



**FedEE**  
Federation of European Employers  
Fédération des Employeurs Européens

# Mettre à jour

## Latest News from the Federation of European Employers (FedEE)

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### EU: Weak impact of austerity on public sector pay

As Europe struggles to deal with its public sector debt how far have governments gone to rein back their own payrolls?

Official figures relating to total employee compensation over the period to Q1 2012 are available for fourteen EU countries. In all these countries except Hungary, Slovenia and Spain the public sector has fared worse during the last year than employees in general - although public payrolls have generally continued to grow. In Slovenia public sector salary bills rose by 1.1% over the year to Q1, compared with a general rise of 0.05%. In Hungary and Spain public sector payrolls fell over the same period, but by not as much as in the rest of the economy.

The only country in our sample where public sector payrolls contracted against a general expansion in the rest of the economy was in the UK, where government pay bills fell by 0.3% compared with a rise of 5.1% in the pay bills of all employers.

### EU: How does the EU compare with BRIC countries?

The EU statistical agency Eurostat has published a statistical comparison of the European Union against the principal developing countries - Brazil, Russia, India and China (BRIC).

The analysis reveals that the total population of the BRIC countries is six times more than the EU, with the population density in the EU (116 people per km<sup>2</sup>) midway between Russia (8/km<sup>2</sup>), Brazil (22/km<sup>2</sup>) and China (141/km<sup>2</sup>) and India (382/km<sup>2</sup>). BRIC countries have a higher proportion of young people than the EU, but all BRIC countries have lower life expectancy than the EU average.

Total GDP generated in the BRIC countries is two-thirds of that generated in the European Union, whilst GDP per capita ranges from 10% of the EU level in India to 61% in Russia. Curiously, although there are more cars per head in the EU than in Russia, there are more mobile telephones per head in Russia than the EU.



## **EU: Emergence of two-speed Europe**

In April 2012 seasonally adjusted industrial production in the European Union fell by 0.4%, following a fall of 0.2% in the previous month. Over the year to April 2012 EU industrial production fell by 1.7%. This was mainly due to a 4.5% decline in the production of durable consumer goods - offsetting a 1.3% rise in energy production and a 0.4% rise in the production of capital goods.

The largest decreases over the year were in Italy (-9.2%), Spain (-8.3%) and Portugal (-7.6%), and the highest increases in Slovakia (+10.9%), Lithuania (+6.9%) and the Netherlands (+4.7%).

## **EU/Netherlands: Discrimination on grounds of residence**

The European Commission has requested that the Netherlands puts an end to its discriminatory practice of refusing to pay a state pensioners' allowance to those living abroad.

Under Dutch law, the purchasing power allowance for elderly taxpayers is payable only to those who can show that 90% of their worldwide income is taxable in the Netherlands. Under EU law, entitlement to an old age benefit cannot be conditional on the pensioner living in the member state where he or she claims the benefit. The Netherlands now has two months to inform the Commission of measures taken to bring its legislation into line with EU law.

## **ECJ: No discrimination on grounds of age**

The European Court of Justice (ECJ) has found that an employer is not obliged, when determining remuneration levels, to take into account the occupational experience of its employees which they have gained during work with another company in the same group. Failure to take such experience into account does not constitute age discrimination.

The ruling was given in the context of an Austrian collective agreement relating to cabin crew working for an airline and its subsidiaries. The airline's works council disputed the system used to grade employees - as it disregarded previous experience with other airlines belonging to the same group. The ECJ found that any difference in treatment amongst employees was based on the date of their recruitment to the airline in question and was therefore not linked to an individual employee's age (Case C-132/11).

## **Spain: Legal framework for homeworkers**

Spanish Royal Decree 3/2012 has modified article 13 of the Workers Statute by introducing and regulating the term 'distance working'. This type of activity is normally carried out in the worker's home, as opposed to a company workplace.

Under the new law an agreement to establish a distance-working regime may be made at the beginning of the contract or at a later date - but must always be in written form. A copy of the agreement must subsequently be sent to the worker's trade union representative. Distance workers will have the same rights as all other workers, including access to training and promotion opportunities.

## **Portugal: Comprehensive Labour Code revision**

The Portuguese Parliament has recently approved a revision of the Labour Code (no. 46/XII). The new law is awaiting promulgation and publication which is expected in the forthcoming weeks. The revision covers a wide range of employment issues including severance pay, dismissals and working time. A [briefing on the major changes](#) has been prepared for FedEE members by the Portuguese law firm [SRS Avogados](#), Portugal.



## Pay, Tax and Benefit Trends

**AUSTRIA:** Several rounds of negotiations between the bargaining partners in the Austrian chemical sector have resulted in a 12-month pay increase for the sector's 43,000 workers. All workers will receive a rise of 4.35%, subject to a monthly minimum increase of 90 euros. This will lift the pay for lower salaried workers by over 5%.

**AUSTRIA/CYPRUS:** Austria and Cyprus have revised their bilateral taxation agreement. The amendments bring the agreement into line with new OECD guidelines.

**BELARUS:** The minimum wage in Belarus has increased by 5.1% to 743,020 Br (71.69 euros) per month, effective from May 1st 2012.

**CROATIA:** The Croatian government is seeking to reduce labour costs by lowering the tax burden on employment. Although its progressive tax system will be maintained, employers' contributions for healthcare insurance are likely to be cut and the lost revenue recouped through increases in property tax.

**ESTONIA:** According to Statistics Estonia, average monthly gross wages and salaries rose by 6.9% to 847 euros during the year to Q1 2012. This was mainly due to a 20.5% increase in irregular bonuses and premiums during this period. Swedbank has projected a 1.8% increase in Estonia's average real gross pay levels during 2012.

**FINLAND:** The total remuneration of CEOs in Finland's largest stock market-listed companies rose by 15.8% last year. The average CEO earned 918,000 euros in salary, bonus and stock options - an increase of 125,860 euros on 2010.

**FRANCE:** France's new socialist government has announced that it will soon introduce measures to curb executive pay in state-owned and majority

state-owned companies. It proposes that highest paid company executives may earn no more than 20 times the pay of the company's lowest paid worker. A recent study by Proxinvest has revealed that the average total compensation of top executives in firms listed on Paris's CAC 40 benchmark index rose 34% during 2010 to an average of 4.1 million euros.

**FRANCE:** The French government has agreed to cut the pension age for some workers. The change, which will come into effect from November 2012, reduces the pension age from 62 to 60 for workers who have spent at least 41 years in jobs with adverse working conditions.

**LIECHTENSTEIN:** Recent negotiations have led to a generally binding collective agreement for the retail trades in Liechtenstein - set to run until the end of 2013. Its provisions include an increase in the minimum sectoral wage. Negotiations are also now underway in the catering and security sectors.

**NETHERLANDS:** Average collectively agreed pay increases in the Netherlands stabilised at around 1.7% between January and May 2012, according to employers association AWWN.

**NETHERLANDS:** The Dutch Senate has voted in favour of a ban on bonuses within companies that have received state assistance. The regulation means that banks and insurers that received state aid may no longer award any variable compensation until the state funding has been repaid. It will additionally apply to financial concerns that made use of the guarantee scheme that was introduced in 2008.

**POLAND:** Average gross monthly earnings in Poland's enterprise sector rose by 3.4% to 3719.81 PLN (848.745 euros) over the year to April 2012.



**UNITED KINGDOM:** Recent pay deals in the UK private sector have averaged 3%, according to research carried out by Incomes Data Services. IDS have found that settlements at or above 3% are falling (only 12% were above 4%) and that 20% of deals have involved pay freezes.

## Other European HR news in brief

**AUSTRIA:** The Austrian government, employers and trade unions are in the process of reviewing restrictions on the use of temporary workers. Currently temporary workers may only be used to replace permanent employees for short periods in order to meet an increase in workload or to perform specific tasks. A proposal currently under consideration is for a trial period of up to seven days to be allowed for such workers so that employers may assess their abilities. Additionally, the government is set to abolish one-day contracts and introduce the requirement that agency workers are hired for a minimum of 48 hours.

**EU:** In 2011 the UK led the European Union in its net investments in the rest of the world. Net investments by the United Kingdom were 75bn euros, followed by Luxembourg (25bn), Germany (23bn) and France (9bn).

**EU:** The European Commission has instituted infringement proceedings against Finland, Portugal and Slovenia in order to require them to bring their laws into line with the Employers Sanctions Directive 2009/52/EC. The directive requires member states to sanction employers who take advantage of irregular migrants by hiring them on low wages and providing poor working conditions. All three member states have two months to reply to the formal notice letter.

**EU:** The average number of usual weekly hours worked by individuals in their main job varies significantly by level of seniority in a company. According to Eurostat in 2011 managers in the EU

worked an average of 44.9 hours a week (ranging from 39.3 in Latvia to 51.7 hours in Greece). This compares with an average of 40.6 hours for craft and related trade workers, 37.9 hours for professionals, 36.9 hours for technicians/clerical workers and 32.3 hours for those in elementary occupations.

**FRANCE:** The French Supreme Court has further limited an employee's right to workplace privacy by ruling that information stored in the 'my documents' folder of a work computer may be monitored by their employer - even without the employee being present. The Court found that as the folder was not marked 'private' the employer was justified in viewing its contents and subsequently dismissing the employee for collecting or generating inappropriate material (*Monsieur X v Nouvelle Communication Telephonique*).

**ITALY:** The Italian government has won Senate approval for its labour market reforms by 231 votes to 33. The legislation will now pass back to the Chamber of Deputies for final approval. The new provisions include changes to the rules on dismissals and an overhaul of the unemployment benefits system (see MAJ 19/04/2012).

**NETHERLANDS:** A Bill adopted by the Dutch Senate earlier this month requires all employment agencies to be registered in their local chamber of commerce trade register by July 1st 2012. The new law is aimed at preventing fraud and other illegal practices and will apply to both staffing firms and payroll companies. Failure to register will result in a fine of at least 12,000 euros per worker registered on the books of the agency.

**NETHERLANDS:** Following a recent amendment to the Dutch Works Council Act, employers are now under an obligation to provide their works council with general information about the employment of temporary workers within the company. The data must be provided at least



annually and the works council informed about expected developments regarding temporary workers during the forthcoming year.

**NETHERLANDS:** The Court of Arnhem in the Netherlands has recently agreed to the dismissal of an employee without compensation following repeated posting of remarks on a social networking site that, the court agreed, were insulting to their employer and colleagues. The employee claimed that his comments were private, but the court did not accept this view as the material could easily be recirculated by others. The court held that employees have a duty of care towards their employer and should therefore refrain from making public statements which might damage the employer's reputation.

**SWEDEN:** The average recruitment time in Sweden has increased from 0.3 months in G2

2009 to 0.9 months in Q1 2012. The increase has been even greater in the manufacturing, mining and quarrying sector with a rise from 0.3 months in Q2 2009 to 1.2 months in Q1 2012. The longest average recruitment period is two months in the information and communications sector.

**SWITZERLAND:** The Swiss parliament has agreed a series of measures to prevent employment law infringements by companies from EU countries operating in its jurisdiction. Practices to be targeted include bogus forms of self-employment and the undercutting of salary levels and other collectively agreed employment terms. Employers will be fined up to 40,000 SFr (33,307 euros) for each infringement and could be excluded from the domestic market for up to five years.

## FedEE news:

**FedEE LONDON NETWORKING MEETING:** We are now taking reservations for places at our June 26<sup>th</sup> networking meeting taking place in London.

The theme for the June meeting will be '**Managing the distributed workforce**'. Our guest speaker will be Stephen Ratcliffe of Baker & McKenzie LLP who will be leading a discussion on the issues that arise when managing a distributed workforce. He will highlight some of the legal and HR stumbling blocks that present themselves in cross border and remote working situations, including designating the status of country representatives and the importance of getting this right; health and safety issues for home and teleworkers; the Rome Convention and the choice of employment contract jurisdiction; the influence of the Posted Workers Directive, and tax and social security issues. Additionally, issues such as performance management, lines of communication, expense controls and employees working from home in remote working situations will be addressed.

FedEE's Secretary-General, Robin Chater, will be providing a round-up of recent employment law and HR developments from around Europe.

The **programme** will run from 2.45pm to 4.30pm with refreshments and networking. The venue will once again be the Novotel, Hammersmith, London.

Attendance is free but as places are strictly limited please contact us as soon as possible on [admin@fedee.com](mailto:admin@fedee.com) or by calling (0044) 0207 520 9264 to reserve your place.



**PAY IN EUROPE 2012:** The next edition of Pay in Europe will be published on June 22nd. This will contain basic median gross hourly pay levels for 32 private-sector benchmark positions in 47 countries and territories. This year the country with the highest overall median pay level remains Denmark, followed closely by Norway and Switzerland. However, the Republic of Ireland has risen from 10th to 7th place and the United Kingdom from 18th to 14th. The lowest paying country remains Moldova with median earnings just 4% of those received by Danish employees.

**REFERRAL SCHEME:** FedEE is implementing a referral scheme to enable existing members to refer professional contacts from other organisations.

To participate please email the name, position and company name of the person you wish to refer to: [membership.services@fedee.com](mailto:membership.services@fedee.com) and invite your contact to join FedEE using the following link: <http://www.fedee.com/about-fedee/join-fedee> with the reference 'referral' in the comments box.

Should the referred organisation take up membership within a 3 month period, we offer a €125 discount on the annual subscription fee to the new member for the first year, and the same discount to the referring organisation when they renew. There is no limit to the number of referrals that can be made.

Please rest assured that FedEE will not contact the referred organisation directly, or add the information provided to any database or mailing list.

**JSB EMPLOYMENT LAW TRAINING OFFER:** FedEE and [JSB](#) are working in partnership to offer FedEE members a 10% discount on any employment law course booked using the discount code 'fedee12'.

JSB offers a wide range of employment law training for HR professionals, covering all aspects of UK and international employment law.

Full details of their employment law programmes can be found [here](#).

Their full range of **international employment law courses** covers over 30 countries, including comprehensive 1-day seminars on many European jurisdictions. Each seminar is led by a legal expert from the country in question, providing first class legal expertise that links legislation to practical HR management challenges. Full details of their upcoming courses can be found [here](#).

To activate the FedEE member discount code, simply quote 'fedee12' when booking.

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