance from legislators in Italy to afford protection against homophobia. Legislative decree 216/2003 did implement EU Directive 2000/78/CE and provide some formal protection against discrimination on the grounds of sexual orientation in the workplace, but this has rarely been tested in the courts. Even in the rest of Europe there is no framework to protect people against discrimination on the grounds of religion or belief, disability, age or sexual orientation outside the workplace. An EU Directive first adopted by the European Commission in 2008 was last debated by the Council of Ministers in 2011 and has effectively been shelved.

Portugal: Employee better for being drunk at work...

An eastern European national employed by an electrical equipment recycling company in northern Portugal has been reinstated by order of a court following his dismissal for intoxication whilst at work.

The employee concerned had been travelling as an assistant to a truck driver when the truck was involved in an accident. The driver did not contest his dismissal, but his colleague was considered to be unfairly dismissed because, according to three judges sitting at the hearing, the company did not operate a written alcohol policy and the blood test indicating intoxication had been taken without the individual's permission.

In summing up their decision the judges noted that "under the influence of alcohol, the employee can forget about life's problems with a smile"... and appear to be a ... "cheerful and efficient worker with an excellent and quick way to remove appliances". The employee was also awarded 14 months' back pay.

UK: Redundancy consultation requirements widened

The UK's Employment Appeals Tribunal (EAT) has widened collective redundancy consultation requirements in its recent judgment of 'the Woolworths case'.
The Trade Union Labour Relations (Consolidation) Act 1992 (TULRCA) requires employers to consult affected employees when more than 20 employees are being made redundant in one establishment within a period of 90 days. Common practice has been to consider each business site as a separate establishment, allowing employers to spread redundancies and limit consultation requirements.

The EAT has now found, however, that TULRCA appears to overly restrict consultation obligations and therefore not comply with the European collective redundancies Directive (98/59/EC). The EAT has therefore held that redundancies must be considered cumulatively across outlets instead of within individual establishments.

Although non-statutory guidance is to be produced on this issue, the UK government appears to have no intention of amending the legislation. The Business Secretary, Vince Cable, has also applied to appeal the decision. [EAT/0547/12 and EAT/0548/12]

Pay, Tax and Benefit Trends

ESTONIA/FINLAND: Talks are currently underway between the Estonian Trade Union Confederation and The Finnish Trade Union for Construction Workers over the establishment of a single trade union covering workers in both countries. Many Estonian construction workers are already employed in Finland and a joint union would provide more scope to press for the harmonisation of wage rates and terms and conditions and reduce the incidence of Estonian contractors undercutting Finnish construction companies.

FRANCE: New employer contribution rates are now in force for employees hired through temporary CDD contracts in France. The normal employer contribution of 4% is increased to 7% for contracts of less than one month, 5.5% for contracts lasting between 1 and 3 months and 4.5% for contracts lasting for 3 months or more. Furthermore, from now on employers will not have to pay into the unemployment fund for three (or four) months when they hire an employee under 26 years old to fill a permanent contract — once the trial period has been completed.

FRANCE: The French Supreme Court has found that an employee was dismissed without just cause when he refused to undertake a work assignment 500 miles from his home. This was because the daily allowance and other expenses offered by the employer concerned did not meet the actual costs of working away from home. Under French law, extended assignments at a significant distance from an employee's home base must be compensated at no less favorable a level than the provisions provided by the collective agreement first concluded in December 1992 for workers undertaking public works. [Cass Soc July 10 2013. No. 12-15608]

FRANCE: Agreement has been reached on new wage rates applicable in the French cleaning industry. Rates will rise by 1.5% with effect from January 1st 2014 to provide a new minimum wage of 9.75 euros an hour. Negotiators have also agreed to "quickly correct discrepancies and act on all elements that contribute to the pay gap between women and men".

FRANCE: A legal challenge has been mounted before the District Court in Paris by the SEACE employers' organisation against a number of changes to France's national collective agreement for law firms. The principal area of concern is a

new complementary system for reimbursing health costs of employees and their dependents. Three of the law firm associations were not signatories of the agreement and SEACE is seeking to remove its general applicability across the legal profession.

GERMANY: A new law came into force in Germany this month giving the right to daycare to all parents with a child aged 12 months or older. Previously such a right did not apply until the child was three years old. Although childcare places are generally sufficient in the eastern states there remains an overall shortfall of around 90,000 places — with Baden-Württemberg and North Rhine-Westphalia particularly unable to meet the expected level of demand.

NETHERLANDS: The Dutch Supreme Court has asked the European Court of Justice to rule on the legality of new Dutch expatriate taxation regulations in the light of EU free movement rights. Currently, highly skilled expats earning in excess of 52,000 euros a year can enjoy a special tax status which reduces their income tax burden by 30% for a period of up to eight years. However, the Dutch government has introduced a stipulation that individuals will only qualify for this status if they have lived 150 km or more from the Dutch border prior to their residence in the Netherlands.

SLOVAKIA: Employers and trade unions in Slovakia have until the end of August to agree to a national minimum wage proposal put forward by the Labour Ministry this week. Although employers have been pressing for the rate to be frozen until at least 2015, the Ministry's compromise is for an 8 euro increase to bring the monthly minimum wage from 337.7 euros to 345.7 euros per month from January 1st 2014. This is still in excess of the current rate of consumer price inflation — with a simple indexation of the rate resulting in an increase of just 5.74 euros a month.

SLOVENIA: Under a youth-employment initiative due be introduced in Slovenia in November 2013, employers will be exempt from paying social security contributions for a period of two years for all employees under the age of 30 who are hired on an indefinite contract. The incentive is available to employers who have no outstanding employee social security contributions and the scheme is expected to run until the end of 2014.

SPAIN: Agreement has been reached on a common framework allowing collaboration between Spain's public employment services and private sector agencies. A budget of 200 million euros has been established to cover the costs of the new ventures over the next two years and agencies will be invited to bid for funding, that could be as high as 60% of operating costs -— although a large measure of financial support will be geared to agency performance.

UK: Workers at the UK Molson Coors brewery in Burton-on-Trent have accepted a deal, negotiated by the trade union Unite, which reduces their annual pay by £862 (1,000 euros) next January and by the same amount again in January 2015. In return, the company has removed its revised shiftwork proposals and enhanced severance and redundancy payments up until 2017.

Other European HR news in brief

BELGIUM: The latest collective labour agreement on temporary work (CTC 108) in Belgium introduces a new facility for employers to "try and hire" workers via a temporary agency contract. From September 1st 2013 workers may be hired on an interim basis for between one week and six months prior to filling a permanent position. A total of three people may be considered in this way for a single position, provided that the total of their interim periods does not add up to more than nine months. Where applicable, trade unions must be informed — but they do not need to be consulted.

DENMARK: The Danish Labour Court has fined the company Eltel Networks 10,000 DKK (1,796 euros) for introducing GPS vehicle tracking without following the strict notice periods required under the national collective agreement of October 27th 2006 on employee supervision. Under the agreement, an employer must give six week's notice of its intention to introduce such devices and then wait a further six weeks before going ahead with their installation. During this second period employees may challenge the company's new control measures. Although the fine involved in this case was modest, the legal challenge prevented the company from effectively disciplining an employee who had been found to have been seriously misusing their working time. [Case No. 2012.0177]

EUROPE: The European Union's Capital Requirements Directive (CRD IV) must be implemented into the national legislations of all 28 EU member states by January 1st 2014. One of its provisions is that large financial institutions must set diversity targets for their boards and publish a policy on how that target will be achieved (Art 91.10). This will not affect organisations in Belgium, France, Italy, the Netherlands and Spain that have already introduced rules on gender quotas for company boards. Norway and Iceland (which also adopt EU Directives) currently apply a 40% gender quota to all stock market listed companies.

EUROPE: The European Council of Ministers has passed a revised Directive dealing with worker exposure to electromagnetic fields. The earlier Directive, published in 2004, was criticised for being exclusively concerned with short-term effects. Under the amended directive special attention is paid to workers at particular risk, such as pregnant workers and those with medical implants, and an emphasis is placed on regular health surveillance - with action plans for when limits are exceeded. The deadline for transposition into national laws is July 1st 2016.

FRANCE: The French Supreme Court was recently called to pronounce on a case involving the redundancy of an employee who had refused occupational reclassification after returning from work following a period of sickness absence. According to the court an employer may only offer a reclassification agreement (CSR) as a prelude to redundancy after an occupational physician has conducted two examinations of the employee and issued their report. [Cass soc May 29, 2013 Appeal No. 12-15313]

FRANCE: If an employee who is required to drive as part of their work duties in France is disqualified from driving because of an incident outside working hours, their employer would not, according to the Supreme Court, normally be justified in dismissing them. Even if the disqualification arose from an incident during work time then, according to a ruling by the Employment Chamber of the French High Court earlier this year, the employee would have to be reinstated if a police court subsequently found that the disqualification was unjustified.

GLOBAL: The Geneva-based International Labour Office (ILO) has just published a report examining governmental social and employment measures in G20 countries since 2010. The most numerous measures were in the fields of skills development, youth employment and job creation (infrastructure development, job credits and "entrepreneurship development"). However, the measures amounted to additional expenditure of only 1% of GDP and the combined impact of the measures was on just 2.5% of the working population. This means that almost all employment sustaining measures in the leading countries of the world were carried out by employers, without the intervention of national or local governments.

GREECE: The Greek parliament has voted to increase the number of Sundays a retailer may trade on from two to seven a year. However, it

has bowed to opposition from small shopkeepers and the Greek Orthodox Church by withdrawing its proposals to allow retailers to trade every Sunday.

SPAIN: A new Spanish Royal Decree has introduced further safeguards on the accuracy of data supplied by a company during a collective redundancy, and has increased the seriousness of the offence committed when employers fail to report redundancies to the unemployment benefits office in a timely way. The new law also gives greater priority to legal challenges by worker representatives rather than individuals in respect to mass redundancy programmes and allows courts to declare that redundancy programmes are null and void — without the need to revert to additional procedures.

SWEDEN: Sweden has finally joined the EU Blue Card scheme, having failed to meet the original deadline of June 19th 2011. The scheme aims to encourage highly skilled non-EU citizens to work in an EU state through the streamlining of the visa application process. Specific criteria apply to applicants and visas are valid for a maximum period of two years. Currently all EU countries except the UK, Croatia, Denmark and the Irish Republic participate in the scheme.

FedEE news:

INAUGURAL FELLOWSHIP MEETING: Preparations are currently underway for the inaugural meeting of the Fellowship of the Federation, which will take place in central London during October. For more information on the planned meeting or to apply for Fellowship, please contact our Membership Secretary, Angelika Rivero, on membershipservices@fedee.com.

KNOWLEDGEBASE UPDATES: FedEE has been undertaking some fundamental revisions of certain sections of its HR knowledgebase. Updated guidance notes on Family-friendly employment rights across Europe and Driving on business in Europe are now available in our guidance notes section of the knowledgebase.
