



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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Belgium: Payroll freeze continues for further year

Companies continue to be concerned about the ongoing payroll freeze in Belgium. This will continue until the end of 2014 and is designed to bring wage costs more into line with other EU competitor countries.

The freeze means that collective agreements and individual merit schemes cannot give rise to changes in overall payrolls when compared to 2012, unless the changes are due to genuine indexation payments or the application of pre-existing seniority scales. Of course, this does not prevent companies increasing payrolls because they are expanding their workforce, or stop them giving increases to more junior staff if a senior staff member leaves the company. Performance-related bonus payments can also be repeated up to previous levels. But there remains little scope to change any benefits that are payroll related — such as commuting allowances and luncheon vouchers.

Europe: Boardroom quotas

The European Parliament has overwhelmingly voted in favour of introducing a 40% quota on female non-executive representation in company boardrooms by the year 2020. This follows agreement in Germany's ruling coalition last week that a quota of 30% for all boardroom positions would be applied from 2016.

Although under the parliamentary resolution a company that fails to achieve the quota would be required to amend its selection criteria or face certain penalties, the measure still has to gain backing from EU member state governments. The opposition of the UK government, together with several smaller countries may be sufficient to prevent it becoming an EU Directive.

France: Report on Sunday working published

The Bailly report on Sunday working has proposed a number of different reforms to Sunday working rules in France. The report does not



advise that the law be changed to generally permit Sunday working, but rather that derogations be extended. The report recommends the addition of the DIY sector to the derogation list in order to satisfy these particular consumers in the short-term. It also suggests an increase in the number of Sundays that may be worked under local derogation, from five Sundays a year to 12.

In the report, Jean Paul Bailly suggests that employees should not work on Sundays unless a collective agreement allows for it. The collective agreement should provide for Sunday working on a voluntary basis, as well as a compensatory day-off and additional compensation when work is carried out on a Sunday. In the absence of a collective agreement, a law providing for all these elements, including payment at twice the normal salary, should apply. Companies employing fewer than 11 employees will not be subject to this additional payment.

The Prime Minister, Jean Marc Ayrault, showed his support for a new law in 2014 to improve and clarify the rules on Sunday working but not to reform the current laws. He also noted that a temporary solution on Sunday working should be adopted immediately in the areas where the situation is most confusing such as in the Paris region.

Germany: Implementation of national minimum wage

The Chancellor of Germany, Angela Merkel, has agreed to introduce a national minimum wage. Despite originally being opposed to the idea, the decision was necessary to conclude negotiations for a coalition government with the Social Democrats (SPD).

Although there are fears that the implementation of a national minimum wage could lead to a cut in jobs, a survey has revealed that 83% of Germans are in favour of a national minimum wage.

It has now been decided that a national minimum wage of 8.50 euros will take effect from January 1st 2015.

Hungary: An open door to EU citizenship

Thanks to a citizenship law that came into force in 2011, an increasing number of Serbian nationals are now applying for a Hungarian passport. More than half a million people have so far applied for Hungarian citizenship, 100,000 of which are from the northern Serbian province of Vojvodina.

According to the law, anyone can claim citizenship if they have a direct ancestor who was a Hungarian citizen and if they have a basic grasp of the language — although there is no official language test and Hungarian is one of the most difficult languages in the world to learn.

Much of Serbia used to belong to the Austrian-Hungarian Empire and returned to Hungary briefly during the Second World War. This means most citizens in the north can claim Hungarian family ties. The Hungarian authorities are also encouraging applications in the same way that Romania boosted its population by inviting in 400,000 Moldovans to gain citizenship if they can claim Romanian ancestors.

Slovenia: Improved parental-leave rights

The Slovenian government has approved and sent to the National Assembly the Bill on Parental Protection and Family Benefit. The Bill aims at improving family rights through the implementation of EU legislation.

If the Bill becomes law, the right to maternity leave will remain unchanged at 105 days. As regards parental leave, however, each parent will have the right to 130 days (instead of the current 260 days to be shared). The mother would only be permitted to transfer 100 of these days to the



father while the father would be entitled to transfer the totality.

The Bill creates a new 15-day paid paternity leave that can be taken after the end of parental leave. This would be in addition to the current 15 days paid paternity leave that must be taken before the baby reaches 6 months. The changes would be introduced gradually and not until GDP increases by at least 2.5%. At this time, paid paternity leave would increase by 5 days every year for three years. Unpaid paternity leave (currently 75 days) would decrease by 25 days every year during the same period.

The draft also extends the right to work part-time. Parents who have two children would have the right to work part time until the youngest child has finished their first year at primary school. Currently the right ceases when the youngest child reaches 6 years of age.

In compliance with the European legislation the Bill introduces the right for mothers to receive compensation for up to an hour of breastfeeding a day when at work, until the baby is 18 months.

The draft Bill also aims at reducing the administrative burden on employers by eliminating some of the reporting requirements regarding leave.

UK: Employer liability for dismissals post-transfer

The UK Court of Appeal has clarified the circumstances in which the purchaser of a business may be liable for dismissals which took place before the transfer of undertakings.

Prior to sale, Crystal Palace Football Club was suffering financial difficulties and administrators made the decision to dismiss 29 staff. According to the Transfer of Undertaking Regulations (2006), an employee will be unfairly dismissed if the

termination of their employment is linked to the transfer — the liability for which will be attributed to the purchaser of the business.

The Court acknowledged that although administrators “will almost always have a transfer of the undertaking as their ultimate objective”, these dismissals were not for the purpose of making the business appear more attractive to potential purchasers. Instead, the dismissals were necessary to ensure the continued running of the business and therefore were conducted for unrelated “economic, technical or organisational reasons” (ETO). As a result, any potential liability rested with the transferor as opposed to the new owner. [[2013] EWCA Civ 1410]

Pay, Tax and Benefit Trends

DENMARK: The Danish government has signed an agreement on the use of social funds for employment. Over the next 4 years, DKK 200 million (26.8 million euros) — in addition to the Employment Ministry budget — will go towards improving the employment situation. DKK 61 million (8 million euros) of this will go into an employment initiative for disabled people, DKK 49.4 million (6.6 million euros) will be used to help young people and older people find a job, DKK 92.8 million (12.4 million euros) will go into vocational educational programmes for vulnerable groups and DKK 18 million (2.4 million euros) will be reserved for sickness benefits.

NETHERLANDS: From January 1st 2014, employers in the Netherlands with an annual payroll greater than 300,000 euros will become responsible for paying sick pay to temporary workers. This responsibility will exist even if the employee has only worked a single day.

NETHERLANDS: A Bill has been sent to the Dutch parliament by the Finance minister, Jeroen Dijsselbloem, which sets a limit of 20% of salary on all bonuses in the financial sector from January



2015. The limit will, however, be 100% for those in Dutch institutions in other European Countries and 200% for those outside Europe. This limit in other countries will be controversial as it will mean that Dutch law must take precedence over the laws of the host country — a situation that could well be challenged.

SPAIN: The Spanish government has announced it will extend into 2014 the 50% reduction on employer social security contributions for seasonal workers engaged on a fixed-term contract in the tourism or hospitality sector. This reduction, which applies only in March and November in order to extend the tourism season, was implemented for the first time this year.

SWEDEN: The Swedish government has decided to cut contribution levels to unemployment funds with effect from January 1st 2014. 2.2 million workers will pay less to unemployment insurance; 500,000 will save around SEK 1,000 (111 euros) a month and many young workers will pay no contribution at all.

SWITZERLAND: Swiss citizens have voted against a proposal to peg executive salaries at no more than twelve times the lowest paid employee. If the referendum had been in favour of the cap on salaries the federal government would have been obliged to introduce legislation. As a consequence most senior executives would have left the country.

UKRAINE: The revenue received from income tax in Ukraine has increased thanks to the regularization of undeclared work. Fines imposed for infringement of the law have also contributed to increased revenue. During ten months of inspections, more than 80 thousand undeclared employees were discovered. An increase in wages has also helped increase the revenue received through income tax.

UKRAINE: The government of Ukraine has approved a resolution to improve payment discipline in companies. It aims at increasing control over the timely payment of wages as well as identifying the causes of the late payment of wages and eliminating them. Another proposal implements a mechanism to guarantee the payment of wages in the event that an employer goes bankrupt.

Other European HR News in Brief

CROATIA: The European Economic Area (EEA) is being extended to include Croatia. The agreement on Croatia's membership was signed on November 20th in Brussels and will come into force once all other members complete the legal procedures. Croatia will now have to meet the EU cohesion criteria which aim at reducing the disparities between countries. Croatia will also benefit from EEA financial support to which Norway, Iceland and Lichtenstein have agreed to contribute an additional 5 million euros.

EUROPE: Just 0.2% of the 22 million non-financial enterprises in the European Union employ 250 or more people, but such large enterprises account for 33% of total employment and 44% of company financial turnover. According to the EU statistical agency, Eurostat, Great Britain has the highest proportion of people employed by large enterprises (46.4%) whilst Italy has the lowest proportion (20.2%). By far the majority of EU companies (92.5%) are micro enterprises employing fewer than ten people and the highest proportion of micro enterprises is in Slovakia (96%).

EUROPE: The European Commission has published a proposal on protection against the misappropriation of trade secrets. Not all EU countries have adequate protection in place to prevent industrial espionage. This measure, if adopted by the European Parliament and Council of Ministers, will make it easier for national courts



to deal with the misappropriation of business secrets. It will ensure that products and processes resulting from an infringement are removed from the market, and make it far easier for companies subject to leakage to receive damages.

GERMANY: The German Deutsche Bank has launched an appeal against a court order to reinstate four traders accused of inappropriately communicating with other traders over benchmark inter-bank lending rates. A labour court found the Bank guilty of unfair dismissal in September in spite of a strong prima facie case for infringement of company rules and contravention of banking rules.

GERMANY: In a recent decision, the Federal Labour Court of Germany has ruled that employees may not use their company email account to spread a call for strike against the employer. The employee argued that he made the call to strike in his capacity as a member of the Ver.di trade union and not as chairman of the company's Works Council and claimed that the employer should concede the use of their company intranet for such a purpose for the sake of the protection of his individual freedom of association. However, the Court ruled that an employer cannot be expected to assist in a labour dispute against them by allowing employees the use of their own resources. It was also stated that an employer may apply for injunctive relief against such action. [BAG 1 ABR 31/12]

NETHERLANDS: A number of amendments to the Dutch dismissal laws are set to make it even harder for employers to terminate workers in a country which already has some of the toughest job protection requirements in the world. If the current proposal gains parliamentary approval, from July 2015 employers will not be free to choose the route through which termination takes place. Only if a company is dismissing workers for organisational reasons will they be able to gain approval via the government agency UWV. All

other dismissals will have to be sought via a magistrate's court. Employees will also be able to appeal a decision to dismiss — thus adding to the total termination period — and have two weeks to consider a settlement offer.

NETHERLANDS: Pressure is building up on the European clothing sector to improve labour conditions and worker safety at their third-world suppliers' establishments. The Netherlands is leading the way and a covenant is already in place between the Dutch government and clothing companies covering large sewing operations in Bangladesh. Now the lower house of the Dutch parliament is asking the Foreign Trade and Development Minister, Lilianne Ploumen, to include targets in a new covenant with the clothing sector in Cambodia, China and Vietnam. This will require compliance with international labour standards and the publication of an annual report by clothing companies on progress made.

NETHERLANDS: Pressure is growing on the Dutch government to introduce a statutory requirement on employers to provide ongoing training. The CDA and D66 parties have put forward a proposal to the Social Affairs Minister, Lodewijk Asscher, that would make it obligatory for employers and trade unions to include life-long learning commitments in labour agreements and for employers to set aside specific training budgets.

UKRAINE: On November 21st, the government of Ukraine adopted a resolution to suspend negotiations to conclude an EU association agreement. The decision came after the country's Eastern partners threatened to cancel free trade with Ukraine — at a potential cost of more than 400,000 Ukrainian jobs. The break in negotiations will allow the government to consider the possibility of a tripartite agreement between the Russian Commonwealth of Independent States (CIS) and the EU.



UKRAINE: The Ukrainian government has decided to extend the national public holiday for New Year to January 7th 2014. To compensate

for the three additional days of holiday, Saturday January 11th, Saturday January 25th and Saturday 8th February will be working days.

FedEE News:

FEDEE BLOG: The new FedEE Blog is now live on the FedEE public website. Visit the [website](#) now to see the latest entries on corporation tax, corporate crime and legal exposure, contributed by the Federation's Secretary General, Robin Chater. New articles on topics of current interest will be added to the blog weekly, so be sure to check back regularly.

CALLING ALL FEDEE FELLOWS: We invite our Fellows to join our new [FedEE Fellows LinkedIn group](#). We hope you will use the group as a forum for the exchange of information and experiences. Please feel free to start a discussion or to contribute to those started by others. If you have not yet joined our Fellowship programme and are interested in doing so, please contact Angelika Rivero on angelika.rivero@fedee.com for more information.

NEWS BY COUNTRY: The news pertinent to each European country is now available in our knowledgebase under each individual country section. See the sub-section entitled 'Recent news'.

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