

EUROPEAN SEMESTER 2019

**ETUC REPORT ON NATIONAL  
TRADE UNIONS INPUTS FOR  
THE EARLY-STAGE CONSULTATION  
ON COUNTRY REPORTS 2019**



## FOREWORD

The AGS 2019 wants to leave the economic crisis behind and move towards priorities to build a prosperous future. Commission declares to be confident that EU economic fundamentals are threatened only by global uncertainties.

The ETUC is more prudent. It is surely time to address new challenges, especially the future of work and modernisation of social protection systems, but the crisis is not over, recovery remains fragile, not only due to external factors.

The ETUC urges a swift increase in investment levels, giving room to a positive fiscal stance to deliver tangible benefits for European workers and their families.

Already in September 2019, the ETUC expressed concerns on the fact that the phasing out of the bond-buying programme of the ECB plus stricter fiscal requirements would have appeared, in the eyes of European citizens, as an EU-driven mini-austerity.

In a letter to the European Commission, dated 19 October 2018, the ETUC alerted of the danger of it. European workers' expectations should not be frustrated, especially a few months ahead of the EU elections where populist and anti-EU forces are ready to provoke widespread social unrest to gain support.

This is exactly what we have witnessed during the last months.

This Report sheds light on challenges that EU Countries have to address and what policies member states should implement to provide concrete answers to fears and problems of European workers.

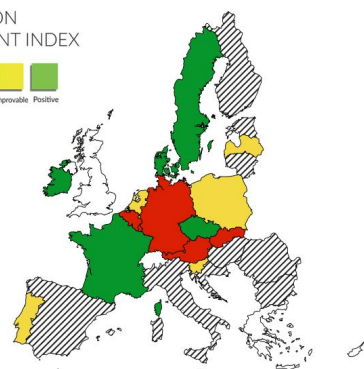
We expect that Country Reports 2019 offer

- Guidelines to find fiscal space for reforms and investments that implement the EPSR also making a better use of the flexibility clauses under the Stability and Growth Pact;
- A request to Member States to explain how their budgetary objectives implement the EPSR, already in 2019 Stability/Convergence Programmes and National Reform Programmes.
- Immediately activating a rule that social partners should be involved in the European Semester, with the aim of reinforcing the social agenda of Member States.

The ETUC finds the engagement of social partners at national level to be insufficient. Despite the efforts in recent years, the Trade Union Involvement Index is worsening in many EU countries, reflecting a more general deterioration in the health of social dialogue.

The ETUC asks the Commission to encourage national governments to seriously engage in appropriate, accurate and timely consultation with social partners at the milestones of the Semester and in the implementation of Country Specific Recommendations. National plans in April should report in detail how social partners have been involved during the current Semester.

TRADE UNION  
INVOLVEMENT INDEX



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# AUSTRIA

## ÖGB

### LABOUR MARKET AND EMPLOYMENT

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Generally, labour market development is satisfactory as the Austrian economy is performing above the EU average. Employment increased by 2.5 % in the first half of 2018 (compared to the same period in 2017) and unemployment fell by 9.4 %. The number of workers from other EU Member States increased by +9.2 % most notably from Romania and Bulgaria (+14.9 %) while the number of Austrian nationals employed increased by 1,2 %. This means that almost two-thirds of newly created jobs are filled by new workers from other countries.

**Many problems persist in the labour market. It is still the case that some 44 % of unemployed people in Austria have at most completed compulsory education. In addition, large groups of unemployed people are still at high risk of being permanently excluded from the labour market. More than one in three unemployed are long-term unemployed, another third are aged over 50, and just under a quarter have disabilities or health problems that affect their ability to work (among over-50s that proportion is almost 50 %).**

#### Priorities

- Upskilling the unemployed: Considering current demographic and social trends, it is vital to guarantee education and training up to the age of 25.
- The necessary funding must again be provided for the integration refugees.
- In view of the expected significant shift in skills due to digitalisation, the introduction of a training allowance would be important to help workers and unemployed people to adapt to economic changes.
- Tackling the risk of permanent exclusion from the labour market: The Action Programme +20,000 was surprisingly abolished which enabled non-profit jobs in Austrian municipalities to be filled with older long-term unemployed people. That basic idea should be revived and put in place for unemployed people that companies will no longer employ.

#### Further combating wage dumping

Further improvement of Austrian laws and the directive concerning the posting of workers and the enforcement directive are urgent. Recent changes related to the directive on posting the workers are welcome but still do not solve the problems in Austria. The criticism from the population regarding cross-border mobility of workers is on the rise due to ongoing and systemic wage dumping. People expect the EU to finally develop instruments and implement measures for fair competition. As first steps, this

requires immediately:

1. At least the higher wage while being posted, should be used as the base to calculate the social security contribution.
2. Still further improvement in enforcement is needed, that is easier enforcement of penalties abroad, improved cooperation between foreign authorities and combating of bogus firms already in their country of origin.
3. The establishment of a mandatory minimum employment period before workers can be posted (e.g. three months) would be significant.

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#### COLLECTIVE BARGAINING, WAGES, GENDER-PAY GAP

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Further increase of minimum wages as well as to reduce actual income and wealth inequality and to combat wage dumping is key. Most important for ÖGB is a productivity-oriented wage policy which allows real wages to increase in line with productivity. This is needed for stimulating consumption and a growth in demand as well as for reducing poverty thereby responding to the current economic challenges.

Minimum wage - determined by collective bargaining agreements in Austria - is almost in all sectors 1.500 €. From ÖGB's point of view a further increase of minimum wage (1.700 €) is desirable for the next years.

Austria has one of the highest gender pay gaps (GPG) within the EU (20.1 % of average gross hourly wage, EU-28: 16.2 %). The overall GPG - including differences in weekly and yearly working time - is much higher and amounts to 37.6 %. This number is highly relevant in terms of economic independence of women and their social security benefits - especially pensions.

Lack of child-care-facilities and schools with long opening hours: Only 29 % of under-3-year-olds have a place in a facility or with day-care mother. Only 16 % of 0- to 3-year-olds and 41% of the 3- to 6-year-olds have places compatible with a working day of 8 hours.

#### **Priorities**

- Extensive investment to finance child care is most urgent.
- Need to involve fathers more strongly in family responsibilities.
- Last reduction of weekly full-time standard working time by law was in 1975. A further reduction would help to bring more women into full-time work and involve men in care work.
- Early intervention is necessary to include migrant women in the labour market because they are facing many disadvantages: besides child-care responsibilities and traditional gender roles, often a lack of education and training as well as stereotyping and discrimination has to be tackled.

**Current government policies are inadequate**

- Increasing maximum working hours to 12 hours per day/ 60 hours per week (bill passed without involvement of social partners and any serious prior discussion). The changes in working times will have a massive impact on the health, leisure time and earnings of employees. Moreover, longer working hours will force couples to split work more traditionally: men work long hours, women concentrate more on childcare.
- Lack of full-day schools will be tackled too slowly - women with children are further on forced into part time. Investment for all-day schools will be slowed down. The € 750 million, originally supposed to be spent until 2025, is now to be used until 2032.
- Introduction of Tax Bonus Plus: Allowance of € 1,500 annually per child up to the 18th birthday. Men profit by far more strongly than women: more than  $\frac{3}{4}$  of the volume will go to men > no incentive for women to work longer hours. The amount of money spent on the family tax bonus could have been used to solve all urging problems in child care (number of places, opening hours, quality etc.). Public spending on child care amounts to € 2.3 billion (2016), the expected reduction of tax revenues due to the family tax bonus constitutes 67% of public expenditure on child care (€ 1.5 billion).

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## EDUCATION AND SKILLS

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One in six schools in Austria are failing to provide pupils with adequate support due to their learning environment. One result is that about 38 % of all elementary school students failed (13 %) or partially failed (25 %) to achieve the required standard in German in 2015. Many of these at-risk pupils go on to be early school leavers. Early school leavers often have little support or a difficult family background. A strong social mix and good social climate in schools is important for young people who have little family support and it can help at-risk pupils to achieve their educational goals. Most schools in Austria have traditionally offered half-day schooling, which has many disadvantages. Therefore, teachers focus on the core curriculum and there is little scope for integrating extra-curricular activities and social learning.

More financial resources should be earmarked for schools that face major challenges. The total cost for such reform of elementary schools and new middle schools would be approximately EUR 300 million. Austria currently invests precisely EUR 300 million less in its school system than the average for OECD countries. Simply adjusting expenditure to that average would help to build a supportive environment for every child, even in schools which face major challenges.

All-day schooling allows schools to offer programmes that build relationships and improve the social climate. By combining learning phases with extra-curricular activities, it is possible to achieve a better social mix and provide children with a broader range of support. It is therefore important to rapidly expand the supply of all-day schools and accompanying school development measures to guarantee that every child is able to attend a free all-day school with high quality standards close to their home.

ÖGB calls for establishing a new training allowance. That training allowance should cover the basic living costs of anyone over the age of 25 while they train for a new career or undertake more basic professional training. There should be legal entitlement to claim the allowance. Educational leave, part-



time work to allow for study and grants for skilled workers should be transferred to the training period account of the new training allowance.

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## PENSIONS, WELFARE STATE, POVERTY

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### Pensions

The EU Commission criticizes that public expenditure on pensions in Austria is above the EU average, but it does not mention that compared to other countries Austria's retirement provision guarantees adequate pensions and reduces the risk of poverty. In view of the demographic changes the assessment of the European Commission in its Ageing Report 2018 is incomprehensible. According to the Commission the projected increase in the required percentage of GDP for statutory pensions in Austria in 2070 would be too high - + 0.5 percentage point of GDP in 2070 (around + 1 percentage point of GDP in 2040) compared with today. Therefore, according to the Commission is the need to take steps towards greater sustainability. If the proportion of the population in the 65+ age group increases from the current 18.5 % to 30.4 % in 2070 (Ageing Report) a higher percentage of GDP should be spent on pensions in the coming decades. In this context, facing an ageing population the expected average decline (0.2 percentage point) of expenses in the EU should be seen with great concern!

Austria has already adopted measures and the effective retirement age has been increasing for many years. However, it should be noted that raising the statutory retirement age for older people often results in a reduction in their pensions. Older People often are not able to stay in employment for such a long time and therefore would have to accept correspondingly higher deductions from the amount of the pension. Furthermore, because of the pension reforms approximately 100,000 people became unemployed since 2010 (rather than receiving disability pensions). That is why, supporting measures (for rehabilitation and reintegration into the labour market) are urgent, but levels of support are currently inadequate. (See also section about labour market)

### Health

The government's **new proposed reform** of the social security system is limited to the claimed reduction in the number of social security institutions from 21 to 5, which is not even the case. With no clear strategy, the government is rushing to merge the nine regional health insurance funds to form a centralised Austrian Health Insurance Fund. There will still be differences in the benefits that the various insurers offer to employees, civil servants and the self-employed. **The reform will not reduce the costs of administering** the social health insurance system, which are one of the lowest compared to other EU-countries (the ratio of administrative expenses is 2.7%). On the contrary, ÖGB fears that budgetary and legal changes in financing social security services result in huge cost for social security schemes - about 1 billion over the next 5 years. One example is the reduction of the accident insurance contribution from 1.3% to 1,2%, exclusively in favour of employers which is expected to result in additional costs of about 600 million over the next 5 years. Moreover, fusion costs are not recognized. According to the Court of Auditors' report, the merger of the workers' and employees' pension insurance institutions in 2002 resulted in merger costs of around EUR 200 million. Therefore, merger costs of approx. 500 million euros are to be expected. ÖGB is strictly against that reform. Finally, also the successful steps of the past to reform the health system will be undermined by the new proposed reform of the government.

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## INVESTMENT POLICIES, ENVIRONMENT, TAXATION AND GROWTH

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**The heavy burden on labour and comparatively low taxation of capital is the greatest challenge for the Austrian tax system. 80% of the tax revenue is provided by employees and consumers.**

ÖGB shares the Commission's assessment that the heavy burden on labour has a negative impact on growth. While labour is still highly taxed, taxation on property is in comparison low in Austria. One of the most urgent demands of the Austrian Trade Union Federation is an ongoing reform of the taxation of wages (e.g. compensations for the fiscal drag). The fiscal drag should not be combated by automatically adjusting the tax brackets, as such an automated system does not help to relieve the burden on low earners. Instead, politicians should commit themselves to tax reform if inflation exceeds 5% (cumulated). That would make it easier to respond to the needs of vulnerable groups (low earners, single parents etc.).

Relief for low income earners should be provided by increasing deductibles and negative income tax from EUR 400 to 600 . In contrast, a reduction of social security contributions bears the risk of considerable losses in financing the health insurance funds and negative effects for patients cannot be ruled out

However, lowering the tax burden on labour must be linked with reforms of the fiscal structure. Care should be taken to make tax systems overall more conducive to growth and employment. This can best be achieved by taking steps towards taxation of wealth and employers' contribution based on value added.

Lowering the corporation tax is not advisable and objected by the ÖGB. Considering Austria's strong economy and high levels of investment, it cannot be assumed that reducing corporation tax will have any additional positive effect on growth. Instead of reducing corporation tax, it would be better to introduce the Common Consolidated Corporate Tax Base with a minimum rate at the EU level.

Looking at the budgetary plan of Austria it should be noted that the estimated tax revenue from wage taxes is too low. The government estimates that the increase in the tax revenue from wage taxes would be only 900 million but tax revenues from wage taxes usually rise by about 1.5 billion per year (see the table attached) which proves the report on budget performance.

([https://www.bmf.gv.at/budget/dasbudget/Bericht\\_Monatserfolg\\_August\\_2018.pdf?6n970f](https://www.bmf.gv.at/budget/dasbudget/Bericht_Monatserfolg_August_2018.pdf?6n970f))

It is utmost important to notice that over the years, the effective burden on profits is nearly constant (8 %) despite huge annual profit records.

The recommendation for Member States to take measures against aggressive tax planning and to combat effectively tax fraud and tax evasion is supported by the ÖGB. Nevertheless, the government has cut the list of non-cooperative countries on tax avoidance/fraud.



Finally, ÖGB is calling for a fiscal policy which must open up room for public investments in the future (social housing, childcare facilities, public transport etc.) The introduction of a Golden Rule of Public Investments should exempt certain public investments from the calculations of the budgetary deficit, would be an important step. Aim would be to spend additionally 1 % of GDP (loan-financed). This investment could create 100.000 new jobs and lower employment by 30.000 people.

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## STATE BUDGET AND FISCAL CONSOLIDATION

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In the view of ÖGB the Budgetary Plan of the Austrian government for the year 2019 neither is not able to meet the most urgent social challenges nor is the government considering the European Pillar of Social Rights (EPSR) when planning its budgetary objectives.

### **The Budgetary Plan hits the employees, unemployed, migrants and the poor:**

- (Older) unemployed people: The budget of Public Employment Service will be cut. The Action Programme 20,000 has been stopped.
- Drastical cuts in financial resources for integration of migrants, refugees and asylum seekers. The funds have been halved in 2018 and will be totally cut in 2019.
- Education: expansion of full-time care is delayed, funds for adult education and the training "Apprenticeship with Matura" are reduced.
- State cuts funds to promote language skills of migrants or asylum seekers in schools.
- Reduction of the accident insurance contribution from 1.3% to 1.2%, exclusively in favour of employers.
- Fewer investments in railways: The State funds made available for investments of the Austrian Federal railway will be cut by 1,8 billion between 2018 and 2022 regardless of the negative effects on employment and quality of public transport.
- In the fight against tax fraud: Job cuts in the financial administration. This means that the government steps back in the fight against tax fraud.
- Families or single parents with very low or low income are disadvantaged by the new family allowances. Tax-paying families with children receive a tax bonus up to 1.500 € per child. But: Low-earning single parents or sole earners who pay no or little tax will only receive a so-called child bonus of max. 250 euros per child and year.
- 120 million € for the tourism industry: The VAT rate in tourism is reduced from 13 to 10%. This means significant profit increases for tourism companies.
- Government plans for a massive reduction of the corporate income tax (KöSt).

### **Assuming that an amount equal to 0,5% of the GDP (~ 1,4 billion ) could be earmarked to implement the EPSR ÖGB's top priority would be:**

- Extensive investment to finance child care facilities.
- Expansion of the supply of free all-day schools.
- Guaranteed education and training up to the age of 25.

- Upskilling the unemployed.
- Special programmes for (old) long-term unemployed people such as a re-introduction of the Action 20.000.
- Supporting measures for rehabilitation and reintegration into the labour market.
- Necessary resources must again be provided for the integration refugees.
- Since the population in Austria will be sharply growing (over 10 million by 2050), investment in the growing metropolitan areas such as in social housing, workplaces, public transport etc. are key.
- The growing need for long-term care must be met by expanding a range of services: mobile services, day care centres, inpatient short and long-term care or alternative forms of care.

## SOCIAL DIALOGUE

As far as the Annual Growth Report (AGR) and National Reform Program (NRP) are concerned Social Partners are invited together with all ministries for a meeting by the Federal Chancellery up to now. Social Partners are also invited to send their comments and contributions. However, it has been still to be criticized that views from the Social Partners are not visible in the NRP. Only action programmes of social partners are listed in the Annex of the report.

An official dialogue between the Federal Government and the Social Partners before the for country-specific recommendations (CSRs) are dealt with in the corresponding committees and councils would be desirable as there is no formal consultation process in Austria for CSRs after their presentation by the Commission.

The representation of the European Commission in Vienna usually invites the Social Partners to several background talks after the country-specific recommendations (CSR) have been published.

Since the change of government, the involvement of the Social Partners has deteriorated as far as single reforms are concerned. The bill on increasing maximum working hours to 12 hours per day/ 60 hours per week passed without involvement of social partners and any serious prior discussions. As it regards several issues of utmost importance for the ÖGB like the reform of the social security system or the family tax bonus Social Partners were not seriously consulted and only invited to submit written comments on draft laws.

# BELGIUM

## CGSLB

### LABOUR MARKET AND EMPLOYMENT

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Grâce à la bonne conjoncture, il y a une certaine création d'emploi en Belgique, mais celle-ci est dans les plus basses de la zone euro. En outre, la qualité des emplois se détériore. Les formes d'emploi atypiques sont en pleine croissance sur le marché de l'emploi belge.

1. Alors que sur la période 2007-2016, la population active a augmenté de 4,7 %, force est de constater que les **indépendants `solos'** ont progressé de 13,25 %, les travailleurs temporaires de 10,8 % et les salariés à temps partiel de 17,6 %/ 2. Le nombre de travailleurs concernés par le **temps partiel** évolue de façon significative dans notre pays. Seuls trois États membres connaissent une proportion de travailleurs à temps partiel plus élevée encore que notre pays. Près de la moitié des recrutements chez les femmes concernent des emplois à temps partiel (47 % vs 16 % pour les hommes)/ 3. Les **contrats de travail temporaires** sont en pleine croissance. 42 % des nouveaux emplois créés en 2017 étaient des CDD, contre 34% en 2008. Nous constatons que ce sont surtout les catégories de la population les plus vulnérables qui ont des difficultés à décrocher un CDI/ 4. Les statistiques montrent que le **travail intérimaire** est en hausse également. En 2016, pas moins de 652 338 travailleurs étaient occupés sous un contrat de travail intérimaire (dont 232 919 étudiants). Selon Federgon, le travail intérimaire a progressé de 6,2 % en 2017 et fait beaucoup mieux que le travail régulier. / 5. Le nombre de personnes exerçant un **flexi-job** s'élève déjà à 43 000, avec une légère surreprésentation des femmes. Nous voyons qu'ils sont en pleine croissance dans le secteur de la distribution également, sachant que le système n'est autorisé dans ce secteur que depuis le 1er janvier 2018 : en 6 mois de temps, 3 365 travailleurs uniques ont déjà été enregistrés/ 6. Le gouvernement veut maintenant permettre aux citoyens de gagner **6 000 euros de revenus supplémentaires par an sans être taxés** pour offrir des services différents.

Il est difficile de comprendre comment il est possible d'avoir autant de jobs qui ne trouvent pas preneur alors que le taux de chômage reste élevé. Le taux d'emplois vacants confirme cette difficulté : il est passé de 2,23 % en 2014 à 3,36 % en 2017. Dans la pratique, **nous constatons que nombreux de ces postes vacants présentent un souci de mauvaises conditions de salaire et de travail, mais aussi souvent un problème d'exigence trop élevée que le niveau de scolarisation faible de bon nombre de demandeurs d'emploi ne saurait résoudre.**

Renforcer la lutte contre le dumping social et les discriminations

La discrimination ethnique sur le marché de l'emploi avait d'ailleurs été dénoncée dans le Country Report de l'année passée, mais les mesures qui ont été prises depuis lors sont insuffisantes. Par ailleurs, la discrimination fondée sur l'âge est une problématique sous-estimée. Une enquête

approfondie réalisée par l'UGent en 2015 a révélé que les politiques d'embauches de nombreux employeurs n'incluent plus les personnes d'un certain âge. Elle montre que les candidats comptant 6 ou 12 ans de plus (38 contre 44 à 50 ans) reçoivent environ 39 % moins d'invitations aux entretiens d'embauche.

Le marché de l'emploi belge est aussi confronté à des pratiques de dumping social. Sur les 142 000 emplois supplémentaires créés dans l'économie belge sur la période 2011-2015, 87 000 personnes détachées uniques ont été enregistrées (soit 61,2 %).

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#### COLLECTIVE BARGAINING, WAGES, GENDER-PAY GAP

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L'Institut syndical européen (ETUI) a étudié l'évolution de nos salaires en tenant compte de l'inflation, c'est-à-dire en fonction de l'augmentation des prix. Conclusion : le Belge a perdu en moyenne 1,7% de pouvoir d'achat sur les années 2016 et 2017.

Selon le gouvernement les travailleurs seraient toujours trop chers pour que les entreprises restent suffisamment « compétitives ». Cette affirmation n'est cependant pas exacte. L'écart salarial est compensé par la productivité élevée en Belgique. Il n'y a donc aucun effet sur notre compétitivité et la création d'emploi n'est pas ralentie par des coûts salariaux élevés.

L'appel des entreprises à diminuer les impôts et les coûts salariaux n'est pas seulement injuste quant à la contribution de tous à la prospérité collective selon leurs moyens, il laisse un goût amer à cause de deux constats:

1. Les revenus des actionnaires (propriétaires des entreprises) du secteur privé ont augmenté considérablement en comparaison avec ceux des travailleurs.
2. Les entreprises sont fortement subventionnées et ceci de deux façons: elles ne doivent pas verser de nombreuses cotisations sociales et elles reçoivent des subsides salariaux (exonérations fiscales pour certains régimes de travail).

En 2016, les entreprises belges ont payé 13 milliards d'euros d'impôts des sociétés. C'est peut-être une coïncidence, mais pour cette même année, les entreprises ont reçu pour plus de 13 milliards d'euros de subsides.

En 1996, il a été décidé par une loi spécifique d'aligner notre évolution salariale à celle de nos pays voisins. A l'époque, il existait une différence en coûts salariaux entre la Belgique et ses pays voisins. Il est impossible qu'une différence de coûts salariaux en 1996 ait encore un impact sur la compétitivité de l'économie belge en 2018. En plus de 20 ans, notre économie a évolué, elle s'est transformée et s'est adaptée aux structures de coûts. La productivité plus élevée compense les coûts salariaux plus élevés. Il n'est pas seulement important ce que un travailleur coûte, mais aussi ce qu'il rapporte. Les chiffres du CCE démontrent que la différence en salaire horaire nominal entre la Belgique et ses pays voisins s'élève de 11,6 à 12,6%. Lorsque cette différence est corrigée par la productivité en valeur, il ne reste presque plus rien. La différence n'est alors que 0,3% (voire plus haut. Selon l'OMC et la Banque Mondiale, la Belgique est également le 11ème plus grand pays exportateur de marchandises au monde et le 14ème plus grand pays importateur. Pour les services, nous sommes le 13ème plus grand

exportateur. Pas mal pour un pays ayant un soi-disant « handicap historique ».

Les coûts salariaux plus élevés n'ont eu aucun impact sur les marges bénéficiaires des entreprises belges ces 20 dernières années. Des chiffres de la BCE démontrent exactement le contraire. Ces dernières années, la Belgique s'est rapprochée du reste de l'eurozone et preste beaucoup mieux actuellement. Le niveau des coûts salariaux plus élevé n'empêche pas que les entreprises augmentent leur rentabilité année après année.

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## EDUCATION AND SKILLS

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Selon une étude de la Banque mondiale, dans un pays à revenus élevés comme la Belgique, le « capital humain » ne représente pas moins de 70 % de la création de la prospérité. Cela implique que la formation, l'éducation et l'expérience des travailleurs produisent un effet très positif sur la croissance économique et sont des facteurs plus déterminants encore que des bonnes infrastructures ou technologies de pointe.

L'organisation de formations pour des travailleurs et des demandeurs d'emploi est essentielle en vue de stimuler le capital humain. La Belgique enregistre depuis de nombreuses années des résultats beaucoup trop faibles dans ce domaine. Compte tenu de l'ère numérique dans lequel nous vivons de plus en plus et le vieillissement de la population, il est plus important que jamais d'investir dans l'éducation et la formation continue.

Voici un résumé des principaux défis à résoudre en matière éducation et de formation :

Une enquête européenne sur la formation et l'apprentissage des adultes nous apprend que la part de la population âgée de 25 à 64 ans ayant suivi au moins une formation au cours des 12 derniers mois s'élève à 45,2 % en Belgique. Comme nous le montre le tableau dans le rapport complet, cette proportion est en dessous de la moyenne européenne ; et bien inférieure à celle observée en France, en Allemagne et aux Pays-Bas.

Un autre paradoxe (qui se manifeste dans tous les pays les plus industrialisés) : les travailleurs les moins qualifiés devraient être davantage formés dans l'entreprise, mais le sont moins que les autres. Pourtant, leurs emplois ont une forte probabilité d'être entièrement ou partiellement automatisés à l'avenir. Une étude de l'OCDE montre que seulement 31 % des travailleurs qui sont le plus exposés à un risque de robotisation de leur emploi ont suivi une formation sur une période d'un an, contre 67 % des salariés les moins exposés à une automatisation de leur emploi. Nous constatons que les travailleurs les plus vulnérables reçoivent en moyenne sur une base annuelle 29 heures de formation de moins que leurs collègues.

Le gouvernement et les employeurs ont une énorme responsabilité à cet égard. L'impact du numérique sur l'emploi va s'intensifier, ce qui signifie que les défis vont se multiplier. Il devient donc urgent d'imposer des obligations juridiquement contraignantes en faveur de la formation de qualité. Le gouvernement peut contribuer à résoudre la problématique des exigences de qualification changeantes

du marché du travail via le développement et la promotion de l'enseignement STEM (acronyme de science, technology, engineering, and mathematics) et des systèmes d'apprentissage en alternance. Il faut savoir qu'en Belgique, la participation à la formation en alternance est inférieure à 5%; et seuls 14,3% des étudiants diplômés de l'enseignement supérieur le font dans une direction STEM.

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## PENSIONS, WELFARE STATE, POVERTY

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Les syndicats sont très négatifs par rapport :

1. au **renforcement de la dégressivité dans le chômage**, en raison de la baisse de revenu qui en résultera pour le groupe de chômeurs le plus faible. Les chômeurs isolés peuvent ainsi se retrouver en-dessous du seuil de pauvreté. Le gouvernement ne prévoit rien pour lutter contre le piège de la pauvreté, contrairement à ce qui avait été annoncé au départ à propos d'une augmentation des minima.
2. à la diminution des recettes fiscales et des recettes de sécurité sociale causée par l'introduction de nouvelles possibilités d'exercer des activités, à savoir les :
  - **Emplois à 6.000** , sans cotisations fiscales et de sécurité sociale. Les possibilités de recourir à de tels emplois risquent d'être exploitées au maximum dans le cadre des plateformes.
  - **Flexi-jobs** : système largement étendu : d'abord l'horeca, et maintenant aussi les boulangers, les bouchers, le secteur de la distribution, L'obligation d'effectuer le flexi-job pour un autre employeur est contournée en inscrivant le travailleur dans plusieurs sociétés pour un même employeur final. Pas de cotisations ONSS personnelles, pas d'impôts sur les revenus.

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## INVESTMENT POLICIES, ENVIRONMENT, TAXATION AND GROWTH

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Selon le FMI, les facteurs suivants ont un impact négatif sur la croissance économique belge :

- au fil du temps, les secteurs de l'industrie (plus productifs) ont été remplacés par des secteurs de services (moins productifs) ; ces premiers enregistrant une productivité supérieure à celle des pays voisins et pour les derniers, le constat est inversé ;



- un - déficit structurel en termes d'investissement public causant une détérioration de la qualité des infrastructures ;
- une population qui vieillit combiné à un manque d'investissement dans le capital humain ;
- un manque de concurrence sur le marché belge, en particulier dans certains secteurs de services.

Les organisations syndicales estiment qu'il y a urgence de renforcer l'infrastructure publique, d'investir davantage dans le capital humain et la formation, et de mettre en place une politique de mobilité efficace.

### Traitement alternatif de l'investissement public exigé

Le manque d'investissement public est un problème structurel qui a des effets négatifs sur la croissance potentielle de l'économie belge et le bien-être de ses citoyens. Le fait que la Belgique n'investit plus assez dans ses infrastructures depuis les années '90 pose problème. En effet, l'investissement public belge représente moins de 2,5 % de son PIB, ce qui est à peine suffisant pour amortir l'infrastructure existante. Cela implique que le stock de capital public est proportionnellement faible comparé au PIB, et que cette situation ne cesse de se détériorer, avec toutes les conséquences qui en découlent pour l'économie.

Le graphique dans le rapport complet montre les différences en termes de qualité de l'infrastructure belge par secteur et par rapport aux infrastructures allemandes et françaises.

Dans le Global Competitiveness report du World Economic Forum, nous pouvons lire que sur la période 2006-2017, la Belgique est passée de la 11e à la 24e position pour ce qui est la qualité de ses infrastructures.

Le moment est idéal pour une dépense publique plus favorable à l'investissement productif global. Dans le cadre de sa politique budgétaire, l'Europe doit aborder la question sous un autre angle. S'il est nécessaire d'assurer la soutenabilité des finances publiques, les défis sont devenus tellement importants que rien ne justifie encore de ne pas agir : des investissements ciblés et productifs s'imposent. Le sous-investissement structurel dans les infrastructures publiques constitue à plus long terme une menace bien plus grande qu'un accroissement limité de l'endettement national. Il faut considérer la dépense publique comme source de croissance.

Les partenaires sociaux belges partagent ce point de vue et plaident dans différents avis du CCE en faveur d'une adaptation des règles budgétaires du Pacte de stabilité et de croissance en vue d'un traitement alternatif des investissements publics. Ils sont favorables à la méthode proposée par la Banque nationale de Belgique. Pour en savoir plus, consultez l'avis relatif au Pacte national pour les investissements stratégiques : <http://www.ccecrb.fgov.be/txt/fr/doc17-2241.pdf>.

Aucun analyste politique ne s'attendait à de grandes ambitions budgétaires pour une année politique dominée par les élections communales et régionales, fédérales et européennes. Le gouvernement fédéral a concocté un sérieux 'fromage à trous' pour le dernier budget qu'il doit établir.

Le **rapport du Comité du Monitoring** lui-même, qui chiffre l'effort budgétaire à 2,66 milliards d'euros pour 2019, a suivi la vision optimiste du gouvernement sur une série de points de discussion, et notamment: **L'effet structurel des recettes supplémentaires de l'impôt des sociétés** suite à l'augmentation des tarifs en cas d'anticipés insuffisants. Ni la CE, ni la BNB, ni le Bureau du Plan ne croient à cet effet structurel. En conséquence, un montant maximum de 1,8 milliard d'euros de recettes/économies supplémentaires serait à chercher pour la période jusqu'à 2021

Pour trouver ses **2,66 milliards** pour 2019, le gouvernement opte surtout pour des **corrections techniques** et des hypothèses (optimistes) quant aux **effets de retour**:

**Correction de l'objectif du solde structurel: 0,6% au lieu de 0.56% = 170 millions d'économies en moins à réaliser. Le gouvernement économise 0.32% entre 2017 et 2019; s'il avait suivi les critères du PSC (trop sévères à nos yeux), l'équilibre structurel devait être atteint en 2019. /Jobs deal : 505 millions d'euros. /Le gouvernement part du principe que la position belge sur un assouplissement de la 'Clause d'investissement' du Pacte de Stabilité et de Croissance (PSC) sera intégralement acceptée par la CE. Ainsi, un montant prévu de 137 millions d'investissements pourrait être déduit du solde structurel. /Les 'effets de retour' : pour différentes mesures sensées favoriser l'emploi, le gouvernement a prévu des retombées importantes: 12 millions pour les starter jobs, 20 millions pour le e-commerce, 10 millions pour le 'travail autorisé', 2,5 millions pour les 'emplois d'intégration professionnelle'. /Dans l'impôt des sociétés, étalement sur 5 ans de l'exonération pour la constitution d'un 'passif social' dans les sociétés : 210 millions d'euros. / Lutte contre la fraude fiscale (+150 millions) et sociale (+100 millions)**

De Tijd a calculé, sur la base du budget économique sept. 2018 du BFP, que le **déficit 2019** atteindrait environ **8 milliards** (à politique inchangée, sans tenir compte des mesures de l'accord estival). Ce budget déséquilibré dû à une surestimation des recettes empêche le gouvernement de mener à bien les politiques et les investissements nécessaires pour remédier aux différents problèmes évoqués dans ce rapport.

La parafiscalité est également trop complexe, inefficace, injuste et dangereuse pour les recettes fiscales et de sécurité sociale.

Complexe : Risque de fraudes dans le budget mobilité et le cash for cars, Réduction insuffisante des **dépenses fiscales des sociétés** dans le cadre du tax shift, risque de fraude et déclarations fautives à cause de la complexité de l'IPP

Inefficace : Recettes insuffisantes de la taxe Caïman, mécanismes d'évictions de la taxe sur les comptes titres, réforme flamande des droits de donation et de succession, manque de moyen pour les contrôles de manière générale

Injuste : au niveau des taxes à payer, recevoir un bien immobilier est plus avantageux qu'acheter un bien immobilier en Flandre, une réforme des droits de succession et de donation en Flandre et de l'impôt des sociétés pas neutre budgétairement, obstruction belge à l'instauration de la taxe sur les transactions

financières, traitement fiscal favorable incompréhensible pour les investissements dans les secondes résidences, besoin d'une fiscalité du patrimoine plus juste basée sur une globalisation des revenus

## SOCIAL DIALOGUE

Les Recommandations de 2018 n'ont pas fait mention au rôle des partenaires sociaux dans la mise en oeuvre des politiques.

# BULGARIA

## CITUB

### LABOUR MARKET AND EMPLOYMENT

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The Bulgarian labor market gradually recovers from the crisis and some positive results have already been registered. The activity rate of population aged 15 years and over in 2017 reached 55.4%. This upward movement continues in 2018 due to the high labor force demand. It must be highlighted that during 2017 there was an increase in the employment rate of the population with lower secondary education (the rate went up to 22.8%) and the employment rate of the population with primary or lower education (rate reached 16.0%). In the same time the unemployment rate decreased to 15.4% for those with lower secondary education; accordingly the rate decreased for those with primary or lower education to 31.8%. The unemployment rate for the whole country reached 6.2% in 2017 which is the lowest level since the start of the crisis in 2009.

Currently the main challenge is the labor shortage. During the ten years period from 2008 till 2017, the country's population decreased by 590,000 people. The worsening demographic situation in Bulgaria results from the declining number of births as well as the on-going emigration flow which covers young people (including high school graduates). The country's age structure is characterized by the ageing of its population. At the end of 2017 the share of people over 65 years reached 21.0% (out of the total population). In 2008 this share represented some 17.4%. According to the Population projections, published by the National Statistical Institute, the population of Bulgaria will be reducing in time and will stand at 6.9 million people in 2020, while the number will hit slightly over 6.5 million people in 2030.

Due to the demographic situation the workforce reproduction is becoming more difficult. In 2017 the Demographic replacement rate is 64. This rate presents the ratio between the number of population aged 15 to 19 years (persons entering working age) and the number of population aged 60 to 64 years (persons leaving working age). In 2008 there were more entrants to the labor market than currently there are. The level of the Demographic replacement rate in 2008 was 91.

According to the latest business inquiries in the industry (performed by the National Statistical Institute) 35.9% of the employers recognize labor shortage as a factor limiting the activity of the industrial enterprises. Compared with 2014 (11.2%) and 2009 (11.1%) the rate has significantly increased.

The labor shortage can be overcome by implementing three different strategies.

The First strategy is about labor market integration of inactive persons and especially those who want to work but nevertheless remain out of the labor market (their number is around 190,000 people in 2017). Activating such inactive persons implies for government policies covering a number of dimensions such as: job creation in different regions of the country; education programs on socialization and acquiring labor habits if having been out of the labor market for a long period time; creation of quality jobs as to allow employment of disabled people or people in specific health situation; smooth and easy labor market reintegration of women with small children. Currently the labor market integration of inactive persons is being realized through the National Employment Action Plan 2018. Thus the budget on active labor market policies should be increased.

The Second strategy is about facilitating re-emigration of Bulgarians- attracting Bulgarian immigrants back to the national market. At the beginning of 2018 there were more immigrants than nationals returning in the country. According to the 2016 government data there are between 3.0 and 3.5 million Bulgarians abroad. Implementing a national migrants' policy requires systematical efforts on covering and registering the diaspora. Upholding the national identity implies for additional funds for Bulgarian Sunday schools and recruitment of highly qualified pedagogical staff. The ministry of labor and social policy has already run some campaigns in different European countries within which Bulgarians were presented with the opportunities of finding a job in their country of origin.

The Third strategy is about recruiting people from other countries; this can be especially applied to close geographical locations as well as to locations with existing Bulgarian minorities. Achieving this objective implies for the development of national housing policy (providing an own house for the foreigners), provision of transportation to the workplace and effective integration of emigrants' children into the education system. The Bulgarian government is already subsidizing transportation costs to the workplace and during the last two years has amended the legislative texts in order to facilitate the access of third-country nationals in the local labor market.

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#### COLLECTIVE BARGAINING, WAGES, GENDER-PAY GAP

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The Confederation of Independent Trade Unions in Bulgaria (CITUB) recognizes as main challenges the implementation of an income policy on wage convergence through the National budget and the increase of the national minimum wage. After the sustainable wage increase of 11.8% in 2017, wages went up by 7.6% in the first half of 2018. This data stands for comparatively good economic situation and possible continuation of the pay rise due to the higher industrial production, the decreasing number of employees and the higher labor demand.

In the first half of 2018 the average wages and salaries in the public sector increased by 9.2% while the increase in the private sector was by 7.1%. The positive trend in the public sector is a consequence of purposeful government policy in prioritized sectors and budget activities; on the other hand wages and salaries in the private sector go up due to the high internal competition in the European labor market and the labor shortage within the country. Considering the low labor remuneration, there are sector related defects and imbalances within the income policy which should be overcome by consecutive and purposive measures. The difference between the average wages and salaries in the highest paying economic activity and the bottom one is 5.7 times.

Although there has been an accelerated increase of the minimum labor income during the last two years, Bulgaria is still aftermost among the EU countries in terms of minimum wage. In 2017 the national Minimum wage increased by 9.5%; in 2018 there was another rise with 10.9%. The number of people under the minimum wage continues to grow and by the end of the first half of 2018 some 20.2% of the employees are hired under the minimum wage compared to 18% during the same period in 2017. The parallel increase of the average wages and salaries and the minimum wage has no significant impact on their correlation- it was 43.4% in 2017 and 45.3% in 2018. This is about the average of the comparative correlation rate in the EU member states where statutory minimum wages- the correlation there varies between 35% and 52%.

In this regard CITUB insists on consecutive accelerated increase of the minimum wage which will catch up the average wage increase and thus their correlation will be at 50% in 2022. Current government policy on increasing the minimum wage is supported by the trade unions but not by some of the employers organizations. The attempts to restrict the further rise in the minimum wage translated into negotiations on creating a minimum wage mechanism.

CITUB has been insisting with years such mechanism to be adopted. CITUB proposed that such mechanism can have a lower limit set at the poverty line multiplied by a coefficient of 1.3, while the upper limit is set at 60% of the national average wages and salaries. This proposal was not supported by the employers organizations which highly disagreed with the upper limit of the minimum wage mechanism.

In addition CITUB insists on negotiating minimum wages for the different economic activities, sectors and occupational groups. This proposal is a reaction to the employers' demand on abandoning the minimum insurance thresholds for the different economic activities and occupational groups.

Bulgaria is still with the lowest remuneration rate in the EU despite the consecutive real wage increase, the advancement of the minimum wage and the speeded convergence during the last years. Thus CITUB has been insisting on pay rise above the increase in the labor productivity which, on one hand, will accelerate the European convergence, while, on the other hand, will guarantee social justice although the high labor market imbalances. The goal is about reaching



60% of the GDP in the EU, 60% of the EU productivity level, 60% of the EU average wage in PPPs.

CITUB called the Bulgarian government to actively engage in the policy initiative Towards a European alliance for upward wage convergence which includes national and European social partners and governments. Through this initiative the state can enter into engagement and undertake activities on eliminating dumping and achieving fair wage level.

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## EDUCATION AND SKILLS

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Bulgaria has undertaken steps towards improvement of legislative framework both for pre-school and school education and vocational education and training. One of the challenges is to make VET more responsive to the fast changing labour market needs. The access to the forms of lifelong learning, covering the whole range of consultations, vocational guidance, literacy, vocational training, internships, apprenticeships, subsidized employment and promotion of territorial mobility, is still behind the expectations. The percentage of adults' participation in formal, informal and non-formal learning process is incomparable with the EU average.

One of the main barriers is financial. The level of wages and incomes is very low for non- and low-educated individuals without the asked skills. Larger recognition of the knowledge and skills acquired at work and informally, during each life stage can contribute to exercise the right of decent work and life would increase the adaptability and efficiency of the workforce and even to achieve sustainable employment and to reduce youth and long-term unemployment.

This goal requires an informed and consciously increased investment in the elaboration of a combined set of skills and attitudes, allowing for a flexible and low-stress adaptation to technologically renovated jobs. The way is establishment of appropriate mechanisms for ensuring and improving the quality and effectiveness of training measures, the training of teachers, trainers and lecturers, facilitating the transition education - employment - training - better quality jobs in professions and specialties demanded by businesses and laid down in the priority "white" and "green" sectors, the ICT sector and others.

The right to training for updating and upgrading of employees' competencies on a regular basis and extension of this right to all employees, including mobile, posted and cross-border workers should be exercised. This challenge could be met by strengthening of the relations and cooperation between educational institutions, business and workers, to direct additional targeted financial and time resources for expanding the participation in lifelong learning, promoting skills and talents, reduction of early school dropouts, second chance for cognitive, portable socio-emotional and professional competences, especially among vulnerable groups in the labour

market.

This challenge can be overcome by adequate policies and programs for sustainable investment in the "knowledge triangle" (innovation, research and education). Last data show diminishing of the professionals involved in science, research and development. This trend should be stopped by concrete schemas for motivation.

The next challenge is the quality of career guidance, education, training and lifelong learning. There are initiatives by the NAVET for the licensed centers but the school system is changing slowly. The working conditions of the teachers need to be modernized.

The undertaken updating of the state educational standards with concrete learning outcomes is ongoing in the context of the technological development and the European guarantee for skills.

The labour market analyses show that the functioning and the outcomes of the vocational education and training system not providing qualified labour force to the business. Systematic strategic measures should be undertaken to largely promote initiative, creativity, social entrepreneurship, interpersonal communication, development of emotional intelligence by "learning professionals". Encouragement of flexible pathways for entry into and exit from the educational system and upgrading of knowledge, skills and competences through remote forms, modular and internet based training, including evening, part-time and combined training and international mobility of both teachers / trainers and trainees can be problem solving tool. The process of introduction of credits in vocational education and training can contribute in larger scale.

Serious contribution to meet this challenge can play the larger promotion and introduction of the dual system supported last years by project based financial contribution from Austria, Germany and Switzerland. The efforts are reflected in policy discussions for advanced development of promising personal, professional and interdisciplinary skills and competences according the foreseen labour force profiles formulated by the employers. An active dialogue and sharing the responsibilities between businesses, vocational education and training system, including the tertiary VET, at national, regional and local level opens new possibilities for closer collaboration between the education and training system and the. The social partners are starting to play stronger role in matching the dynamically changing needs of the labour market at national and regional level.

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PENSIONS, WELFARE STATE, POVERTY

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The findings on the well-being and rights of Bulgarian citizens in the Semester papers clearly

confirm all the announcements on this matter by CITUB. Overall, the findings of the Report on Bulgaria (7 March 2018) are quite adequate and reflect the real and very worrying social situation in the country. Against this background, we are perplexed at the decision of the Commission to reduce the recommendations for Bulgaria (CSR- May 2018) in the social sphere to a single one, where the assessments for criticism in the respective areas have not found a place at all.

Bulgaria combines two unfavourable trends - high levels of income inequality with extremely low nominal levels of average incomes - in general and by main sources (from labour, pensions and social transfers). In order to improve its position within the EU, the country needs not only a faster incomes rise but also the implementation of a set of targeted measures, policies and reforms like: outstripped growth of minimum payments, including the minimum wage; change of the current flat tax system introducing a non-taxable minimum equal to the country's statutory minimum wage. A large contribution to broadening inequalities and social exclusion have the inadequate policies in the field of health care, social benefits and integration measures.

The social assistance system is extremely ineffective. Its effect on reducing the level of monetary poverty is only 5.8 percentage points while the EU average is 8.1 percentage points and even in some old member states it reaches 14 percentage points. Reforms should focus on optimizing the reach to the truly needing, consolidating social assistance programs, removing the now existing Minimum Income Guarantee criterion (EUR 38) and reorientation towards the formal poverty line (EUR 164 currently).

Comparative SILC-Indicators 2017 (Eurostat):	Bulgaria	EU28 average
- At risk of poverty or social exclusion -	38,9%	22,5%
- Proportion of persons severely materially deprived -	30,0%	6,9%
- At risk of income poverty rate before social transfers -	29,2%	25,0%
- At risk of income poverty rate after social transfers -	23,4%	16,9%
- Income quintile share ratio (S80/S20) -	8,2	5,1
- Gini coefficient of equivalised disposable income -	40,2	30,3

The healthcare system is built on the wrong principle and the hospitals are registered as commercial companies. This affects low and middle income population groups. Beyond the social security contributions, out - of - pocket payments of Bulgarians for medical treatment as well as for medicines are highest in the EU. These facts transform an important social system, as healthcare, in a powerful generator of "secondary poverty".

In our opinion, health care in Bulgaria needs to be reformed in the direction of abolishing the current trade model and the associated with it practices and moving to the so-called nonprofit status. We categorically believe that it is time to reduce the regulated payments and, of course, completely remove the unregulated extra payments from the patients.

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#### INVESTMENT POLICIES, ENVIRONMENT, TAXATION AND GROWTH

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Private investments fell significantly in recent years. The main obstacles to investments are: institutional weaknesses, skills and labour shortages and inefficient public administration. Public Investments - quality is increasing slowly but asymmetrically across types of infrastructure. Investments in road (EU Funds) increased, but rail and digital infrastructure progressing slowly. Highly alarming is the low level of FDI: (27,9% of GDP in 2007 and 1,9% of GDP in the end of 2017). CITUB acknowledges as positive all the intentions of the Government of the Republic of Bulgaria to improve the investment environment (e.g., reduction of the administrative burden on business, development of the capital market). However we do not see clearly defined steps, tools and methods for the realization of these intentions, including the declared in the government governance program engagement to make use of the opportunities provided by the Investment Plan for Europe. We have repeatedly stated and proposed targeted measures for industry revival in Bulgaria through the use of various tools and sources of funding - from stimulating domestic and foreign investments, through state funding and public-private partnerships. We believe that this is an important prerequisite for restructuring the economy towards new high-tech industries with high value added and for creating sustainable jobs.

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#### STATE BUDGET AND FISCAL CONSOLIDATION

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The issue of implementation of non-taxable minimum and partial introduction of progressive tax does not comment of the government again. It is a big problem, because the income inequalities are growing (for example: Ratio S80/S20, Gini coefficient and etc.). The share of VAT revenues from general tax revenues is worrying. In practice users are taxed twice, once directly and once indirectly with the high rate of 20%. Many countries have undertaken policy to reduce the VAT or its partial replacement by higher direct taxes, but so far in Bulgaria will not change.

Concerning the fiscal consolidation, it is projected the budget deficit to decrease by 2021 as

follows: -0.5% in 2019 and 0% in 2020 and 2021. As traditionally budgets in Bulgaria underestimate revenues, it can be expected that by the end of 2019 and 2020, it is possible to achieve a surplus. We do not find such a financial discipline a healthy one, given the severe shortage of funding for important sectors. The multiplier effect of government spending thus would be much higher in the conditions of moderate economic growth. We insist to terminate the process of fiscal consolidation because it does not rest on clear and objective economic arguments.

We propose the following steps:

- Implementation of non-taxable minimum equal to the minimum wage in the country;
- Increasing of maximum insurable income (10 times \* minimum wage);
- Implementation of progressive tax-scale;
- Healthy deficit levels according to Maastricht's criteria for stimulating internal demand.

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## SOCIAL DIALOGUE

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In 2018 there are not particular country specific recommendations for the social dialogue in Bulgaria. In general the social dialogue is envisaged as one of the main conditions for implementing of the National Reform Programme.

The issues of the National Reform Programme must be discussed in the Group 31 at the Council for European Affairs (CEA). The trade union representatives are also invited as members of the Group 31. The social partners also have got information for the documents, which should be discussed in Group 31. However, generally there is a lack of government willingness for active social partners' involvement in the European Semester and the appropriate procedures and mechanisms for this participation were not elaborated as yet. The activity of the Working group 31 to CEA is episodic.

There is not substantial advantage regarding the adoption of a mechanism for determining the amount of the minimum wage for the country. The employers' association presented their views that the national sectoral level negotiations for minimum insurance thresholds in the sectors, semi-sectors, branches and for various jobs and occupations should be terminated and they insisted too strong on this. They practically refused to negotiate with trade unions in sectors for the minimum insurance thresholds. For the last 2 years such thresholds are determined by the Government both for the public and private sectors.

In general, the employers' associations agreed that new negotiations with trade unions, focused on the minimum wages in sectors, branches, jobs and occupations should be prepared and started.

Negotiations for minimum wages have been already started in some sectors, but not everywhere. However, there is no agreement between the national employers' associations and national trade union confederations concerning the way of determination of the national minimum wage level. Employers rather prefer to have agreements by sectors and jobs at first and then to negotiate for the level of national minimum wage, having in mind the results of all agreements (in particular, to take the level of the minimum level among all the wages, which are agreed for particular sector or job and to determine it as a national minimum wage). The trade unions insist to negotiate for the determination of the level of national minimum wage at first and then, the sectoral negotiations could start, when the level of the national minimum wage could be used as a main indicator.

Currently the minimum wage is determined by the Government after consultations with the social partners within the NCTC. There were disagreements regarding the mechanisms for increasing the level of minimum wage. Although that, the Government decided that the amount of the minimum wage for the next year will be determined according to the current regulations and according to Medium-Term Budget Forecast of the Ministry of Finance. The amount of the minimum wage for 2019 will be BGN 560 (EUR 286) with a nominal increase of 9,8 % compared to the current level of minimum wage at BGN 510 (EUR 261).



# CZECH REPUBLIC

## CMKOS

### LABOUR MARKET AND EMPLOYMENT

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#### **Enforcement orders**

The Czech Republic is characterized by very low unemployment and high level of employment. Nevertheless, there are people, who are not involved in the official labour market. One of the reasons is the high rate of enforcement orders, especially in some regions of the Czech Republic. Persons affected by seizure will not accept an official job, because most of their earnings must be paid in instalments (based on writ of enforcement).

Without solving the problem of enforcement orders, these people will not be involved in the legal labour market. It is necessary to allow easier debt relief. There is a need to extend the possibilities of debt relief and to strengthen the responsibility of lending providers. It is clear, that a high percentage of people affected by enforcement orders is associated with considerable social problems in the given regions, and without solutions of enforcement orders, these problems will increase.

In the Czech Republic, 830 000 people were affected by enforcement orders in 2017., i.e. 9.7% of people over 15 years of age. In some regions (such as Usti nad Labem) this rate is over 20%. (source [www.mapaexekuci.cz](http://www.mapaexekuci.cz))

#### **A reduction of disadvantaged groups unemployment and unemployment in structurally affected regions**

Despite the low overall unemployment rate, the unemployment of some disadvantaged groups is still high (e.g. disabled people, parents with children, young people). Unemployment rates also vary regionally. Higher unemployment rates being particularly evident in structurally affected regions (or regions near borders). There is also a high number of enforcement orders in these regions.

An active policy needs to be more targeted to these vulnerable population groups or vulnerable regions. It is not possible to reduce spending on active employment policy for these population groups and for these regions. Besides the active employment policy itself, strong support for these regions and other economic policy instruments (e.g. public investment) is needed.

In the Czech Republic, there were 224 331 unemployed persons registered at the Labour Office

at the end of September 2018. Of these, 38 514 persons with disabilities (17,2% of the total number of registered persons), 3,666 mothers 9 months after childbirth (1.6% of the total number of registered persons), 39 226 persons who take care of a child under 15 years (17.5% of the total number of registered persons) and 31 147 young persons under the age of 24 (13.9% of the total number of registered persons). On average, the share of unemployed persons in the Czech Republic aged 15-64 (registered people at the Labour Office out of the total population) was 3.0 % at the end of September 2018. In some districts of structurally affected regions, however, the share of unemployed persons was significantly higher - e.g. Karviná (7.0%), Most (6.3%), Ostrava city (5.5%).

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## COLLECTIVE BARGAINING, WAGES, GENDER-PAY GAP

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### **Wage growth, including the minimum wage**

Despite of a strong growth in both nominal and real wages in recent years, the wage level in the Czech Republic is significantly lower than in Germany or Austria (or the EU average, which is pushed down by some countries, with lower wage levels). A wage convergence needs to be accelerated. The minimum wage and its share of the average wage / median is very low. The low wage level is explained by some economists by a low value added. However, it is precisely because there is a lower wage level in the Czech Republic and also because the prices at which Czech companies can sell their production are very often determined by foreign owners.

The wage level, including the minimum wage, must be further increased.

The minimum wage was only 478 euros (7th lowest in the EU) in the first half of 2018 and 672 PPS (5th lowest in the EU). The share of the minimum wage in the average wage was 37.1% in the Czech Republic in 2017. The share of employees' compensation in gross value added was 46.1% in the Czech Republic in 2017, when the EU average was 52.8% and 56.7% in Germany.

### **Gender-pay gap**

Women earn significantly less than men in the Czech Republic. One of the reasons is that women usually stay with children on parental leave. Parents, who return after the parental leave back into job, have usually the same wage as they had when they left job for the parental leave.

It is necessary to eliminate this wage discrimination. One possibility is that, when the parent is on parental leave, the wages of these persons should be also increased. If there is no collective bargaining at companies, an automatic wage increase for people on parental leave (in line with inflation) should be applicated. In companies in which collective bargaining takes place, the

wages of persons on parental leave should be increased by the same amount as is negotiated for other employees under collective agreements. At the same time, the parent should have a guarantee of a specific job position even after the parental leave (not only after the end of the maternity leave).

According to the Eurostat, the average gender pay gap in the EU was 16.2 % in 2016, while in the Czech Republic was 21.8%.

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## EDUCATION AND SKILLS

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### **A strengthening of dual education**

There is still insufficient use of the dual education system in the Czech Republic. The principle of dual learning has been proved successfully in some countries (e.g. in Germany). Students of secondary schools should be more involved into practice in the specific companies.

There are pilot projects of dual education in the Czech Republic (for example, a memorandum of the Ministry of Labour and Social Affairs with representatives of companies and the Moravian-Silesian Region). However, it is necessary to further extend this possibility of dual education to other regions of the Czech Republic. We believe that trade unions should be involved in this process, because they can contribute to its further expansion and successful implementation, too.

### **A strengthening preparation for limiting the negative impact of the digitization process on jobs**

The Czech economy has a significant share of industry. Obviously, the digitization process is threatening a high number of jobs.

The digital skills of students and employees need to be greatly enhanced. It is necessary to adapt the education system, including lifelong learning process. It is desirable that both social partners will be involved in this process.

According to some estimates, up to 50% of jobs are at risk because of the digitization and robots in the Czech Republic.

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## PENSIONS, WELFARE STATE, POVERTY

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## **A strengthening of the sustainability of the pension system and a higher level of pensions**

The level of pensions is relatively low compared to other EU countries in the Czech Republic. It is necessary to rely on a pay as go pension system managed by the state. At the same time, the resources of the pension system should be strengthened, namely by employers' contributions (in the Czech Republic through the so-called third pillar).

Companies employing workers in risky professions, where early retirement age can be expected (e.g. in heavy industry, firefighters, nurses), should make mandatory contributions to supplementary pension insurance.

According to the calculations of the Ministry of Labour and Social Affairs, approximately 650,000 people worked in risky professions in the Czech Republic in 2016.

## **An increase of the living minimum and a coverage all people by social system**

Living minimum is a socially recognized minimum level of income to ensure sustenance and other basic personal needs. The living minimum has risen for the last time in 2012. It is clear, that its current level can no longer fulfil its function. In addition, some social benefits are linked to the living minimum level - e.g. child allowances or childbirth allowances. In the past, the living minimum has not increased in the Czech Republic because of the pressure on unemployed persons to accept jobs.

It is necessary to increase the living minimum. It should play its role again. It is advisable to consider its automatic valorisation for the coming years as well. The government should also include more all the needed persons, such as the homeless, in the social system.

The current living level is 3,410 CZK and was increased in 2012.

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INVESTMENT POLICIES, ENVIRONMENT, TAXATION AND GROWTH

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## **Accelerating public investment**

In the Czech Republic, public investment is lower, and the process of investment is slower due to several legislative and non-legislative reasons. There is a need to remove the series of barriers to accelerate public investment - especially in construction. A lot of amendments to Building Act have been made in the past (last time last year), but the speed of construction is still slow. There is no clear medium-term investment plan in the Czech Republic.

A new Building Act must be adopted to accelerate construction. An Act on liner constructions, which are crucial for the future of the Czech economy, must be negotiated. This is also

connected with the need to create a clear medium-term investment plan of the Czech Republic. Social partners should be involved in its preparation.

According to the latest report of the World Bank - Doing Business, the Czech Republic is at the 156<sup>th</sup> place from all countries as regards building permits (length in days, number of permits, etc.).

### **A reduction in the outflow of profits from the Czech Republic**

There is a lot of foreign companies in the Czech Republic, which each year transfer significant profits in the form of dividends from the Czech Republic. In addition to this official outflow, domestic firms often pay similar amounts to foreign owners (companies) in the form of payments for services, brand, etc. There is a general suspicion about a tax evasion in some cases.

Legislative and non-legislative measures should be introduced to reduce the outflow of dividends. Owners should be motivated to invest more of their profits, which come from the Czech Republic, in the Czech Republic.

In the Czech Republic there is an outflow of profits of about CZK 300 billion (6-7% of GDP), which is one of the highest figure within the EU.

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## STATE BUDGET AND FISCAL CONSOLIDATION

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### **Removal of injustices in the tax system**

Some groups of taxpayers pay significantly lower taxes and insurance (health and social) in the Czech Republic. It's true regardless of that fact that the simplified expenses that can be claimed by entrepreneurs have been reduced since 2018.

It is necessary to compare the taxation of employees and entrepreneurs. Workers' disadvantages must also be eliminated in the case of health and social insurance.

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## SOCIAL DIALOGUE

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### **Strengthening trade unions rights**

The level of social dialogue is relatively high in the Czech Republic, yet, there are areas where

union rights should be to strengthen.

As regards the safety at work, trade unions should have the right to stop production in the potential for loss of life or danger to health. In the Supervisory Boards, it is desirable to strengthen employee participation. According a new law, trade unions should choose one-third (mostly only one member) for corporations with more than 500 employees. Trade unions should also be compulsorily involved in the preparation of Action Plans for major restructuring (industry, business).

### **Strengthening higher-level collective agreements**

At the level of some sectors, the trade unions do not have partners from business side to conclude higher collective agreements. However, in some cases, the absence of employers' partners may be speculative. Especially in the cases where these employers' representatives are involved in employers' groups at EU level.

A pressure must be put on employers' representatives to create employers' associations to negotiate higher-level collective agreements.



# DENMARK

## LO DENMARK

### LABOUR MARKET AND EMPLOYMENT

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The wage compensation rate in the unemployment benefit system has been decreasing for a number of years. The net rate of wage compensation has been stable at around 71% for a number of years. Due to a lowering of income tax and lower indexation of income transfers, it will drop to 54% towards 2025.

The major causes for the erosion of the net rate of wage compensation are that:

The reduction in the indexation of unemployment benefits from 2016- 2023 as part of the 2012 tax reform (as a result the rate is index linked and not linked to wage growth), the increased job allowance as part of the 2012 tax reform, the annual wage rate adjustment of 0.3% which finances the SATS ( the public pool of funds earmarked for disadvantaged groups).

The Danish Trade union movement finds that it is a fundamental problem that the unemployment benefit rate is continuously being eroded. This development makes it less attractive to seek insurance in an unemployment insurance fund, and this undermines the flexicurity system. A fair rate of unemployment benefit is necessary to ensure flexicurity and adequate support for the unemployment insurance funds which benefits the society at large and, finally, necessary in order to preserve the Danish model.

This erosion must be stopped. The wage compensation rate of the unemployment benefit should be raised. A specific proposal is to raise the the annual maximum unemployment benefit rate with 13.400 kr towards 2025.

We do not see signs of an overheated labour market and bottlenecks. Around 196.000 people (many of those in part-time employment) wish to work more hours, so there is no urgent need to attract more workers from outside of Denmark. Furthermore a better way to tackle the challenge with increased demand for skilled workers in certain sectors is to invest in education and training and lifelong learning in order to secure that unskilled workers or workers with outdated skills become able to meet the demands on the labour market. This topic is dealt with in the chapter on education and skills.

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## COLLECTIVE BARGAINING, WAGES, GENDER-PAY GAP

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-In a European context, the Danish labour market has a high unionization rate on both the worker- and the employer side. Similarly, there is a relatively wide collective agreement coverage.

It is the collective agreements that set any minimum wage rates and it is important to the Danish trade union movement that this role remains with the collective agreements. In other words, we do not want to see statutory minimum wages introduced. The collective agreements are typically industry-wide agreements. Meanwhile, many have ample opportunity to negotiate local agreements also. It is a flexible system which takes into consideration the different industries but which also ensures coordination within and between the areas.

In spring 2018 the public sector collective agreements were renewed.

Challenges: In parts of the Danish labour market the unionization rate and the collective agreement coverages are either receding or relatively low -

in a Danish context. This creates a risk of social dumping, among others, and to other forms of unfair competition. The Danish trade union movement therefore focuses on ensuring control with social dumping -

including whether the authorities maintain and increase the current monitoring -

and works to ensure that organisational coverage and collective agreement coverage are increased in these areas. In that connection, the decrease in unionization among young citizens is a priority area.

In Denmark, the wage differential between men and women is rooted in the fact that certain industries primarily dominated by women are lower paid than what has historically been typical male trades. In addition to this, the wage differential in Denmark is also due to the fact that men are promoted to better paying jobs than women.

The Danish trade union movement believes that the challenge with the wage differential between men and women must be solved by creating more openness regarding wage formation in companies. The Danish trade union movement therefore works for publicly available, mandatory wage statistics that can shed a light on the extent of the problem and identify obstacles and solutions to the problem of the gender pay gap.

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## EDUCATION AND SKILLS

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There is not a general labour shortage in Denmark but there is an increasing demand for skilled workers. But we do not see signs of an overheated labour market. Denmark faces an economic recovery and therefore this is the time to invest in education, training and lifelong learning to unemployed -

especially unskilled and skilled workers with an outdated education. More needs to be done to get the unemployed and especially people on the margins of the labour market into the economic recovery. We need to strengthen the elements of education and training in the active labour market policy and make use of the potential that is held by people currently not fully active in the labour market. We suggest the government cancels its proposed cuts in the funds available for lifelong learning and upskilling.

Another recurrent challenge is the lack of apprenticeships for VET students. A tripartite agreement from 2016 established financial incentives aimed at increasing the number of available apprenticeships. Unfortunately, there is still a lack of apprenticeships although the problem varies a lot between the different sectors. Another challenge - somewhat linked to the lack of apprenticeships - is the low attractiveness of VET compared to upper secondary education ("gymnasium"). There are ongoing political negotiations to solve the problem and the government has allocated 2 billion DKK. We do believe that one of the major obstacles for young people to choose VET as their number one priority is the lack of apprenticeships since it hinders people on completing their education in a satisfying manner.

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#### PENSIONS, WELFARE STATE, POVERTY

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Denmark has recently reduced social benefits. At the same time, the focus is on reducing income taxes. This increases the divide between those inside and those outside of the labour market. The Danish trade union movement is concerned by this development because it creates divides in society as well as more poverty. In the long term this could hinder social mobility.

The demographic trends in Denmark will have the effect that in coming years the number of children will grow as will the number of elderly. This increases the need for public services and care. Still, the Danish government tightens the budget for the public sector, and the growth in the public services will be very moderate in the coming years. This means the amount of services is reduced and, as a result, public services will be reduced. The Danish trade union movement recommends that adequate funds for public services should, as a minimum, be allocated to sufficiently cover the demographic development and a public sector able to adapt to the change of times.

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#### INVESTMENT POLICIES, ENVIRONMENT, TAXATION AND GROWTH

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It is crucial for the Danish trade union movement that the EU MFF is organized in a way that makes it possible to, over time, reduce and restructure the agricultural subsidies in return for an enlargement of the regional and social funds. This is to ensure that the funds reach an adequate amount to be able to raise the incomes and living standards in the poorest EU member states. It is necessary to invest in initiatives and projects that create long term growth and employment -

among other things by supporting skills development, skills upgrading and an inclusive labour market.

As mentioned in chapter 3 on education and training there is a need for investment in upskilling and lifelong learning.

## STATE BUDGET AND FISCAL CONSOLIDATION

### Public finances:

" Denmark has healthy public finances with a low public budget deficit (close to balance in short term and surplus in 2017) and a low public debt.

" Denmark lives up to the Stability and Growth Pact (the balance) and the Fiscal Compact (the structural balance - which has been implemented by the Budget Act in Denmark). In the medium-term forecast, the public finances is expected to be in balance.

" Denmark is therefore not expected to receive any recommendations or proposals for improvement of the public finances from the EU.

" There is a certain amount of flexibility in the Fiscal Compact, which does appear from the Danish Budget Act. According to the Fiscal Compact, the structural public deficit (the public budget cleansed of cyclical fluctuations) must not exceed the medium-term budgetary objective, which the EU establishes for each country and continuously adjusts. It is the so-called MTO (Medium Term Objective). Due to our sound public finances, the EU has twice adjusted Denmark's MTO and, today, it is below 1% of GDP. The Danish Budget Act has, on the contrary, a fixed limit of 0.5 % of GDP. The Danish trade union movement believes that Denmark should, in the EU-context, ensure a more flexible framework in the fiscal policy for a longer period, among others with increased focus on country-specific considerations. Furthermore, Denmark should benefit from the flexibility of the current EU-rules, and continuously update the balance requirements so they reflect the current and fair conditions of the Danish economy and the public finances.

## SOCIAL DIALOGUE

" In Denmark, we traditionally have a well-functioning social dialogue among the government, the employers and the trade union organisations.

# ESTONIA

## EAKL

### LABOUR MARKET AND EMPLOYMENT

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Estonian trade unions see the

1. Need to create occupational health insurance for our labour market. The Government is preparing occupational accident insurance but it is decided that this new insurance will not cover occupational diseases. We consider the lack of (state) institution dealing with prevention of occupational diseases and gather statistics on occupational diseases as a problem what should be solved.
2. Need to reform the unemployment benefits system in a way that at least 3/4 of unemployed could get unemployment insurance benefit. Today the rules to qualify as an unemployment benefit recipient guarantee unemployment insurance benefit to 32% and unemployment allowance to 24% unemployed persons.

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### COLLECTIVE BARGAINING, WAGES, GENDER-PAY GAP

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1. According to Estonian Statistics in 2017 the wage pay gap was 20,9 % in Estonia. According to Eurostat the number is even higher 26,9 % in 2015). The Government has developed a system for monitoring wage pay gap in public sector but this system does not apply to private sector. We see the need for using same kind of monitoring system in private sector, because according to statistics the gap is there higher than in public sector. We propose that there should be employers' obligation to inform employees about the pay gap and discuss with unions/employees the pay gap situation to find possible ways to reduce the gap. It also includes the disclosure of wages (not individually).
2. The number and coverage of collective agreements is very low and trade unions have asked for many years for the opportunity to get permission (change of Collective Agreements Act) to extend sectoral agreements on other topics than wage, working and rest time and leave. The attitude of employers and state officials towards collective agreements needs improvement. Promotion of sectoral collective agreements (incl. expansion of the derogation right) is needed. Based on the labour market research conducted in 2015, the number of enterprises, where labour conditions had been agreed upon by collective agreements, was 600, which formed 3.9% of the total number of enterprises, and 18.6% of all employees were covered by collective agreements (in 2009 the rate was 32.5%). However, this rate is considerably higher in the organizations that are members of the Central Federation of Trade Unions.
3. Ensuring state public servants' negotiation right. It is forbidden for public servants and not tolerated for employees in public institutions.

4. Bringing of the right to strike into conformity with the ILO standards, mainly in following points:

- To specify the concept of political strike in the manner that allows social-economic strikes with the aim of protecting employees;
- To review the extent of prohibition to strike for public officials;
- To create a dispute resolution body for employees who have no right to strike or a restricted right to strike, which will resolve labour disputes in their claims regarding salary or other requirements related to working conditions;
- To allow striking with the aim of protecting the representative or performing the collective agreement.

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## EDUCATION AND SKILLS

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1. Adult education and retraining needs to be changed in the following sections

- activation of employees without qualifications or with lower level qualifications (non-learners);
- better availability to all unemployed and employed persons ;
- better targeting (to whom and what to teach);
- quality of education.

Today the Estonian Unemployment Insurance Fund is organizing courses but we consider there should be more cooperation with The Ministry of Education and Science.

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## PENSIONS, WELFARE STATE, POVERTY

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1. The replacement rate for pensions is today on the 33% level. According to trade unions state should seek for higher rate - 55%. Today one of the group of persons at risk of poverty are retired people.

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## INVESTMENT POLICIES, ENVIRONMENT, TAXATION AND GROWTH

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1. EU structural funds should also be used for establishment of an occupational disease competence center (need described in box 1).

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## STATE BUDGET AND FISCAL CONSOLIDATION

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1. Introduction of an easy-to-understand, step-by-step income tax, which reduces the excessive tax burden on middle-earners.
2. Corporate tax reform to have incentives for reinvestment of profits, aiming to stimulate productivity growth.
3. Exemption of trade union membership fee from income tax.

The financial base required for the activity of trade unions is formed by membership fees paid by trade union members; the fees are collected monthly within the range of 0.5-1.3 per cent from the member's gross salary. The size of membership fee is a significant reason for many employees why not to join a trade union. The problem is more serious in the sectors with lower income, where the need for trade unions is in fact bigger.

Trade unions cannot be included in the list of non-profit organizations with tax exemption, which contains congregations and a number of other citizens' associations. However, employers can enter their membership fees in expenses and no income tax is levied on them. Donations, which, for example, are a major revenue source for political parties, are also exempt from income tax.

## SOCIAL DIALOGUE

1. Continuation of tripartite negotiations on the issues affecting the labour market.
2. Promotion of social dialogue on sectoral level.
3. Enforcement of workplace democracy. In the majority of enterprises, no informing and consulting is provided for the purposes of the Employees' Trustee Act.

Trade unions are of the opinion that Estonia needs a more systematic build-up of bipartite and tripartite social dialogue at all levels - state, sectoral and enterprise level - to ensure the attractiveness of Estonia as a place of work and worthy salary. Following the example of the Nordic Countries, the active role of governments in shaping the model is essential in building up mutual trust and giving responsibility as well as in enforcing partners.

4. Strengthening of trade unions: supplementary protection of union representatives by law.

Effective social dialogue cannot function without strong partners. The major hindrance in the process of organizing employees into trade unions is the employees' feeling of uncertainty as to whether the employer will respect their freedom of association and state guarantees given to the trade union leaders. Cases of unlawful dismissal of employees' representatives, which happen 4-5 times a year, widely resonate with employees; dispute cases are rarely settled in favour of the employees' representative, and therefore the position of employees' representative is generally considered to be unprotected. **We propose to change the procedure of cancellation/dismissal from service in the employment contract of trade union employees' representative.** In practice, disputed cancellations of representatives' employment contracts always reach the labour dispute committee, where employer's unlawful actions are established in more than 50% of the cases.

The report of the Nordic Trade Unions Confederations on the compliance by the Baltic States with the ILO conventions indicates the weakness of the elected employees' representatives' protection system in Estonia as a very serious problem.



# FINLAND

## SAK

### LABOUR MARKET AND EMPLOYMENT

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The Finnish economy is growing rapidly. It is likely that the government will achieve its goal of 72 % employment rate already by the end of this year.

The center-right government of Finland introduced a bill to ease individual dismissal in small firms. Originally, the threshold was 20 employees, but due to strong objection by trade unions the threshold was lowered to 10 employees. Still, the Finnish trade unions were not willing to distinguish workers according to firm size and they were emphasizing equal treatment for all employees. This escalated to a wave of political strikes. Finally, the government was willing to amend the bill by eliminating the threshold and vaguely stating that firm size should be taken into account in the overall assessment of the dismissal process. In court decisions this has already been the reality today, but now it would be explicitly stated in the law.

The government is also willing to continue developing the Activation Models and the dismissal bill on a tripartite basis. This was seen positively as previously trade unions were completely left out from the legislation process.

The Activation Models demand quite a lot from the unemployed. Trade unions are not particularly happy about the Activation Models and have emphasized that services for unemployed are vastly under-resourced already. To activate labour market policies to actually work, there should be a significant increase in the resources for providing services for the unemployed.

Trade unions together with employers' organisation have argued that family leave should be reformed and made more flexible and equal for both parents.

Strengthening flexicurity financed by employers is also one objective of trade unions for the near future.

A major concern of trade unions is an administrative reform that introduces a new level of administration between municipalities and the central government. Employment services are also moved to this new administrative level. The problem is that the new regional administration does not have incentives to focus on employment services as their funding comes from the central government and they do not have to pay for the expenses of unemployment. Therefore, there is the risk that the new administrative level will rather focus on providing health-care services that largely affect the population instead of employment services that only concern a small part of the population. Nevertheless, the administrative reform has yet to go through the parliament and it is not completely sure whether it will pass.

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## COLLECTIVE BARGAINING, WAGES, GENDER-PAY GAP

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As in other countries, also in Finland union membership is gradually declining even though the level is still high. Next round of wage negotiations will start in autumn 2019. The economy has expanded quite rapidly so it is expected that wages should increase as well.

Coordination of wage policies has become harder as centralized agreements are not possible anymore due to a change in employers' organisation rules. Bargaining takes place at sectoral level. Moreover, previous agreements end at different times so this also makes coordination harder as the economic situation might change in between agreements.

In some branches bargaining at local level has increased, but within the framework set by sectoral collective agreements. This is how trade unions want to develop local bargaining also in the future.

Gender pay gap is still a problem and it has not been reduced.

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## EDUCATION AND SKILLS

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Employment rates among less educated population are consistently significantly below more educated population. In order to lift the total employment rate we must focus on education and skills.

Trade unions have proposed that the mandatory education age should be extended to 18 years.

In addition, trade unions would support a basic skills guarantee scheme that would provide reading, writing and digital skills for everybody.

Employer financed flexicurity is also one way to develop skills.

Legislation has changed for better as the unemployed can retain their unemployment benefit for 6 months while can participate at own discretion to education and training.

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## PENSIONS, WELFARE STATE, POVERTY

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A profound reform of the social and health-care system is not yet completed and it is also ambiguous whether it will pass in the parliament. Although trade unions support the object of the reform to enhance accessibility to health-care, they have some concerns

related to the reform as it would largely privatize health-care and could make it more expensive.

It is expected that the next government elected by summer 2019 will initiate a profound social security reform to simplify the system.

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INVESTMENT POLICIES, ENVIRONMENT, TAXATION AND GROWTH

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Finland has been a leading country in R&D intensity. In the turn of this decade R&D intensity was 3,6 %, but after that it has declined steadily standing now at 2,7 %. Partly this is due to the decline of Nokia and private R&D investments, but also the government has cut its R&D expenditures.

The current government decided to increase R&D funding by over 100 million euros for next year, but effectively it has only cancelled its previous expenditure cuts. Next year public R&D funding stands in nominal terms approximately at the same level as when the government started in 2015. Obviously, in real terms public R&D funding is below the level in 2015.

Trade unions have emphasized the importance of R&D for future growth and competitiveness. Now, it seems that our concerns have been heard. Although R&D investments are not at a sufficient level yet, but there are hopes that this will be corrected in the near future.

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STATE BUDGET AND FISCAL CONSOLIDATION

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Finland is very likely achieving its MTO. Prosperous economic developments have rapidly reduced the fiscal deficit. The public sector as a whole is running a balanced budget. The central government is slightly in deficit, but it is compensated by the surplus of social security funds (mainly pension funds).

Trade unions have emphasized the importance of conducting countercyclical fiscal policy. Now, the estimates vary from slight tightening to small stimulus. Trade unions have argued that in the upturn of the business cycle fiscal policy should be tighter.

During the current government mandate tax-to-GDP ratio has fallen by 2 per cent. The government has lowered the taxes on labor. The government wage tax cuts partly compensate for the increases in workers' higher social security contributions, but there is also a net reduction of the wage tax burden as compared to 2015 when the current government mandate started. Balancing the budget has occurred exclusively through economic growth and expenditure cuts. Substantial part (but not all) of the trade unions argue that during the current economic upturn some taxes, particularly on capital income and property, should be increased to improve the debt/GDP ratio faster during the upturn and create more fiscal space in future economic downturns.

At the moment, fiscal rules do not prevent meeting the most urgent social challenges. Nevertheless, this does not mean that most urgent social challenges would have been addressed in Finland. It is likely that political will is lacking. For instance, the government initiated a process to reform family leave, but in the end was not willing to carry it through.

The government has not been particularly concerned of the European Pillar of Social Rights when planning the budget for fiscal year 2019 as the government has argued that Finland already successfully achieves all goals. Moreover, the objectives of EPSR have remained somewhat vague and therefore they have not been concretised in the budget planning process.

If 0,5 % of GDP could be earmarked for the implementation of EPSR, the top priority of trade unions would probably be to reform the family leave legislation and make it more flexible and equal for both parents (while paying attention to the diversity of different types of families).

#### SOCIAL DIALOGUE

Finland received three Country Specific Recommendations:

- 1) Achieve the medium-term budgetary objective in 2019, taking into account the allowances linked to the implementation of the structural reforms for which a temporary deviation is granted. Ensure the adoption and implementation of the administrative reform to improve cost-effectiveness and equal access to social and healthcare services.
- 2) Improve incentives to accept work and ensure adequate and well-integrated services for the unemployed and the inactive.
- 3) Strengthen the monitoring of household debt including by setting up a credit registry system.

CSRs do not explicitly mention the involvement of social partners although particularly 2) would be relevant for them.

The government has been willing to improve incentives to accept work by making unemployment less comfortable. Trade unions have not been adequately included in the process and they have been strongly against the reforms. At most, the government has arranged hearings for social partners, but they have been left out from actually influencing the outcomes.

Services for the unemployed have not been increased even though trade unions have voiced their support for this.

# FRANCE

## CFDT

### LABOUR MARKET AND EMPLOYMENT

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Le gouvernement français a lancé un nouveau chantier de réformes sociales ambitieuses en proposant aux partenaires sociaux un agenda de négociations, dont une réforme de notre système de formation professionnelle, d'apprentissage (voir encadré 3) et de l'assurance chômage.

La structure de l'emploi en France se distingue par une remarquable stabilité au cours des 20 dernières années " les CDI représentent un peu moins de 80% de l'ensemble des actifs occupés, tandis que les contrats à durée limitée et les indépendants en représentent chacun un peu de plus de 10% " mais le fonctionnement du marché du travail se modifie : mobilité professionnelle accrue, évolution permanente des compétences, renforcement de l'autonomie des personnes. Ceci a

conduit à une certaine fragmentation des relations de travail, et, une modification de certains équilibres entre donneurs d'ordre et individus.

Afin de prévenir les risques de enfermement dans les situations de précarité, les partenaires sociaux ont cherché à créer des

droits et des protections nouvelles, adaptés aux aspirations des personnes et aux besoins des entreprises. Pour la CFDT, la

sécurisation des parcours professionnels nécessite la construction de droits attachés à la personne et non plus à son statut " cela suppose un dialogue social à tous les niveaux, en capacité d'anticipation, de gestion des restructurations, des activités économiques et des mobilités professionnelles par une gestion des emplois et des compétences, l'investissement dans la formation, dans les entreprises et les territoires. Les personnes les plus en difficulté doivent bénéficier d'appuis et de conseils dans et hors de l'emploi. L'assurance chômage y participe. Le gouvernement a demandé aux partenaires sociaux de réouvrir une négociation visant à la remise à plat du régime d'assurance chômage. Des dispositions nouvelles ont été inscrites dans la loi, à la suite d'un Accord national interprofessionnel (ANI) de février 2018 : Le versement d'une allocation pour mener un projet de reconversion/transition professionnelle, dans les conditions prévues par l'ANI - les démissionnaires devant justifier d'une période d'activité antérieure de cinq ans " et être accompagnés pour définir ce projet.

L'élargissement au bénéfice de l'allocation créateurs/repreneurs d'entreprises, non prévue dans l'ANI

La création d'une allocation spécifique ouvrant de droit à certains travailleurs indépendants le bénéfice d'un revenu de remplacement forfaitaire et limité dans le temps.

L'ouverture d'une négociation dans toutes les branches, de mesures pour lutter contre l'utilisation abusive des contrats courts y compris intérimaires.

Le gouvernement considère cependant que le régime actuel engendre des effets indésirables sur la reprise d'emploi durable, une situation à laquelle les partenaires sociaux n'auraient pas apporté de réponses satisfaisantes. Il invite les partenaires sociaux à :

Mettre en place une assurance chômage qui limite voire supprime des dispositions en vigueur présentées comme

dissuasive a recherche d'emploi, et couteux pour le regime d'assurance chomage. Modifier les regles qui encouragent un recours excessif, au contrat a duree determinee (CDD) et interim.

Definir une trajectoire financiere qui recherche l'equilibre des comptes et la resorption du deficit cumule de l'Assurance Chomage.

Discuter de l'articulation entre systeme d'assurance contributive et systeme de solidarite finance par l'impôt, considerant que le modele actuel ne favorise pas le retour a l'emploi.

La CFDT a obtenu l'ouverture d'un diagnostic partage, afin de peser sur la redaction du document de cadrage. Les organisations syndicales et patronales ont propose au gouvernement trois reunions de concertation. La negociation doit debuter en novembre 2018. Ces rencontres visaient a faire preciser par les services de l'Etat les « insuffisances ou ecart du systeme d'indemnisation du chomage » et connaitre les intentions des pouvoirs publics. Nos attentes auront ete vaines.

Les partenaires sociaux s'interrogent sur les intentions reelles du gouvernement. Les negociations vont neanmoins s'engager, sachant que l'issue est bien incertaine. En cas d'echec, le gouvernement pourra remettre en cause la gestion paritaire du systeme d'indemnisation du chomage, une situation historique quiacterait la fin d'un modele social.

COLLECTIVE BARGAINING, WAGES, GENDER-PAY GAP

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Des apres son election, Emmanuel Macron et le gouvernement francais ont procede a une reforme du code du travail qui donne la priorite a l'accord d'entreprise sur l'accord de branche (avec un droit subsidiaire minimum garanti par la loi lorsqu'il n'y a pas d'accord).

Parmi les sujets sur lesquels la branche conserve son pouvoir normatif, il y a les classifications professionnelles et les salaires minima hierarchiques. Mais il revient a l'entreprise de negocier desormais l'ensemble des primes salariales. Dans certaines branches qui prevoient un 13eme mois ou des primes d'anciennete, c'est une petite revolution.

Dans le cadre de la loi "pour la liberte de choisir son avenir professionnel", adoptee en France en aout 2018, une disposition prevoit, pour les entreprises de plus de 50 salaries, l'obligation de publier des indicateurs relatifs aux ecart de remuneration entre les hommes et les femmes et des actions mises en uvre pour les supprimer. La mesure entre en vigueur au 1er janvier 2019 pour les entreprises de plus de 250 salaries et au 1er janvier 2020 pour les + 50. Elles ont 3 ans pour se mettre en conformite sous peine de penalites financieres. L'effectivite de la mesure est toutefois conditionnee par la publication d'un decret qui definira la modalite de construction des indicateurs pertinents.

Le projet de loi PACTE (Plan d'action pour la croissance et la transformation des entreprises) ambitionne une diffusion plus

large de l'epargne salariale (alimentee par des primes variables liees a des indicateurs de performance et a un partage d'une fraction des benefices). Mais la CFDT considere que le projet ne va pas assez loin (il concerne les entreprises de plus

de 50 salaries, nous demandons qu'il vise aussi les entreprises de 11 a 50).

Le SMIC fait l'objet depuis plusieurs annees de remises en questions qui n'ont pas, pour l'instant, ete suivies d'effet : SMIC

abaisse pour les jeunes, SMIC variable selon les regions pour tenir compte des differences de cout de la vie entre les metropoles et les zones rurales, desindexation du SMIC de l'inflation... L'imagination des economistes liberaux ne manque

pas mais aucun responsable politique n'a encore ose modifier les regles de fixation du salaire minimum legal.

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EDUCATION AND SKILLS

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Des négociations entre partenaires sociaux ont été suivies par l'adoption d'un projet de loi qui constitue une nouvelle étape de la sécurisation des parcours, il renforce les droits des salariés et apporte des améliorations au fonctionnement du système. Malgré quelques insuffisances, l'essentiel des droits créés par les partenaires sociaux ont été transposés dans la loi : le développement du conseil en évolution professionnelle, une amélioration des droits pour les salariés les moins qualifiés, l'indemnisation d'un droit pour la reconversion, le renforcement des droits pour les salariés des petites entreprises.

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## PENSIONS, WELFARE STATE, POVERTY

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Comme l'ensemble des pays européens, la France est confrontée au vieillissement de sa population, atténué par une natalité encore forte, mais amplifié par l'augmentation de l'espérance de vie et par l'arrivée à la retraite des générations du baby-boom, qui deviennent les « papy boomers ». Parallèlement, notre système de retraite doit faire face à de nombreuses mutations sociales, économiques et sociétales : montée du chômage, développement des carrières hachées, évolution des modèles familiaux. Les défis sont multiples : redonner confiance aux jeunes générations dans notre système, garantir un haut niveau de protection pour les travailleurs âgés, rendre notre système plus juste et plus lisible, tout en assurant l'équilibre financier de notre système en répartition, fondé sur la solidarité inter et intra générationnelle.

La CFDT milite depuis longtemps pour une réforme en profondeur de notre système de retraites (« réforme systémique »), en transformant notre système en annuités en système en comptes notionnels ou par points.

D'une part, la réforme doit apporter du progrès social : rendre le système plus juste (carrières longues, pénibilité), plus équitable (entre les femmes et les hommes, quel que soit le régime de retraite), faciliter les transitions travail/retraite (aménagement des fins de carrières) mais aussi garantir le niveau de vie des retraités, pour qu'ils bénéficient des fruits de la croissance.

D'autre part, le nouveau système doit être plus lisible, par une harmonisation des règles des 42 régimes et faciliter ainsi les choix des salariés (« retraite à la carte »).

La concertation entamée depuis début 2018 sur la réforme des retraites par le gouvernement reprend en grande partie et jusqu'à présent les réflexions portées par la CFDT depuis de nombreuses années. La CFDT sera vigilante tout au long du processus et continuera de porter ses revendications pour un système en répartition solidaire, universel, mais non uniforme, favorisant l'égalité entre les femmes et les hommes et créateur de droits nouveaux et personnalisés.

Espérance de vie à 60 ans : 27 ans (femmes), 23 ans (hommes)

Ecart moyen entre les pensions de retraite des femmes et des hommes : 25%,  
1,7 cotisant pour un retraité.

La France compte 8,8 millions de personnes qui vivent sous le seuil de pauvreté dont 3 millions qui sont dans une situation de privation matérielle grave. La France est marquée par la reproduction de la



pauvreté avec une forte vulnérabilité des plus jeunes. C'est aussi 3 millions d'enfants pauvres, 20,7% de chômage chez les jeunes et un système insuffisamment lisible. Face à ces chiffres le Président de la République a présenté un plan de lutte contre la pauvreté en septembre 2018.

La CFDT s'est largement investie dans son élaboration avec une conviction : la lutte contre la pauvreté implique d'avoir une vision globale des parcours de vie. Car les pauvres cumulent des difficultés en matière d'emploi mais aussi de logement ou de santé. Pour la CFDT l'objectif de ce plan est d'obtenir les moyens de disposer d'un droit pour chacun à l'accompagnement global, dans tous les territoires.

Cette stratégie cible les personnes les plus vulnérables et prévoit des dispositions de nature très différente pour répondre à ces multiples difficultés :

- Les mesures permettant d'améliorer l'accès aux biens et services essentiels des enfants,
- La simplification de l'accès à la complémentaire santé pour les plus vulnérables,
- Le renforcement, avec des moyens conséquents, des dispositifs d'accompagnement des jeunes pour l'accès à l'emploi, et notamment ceux qui sortent de l'Aide Sociale à l'Enfance
- L'instauration d'une obligation de formation pour tous les jeunes jusqu'à 18 ans
- L'augmentation significative du nombre de jeunes qui bénéficieront de la garantie jeunes, dispositif initié et défendu par la CFDT depuis 2014

L'amélioration de l'accompagnement des allocataires du RSA

Ainsi que l'augmentation de 25% des postes aidés sur l'insertion par l'activité économique.

Mais attention, les moyens annoncés doivent être réellement à la hauteur des ambitions affichées. Les choix et arbitrages budgétaires ne peuvent se faire au détriment de dispositifs d'accompagnement des personnes déjà existants.

De plus, les mesures et les moyens, quels qu'ils soient, ne feront pas tout. Pour la CFDT, la construction d'une société d'inclusion par le travail ne peut se faire que dans le respect du droit à la dignité de chacun. Cette construction doit se faire en étroite collaboration avec les personnes en situation de pauvreté, les associations investies dans la lutte contre la pauvreté et tous les acteurs sociaux et économiques. Ce devra être particulièrement le cas pour la concertation relative à la création d'un revenu universel d'activité.

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## INVESTMENT POLICIES, ENVIRONMENT, TAXATION AND GROWTH

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Quatre axes principaux d'actions à mener urgemment pour la CFDT :

Investir dans la recherche en priorisant les grands défis sociétaux (environnement, santé, mobilité, énergie) ;

Investir dans les compétences, notamment pour réussir la digitalisation de l'économie et la transition écologique. La question des salaires doit être articulée à ces deux transitions.

Une gouvernance partagée entre Etats, collectivités locales, organisation syndicales et entreprises ;

Evaluation systématique des mesures et dispositifs publics au regard des engagements sociaux et environnementaux, nationaux et internationaux, de la France.

Constat : Les entreprises françaises investissent davantage que les entreprises européennes, y compris les entreprises allemandes (23 % de la valeur ajoutée en France contre 20 % en Allemagne), et y compris dans l'industrie .

Malgré cet effort d'investissement, la productivité des entreprises françaises stagne et la compétitivité de l'offre française se dégrade en raison d'un « rapport qualité-prix insuffisant », en lien avec la qualité des produits et la compétitivité hors prix.

Les entreprises francaises investissent sensiblement plus que les autres entreprises europeennes dans l'immatériel (R&D,

brevets, logiciel, publicite), au detriment des machines et des equipements.

Les entreprises francaises auraient adopte un modele productif « sans usine en France » : elles conçoivent leurs produits en France avec des equipes de chercheurs, de designers et de concepteurs, tout en delocalisant leur production dans des

pays a moindre cout. Cette strategie expliquerait la simultaneite de pietres performances francaises a l'export et une profitabilite au plus haut pour les grands groupes francais. Ce phenomene conduit a une concentration des emplois en termes de qualifications (haut de l'echelle) et d'un point de vue geographique (metropolisation des emplois de conception).

L'enjeu est desormais de combiner « l'economie de la connaissance » et la transition ecologique avec les activites de fabrication dans les territoires.

Pour la CFDT, il faut responsabiliser les entreprises francaises a tous les niveaux envers l'efficacite des politiques d'aides aux entreprises (CICE, CIR, dispositifs d'exoneration de charges), qui doivent generer un retour pour les citoyens et

travailleurs francais, et pas seulement aux entreprises de nationalite francaise.

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## STATE BUDGET AND FISCAL CONSOLIDATION

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Absence de vision politique.

Le projet de budget francais de 2019 est place sous le signe d'une croissance ralentie et de contraintes budgetaires resserrees, qui reflektent les choix du gouvernement depuis le debut de son quinquennat. La reduction des depenses est son veritable leitmotiv, occultant la question des ressources.

Dans une democratie, le niveau des depenses publiques reflektent avant tout le choix des citoyens de mutualiser une partie de leur revenu pour permettre l'acces de tous a des prestations, des services et des equipements. Ce niveau est eleve en France, parce que les Francais sont attaches a un haut degre de solidarite.

Or cette annee encore le debat se focalise sur la baisse des depenses publiques, sur les efforts et les economies a accomplir. Ces debats occultent les deux seules veritables questions politiques qui fondent le pacte social francais : celle du

consentement a l'impôt et des choix politiques quant a son utilisation.

Si notre pacte social doit etre adapte pour relever les defis du 21e siecle, il ne peut etre uniquement apprehende de maniere gestionnaire. Avec son projet de budget 2019, le gouvernement revele son manque de vision politique de long terme : supprimer des postes dans la fonction publique sans avoir redefini les missions de service public, accorder quelques

credits supplementaires a la transition ecologique sans tracer de trajectoire a la hauteur du defi climatique, perenniser le CICE sans exiger de contreparties emplois et d'investissements de la part des entreprises, desocialiser les heures supplementaires au nom du pouvoir d'achat en fragilisant le financement de la protection sociale et en jouant contre l'emploi, etc.

Renforcer notre pacte social exige un impot juste et un debat collectif sur ce qu'il finance. C'est la condition du vivre-ensemble. C'est pourquoi la CFDT revendique de longue date une reforme de la fiscalite au service de la justice sociale

et d'une vision d'avenir tourne vers le progres.

En outre, la CFDT revendique que la Cour des comptes et le Commissariat General au Developpement Durable evaluent conjointement et systematiquement le projet de budget du gouvernement, sous leclairage des engagements nationaux et internationaux de la France, afin de verifier si les engagements sont a la hauteur des enjeux (environnementaux notamment).

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## SOCIAL DIALOGUE

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La CFDT est critique sur la méthode de réforme du gouvernement. Celle-ci associe trop peu les partenaires sociaux, sinon sous la forme de consultations menées sur un rythme très soutenu, avec des feuilles de route très encadrées. Ce fut le cas de la réforme du code du travail, pour celle de la formation professionnelle, (avec un accord national interprofessionnel pour lequel il a fallu se battre pour qu'il soit transcrit dans la loi), c'est le cas pour la réforme de l'assurance chômage. Alors que la négociation nationale interprofessionnelle était la règle des lors que le pouvoir politique entendait légiférer sur les questions touchant aux relations collectives et individuelles du travail, il considère désormais très clairement que les partenaires sociaux ne sont pas les défenseurs d'intérêt général et qu'ils ne sont donc pas légitimes à produire de la norme au niveau national interprofessionnel. Seule la réforme des retraites est, pour l'instant en tous cas, préparée en prenant le temps d'une concertation approfondie sur les objectifs et les enjeux, y compris de société, que recouvrent ce sujet.

Pour la CFDT, le gouvernement n'assume pas une réelle politique sociale alors que, par petites touches, sans faire partager sa vision, il transforme en profondeur le modèle social français.

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## FORCE OUVRIÈRE

### LABOUR MARKET AND EMPLOYMENT

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Les chiffres du nombre de demandeurs d'emploi sont désormais publiés chaque trimestre. Au total, pour toute la France, y compris les outre-mer et toutes catégories confondues, on recense fin septembre 2008 6 611 600 personnes inscrites à Pôle emploi, l'agence de placement et d'indemnisation des demandeurs d'emploi. Ce nombre a augmenté de 0,5 point sur le trimestre, mais reculé de 0,7% sur l'année.

La France ne connaît donc pas de décrue significative du chômage, au contraire, la courbe est repartie à la hausse en cours d'année 2018, ce qui va clairement à l'encontre des ambitions affichées par le gouvernement français qui promet depuis des mois une embellie en matière d'emploi grâce aux réformes engagées.

Les 50 ans et plus restent les travailleurs les plus touchés par la hausse du chômage : non seulement la courbe ne s'est jamais inversée pour cette catégorie là, mais c'est elle qui subit l'augmentation la plus rapide (+3,1% sur un an).

Le chômage de longue durée a également fortement augmenté : 2,811 millions étaient inscrits depuis plus d'un an fin septembre, un chiffre en hausse de 6,4% sur un an.

Parallèlement, le nombre de créations d'emploi est en chute libre. La création nette d'emplois salariés au deuxième trimestre 2018 atteint le nombre de 12 500 contre 104 000 fin 2017. Il faut remonter à la fin de

l'année 2015 pour retrouver cette situation de quasi-stagnation des créations nettes d'emploi, plaçant la France bien en deçà de la moyenne européenne.

Dans ce contexte, FO rappelle, notamment, son attachement au CDI, à l'emploi de qualité et à la lutte contre le phénomène de « permittence », situation qui permet d'enchaîner des petits boulots avec des contrats courts ou à temps partiel, tout en restant inscrit à Pôle emploi.

Une nouvelle négociation sur l'assurance chômage s'ouvre dans ce contexte à la demande du gouvernement. Ni les syndicats ni le patronat n'étaient demandeurs de cette négociation. Un accord doit être trouvé avant la fin du mois de février. Le document d'orientation du gouvernement vise surtout à dégager des économies sur le régime d'indemnisation qui risquent de conduire à une réduction de l'indemnisation des demandeurs d'emploi.

Outre la défense du rôle des interlocuteurs sociaux, FO soutiendra dans cette négociation la taxation des contrats courts, à travers l'instauration d'un bonus-malus qui permettrait de mettre un terme à l'utilisation massive et systématique, dans certains cas, des contrats courts voire très courts par les entreprises.

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#### COLLECTIVE BARGAINING, WAGES, GENDER-PAY GAP

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Le bilan annuel de la négociation collective montre en 2017 une baisse sensible du nombre de textes dans les entreprises (-14%), celles-ci préférant attendre le résultat d'un cadre législatif stabilisé pour négocier.

En 3 ans, 3 lois se sont succédées (Loi Rebsamen 2015, Loi Travail 2016, Ordonnances 2017), réformant en profondeur le cadre législatif de la négociation collective, en le rendant moins impératif et plus flexible. Loin de simplifier le droit applicable, ces réformes sont venues complexifier les règles du jeu. Pour FO, il faudra surveiller si cette tendance persiste sur la durée. Elle pourrait traduire une peur de négocier au regard des risques de perdre des acquis dans un contexte de flexibilité accrue.

A l'inverse, la négociation de branche reste dynamique, ce qui est plutôt positif. L'accord de branche a un rôle de régulation de la concurrence, via ses dispositions impératives.

La décentralisation des négociations, la suppression du « filet de sécurité » de la branche dans bon nombre de matières et la suppléativité de la loi conduisent également pour les négociateurs d'entreprise à un accroissement considérable de leur responsabilité susceptible de les effrayer et dont ils ne veulent pas. Il ne faut pas oublier que les négociateurs d'entreprise ne sont pas des juristes. Si les délégués syndicaux peuvent néanmoins s'appuyer sur leurs structures syndicales, ce n'est pas le cas des membres élus qui sont désormais habilités à négocier sur tous les thèmes dans les entreprises dépourvues de délégués syndicaux et, encore moins des salariés qui peuvent ratifier directement un texte unilatéral de l'employeur, y compris un accord de performance collective dans les petites entreprises où le lien de subordination est particulièrement fort.

Force Ouvrière déplore la disparition des institutions représentatives du personnel (IRP) séparées au profit d'une instance unique, le comité social et économique (CSE), conduisant à exiger des représentants élus une multitude de compétences techniques dans des domaines divers, avec pour risque que certains sujets soient relégués au second rang, notamment ceux ayant trait à la santé et à la sécurité au travail.

Depuis le milieu de l'année 2018, la hausse moyenne des salaires se situe en dessous de l'inflation : l'indice du salaire mensuel de base a augmenté de 1,5 % sur un an, alors que dans le même temps, l'inflation augmentait de 1,7%. FO dénonce la persistance de la modération salariale et revendique une véritable hausse du pouvoir d'achat réitérant comme priorité et nécessité économique et sociale l'augmentation générale des salaires assortie d'une réelle égalité salariale entre les femmes et les hommes.

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## EDUCATION AND SKILLS

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De nombreux rapports, et notamment ceux du Conseil d'orientation pour l'emploi (COE), indiquent que la logique d'automatisation et de numérisation de l'économie va transformer de manière importante l'emploi et le travail au cours des prochaines années. Pour anticiper et palier les impacts attendus, notamment sur la courbe du chômage, la nécessité d'adapter et de développer les compétences de l'ensemble des actifs est souvent mise en avant pour répondre au mieux aux besoins actuels et à venir du marché du travail. La formation professionnelle est bien souvent présentée comme un levier « magique » permettant de maintenir les salariés en emploi, mais surtout de réduire de manière significative le nombre de demandeurs d'emploi. Pourtant - FO l'a souvent rappelé - la formation professionnelle ne crée pas d'emplois : elle ne peut que contribuer à favoriser la mise en adéquation des compétences, certifications et qualifications avec les besoins identifiés en termes d'emplois.

Pour FO, l'axe à renforcer est celui de l'accompagnement des actifs. Si un travail doit en parallèle être mené sur le thème de la certification, et plus précisément sur la juste transcription des compétences attendus en référentiels de formation et de certification, il est indispensable de mettre à la disposition de chacun les outils nécessaires pour leur permettre de faire des choix éclairés. En 2015, la France a créé le Conseil en évolution professionnelle (CEP), prestation offerte gratuitement à chaque actif pour lui permettre d'analyser sa situation professionnelle, de faire le point sur son parcours, de construire un projet professionnel et, le cas échéant, un parcours de formation permettant la réalisation de ce projet. Si le nombre de bénéficiaires de cet accompagnement est encore faible, au regard de ses objectifs, il ne cesse cependant d'augmenter et permet à chacun de disposer d'informations fiables sur les besoins en emplois et sur les formations permettant l'évolution ou la reconversion professionnelle.

Ainsi, à l'inverse de ce que prévoit la loi pour la liberté de choisir son avenir professionnel du 5 septembre 2018, c'est-à-dire une illusion de liberté permettant à chaque actif de choisir sa formation « en 3 clics » sur l'application CPF (Compte personnel de formation), de la financer (du moins partiellement) avec les euros dont il dispose sur son CPF, et de s'inscrire directement en ligne, FO est convaincue que l'information et l'accompagnement sont indispensables pour investir dans une formation qui permettra réellement de répondre à l'objectif de promotion sociale assignée à la formation professionnelle. La tentation sera grande, pour une majorité d'actifs, d'utiliser les droits inscrits sur leur

compte personnel de formation pour suivre des formations courtes (ex : anglais, bureautique, etc.) ou relevant normalement de la responsabilité de leur employeur, c'est-à-dire autant de formations qui ne leur permettront pas de progresser professionnellement ou en termes de salaire. Or, pour FO, la formation poursuit bien cet objectif : il ne s'agit pas uniquement de « partir en formation », mais bien de se former, de développer ses compétences, d'obtenir une certification / qualification supérieure et de progresser en termes d'emploi ou de salaires.

Sur la gouvernance, la loi pour la liberté de choisir son avenir professionnel du 5 septembre 2018 marque un tournant majeur dans l'histoire du système de la formation professionnelle en France. En effet, depuis 1971, syndicats et patronat disposaient d'une délégation de l'Etat en ce qui concerne la gestion des contributions payées par les entreprises au titre de la formation professionnelle. Depuis près de 50 ans, les interlocuteurs sociaux ont œuvré au niveau interprofessionnel national, mais également au niveau des branches professionnelles pour gérer au mieux les fonds de la formation professionnelle dans le but de favoriser tant l'insertion et la réinsertion dans l'emploi des demandeurs d'emploi, que le maintien et l'évolution dans l'emploi des salariés et la compétitivité des entreprises.

Le gouvernement a fait le choix de retirer la gestion de ces fonds aux interlocuteurs sociaux en actant la disparition des instances de gouvernance paritaires et en affaiblissant les missions des organismes paritaires mettant en œuvre les politiques déterminées par les branches professionnelles, ce que FO ne peut que déplorer. L'Etat va ainsi reprendre la main sur ces missions, réduisant fortement le rôle et la place des interlocuteurs sociaux dans le système de formation professionnelle.

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## PENSIONS, WELFARE STATE, POVERTY

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Une concertation est en cours sur la réforme des retraites, prévue pour 2019, dont l'objectif est de créer un système universel de retraite - un « régime unique par points » - à la place des 42 régimes existants.

FO s'oppose au régime unique par points. Cette réforme « systémique » sera évolutive de façon permanente puisque tous les ans le prix d'achat du point sera fixé par l'État pour que le « système reste à l'équilibre » ; pour les fonctionnaires l'État employeur se désengagerait de ses obligations ; et même le fameux engagement « 1 euro cotisé vaut les mêmes droits » est mis en défaut par le fait que les salariés paieront de fait pour les indépendants qui percevraient le minimum contributif unique.

Force Ouvrière demande que la concertation en cours se transforme en consultation sur le futur projet de loi et ainsi sur des éléments concrets : il ne saurait être question de découvrir des éléments non débattus préalablement au moment de la présentation du projet de loi !

De plus FO demande que rapidement des simulations soient réalisées sur des cas réels existants de départ à la retraite en 2019 ou 2020 et pour lesquels serait reconstituée la carrière avec le nouveau régime par points afin de comparer tant les montants de retraite que le maintien des grands principes (répartition, solidarité inter ou intra générationnelle, majorations familiales, interruptions d'activité, réversion, etc.). Pour FO, si l'engagement d'un « âge légal de la retraite à 62 ans à partir duquel on pourra liquider ses droits » est réaffirmé, il n'est pas précisé « à taux plein » et un malus ou une décote



pour un départ antérieur à 63 ans reste possible.

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## INVESTMENT POLICIES, ENVIRONMENT, TAXATION AND GROWTH

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FO souhaite ici faire de l'investissement dans les services publics l'une de ses priorités dans le cadre du semestre européen. Ce cadre a laissé peu de place jusqu'à présent aux services publics. Les recommandations ont plutôt visé la baisse des dépenses publiques et la promotion de la concurrence dans les services (au détriment du périmètre et de la qualité des services publics) que leur renforcement.

FO s'inquiète notamment du projet de réforme CAP 22 destiné à « refonder le contrat social avec les agents publics ». Il vise ainsi à renforcer le recours aux contractuels (alors qu'ils sont déjà près d'un million), à développer davantage encore le salaire au mérite, à concevoir des mesures de départs volontaires de fonctionnaires vers le privé et à re structurer les instances de dialogue social, notamment par fusions entre les comités techniques et les CHSCT, ou encore en asséchant les commissions administratives paritaires (CAP) de leurs prérogatives. Les agents FO pointent aussi les mesures - notamment un nouveau gel des salaires en 2019 - qui détériorent davantage encore leur pouvoir d'achat, en recul de 16% depuis 2000. Sur le plan des effectifs, 120000 suppressions de postes sont programmées d'ici 2022. Le gouvernement compte aussi revoir l'organisation territoriale des services de l'État pour « alléger » le périmètre d'action de l'État, en totale adéquation avec les visées du rapport du comité CAP22, lequel prône des abandons et privatisations de missions publiques.

Concernant les fonds structurels, **FO souhaite notamment une augmentation de la part qui leur est consacrée** dans le prochain cadre financier pluriannuel 2021-2027 et en particulier du fonds social européen (FSE) et de l'initiative européenne pour la jeunesse (IEJ). Même s'ils pourraient être davantage et mieux mobilisés, les fonds structurels européens constituent une source indispensable d'investissement public, au service des politiques sociales et de la réduction des inégalités.

FO soutient également un démarrage plus rapide de la programmation, une meilleure prise en compte du progrès social et de la cohésion territoriale et un meilleur accompagnement des porteurs de projets. Aujourd'hui, la complexité des procédures fait que les acteurs qui parviennent à mobiliser les fonds structurels sont surtout ceux qui en connaissent et maîtrisent les modalités d'accès. Beaucoup connaissent peu ou mal les procédures d'accès à ces fonds, si bien qu'il existe un nombre important de projets « dormants » qui pourraient être portés par des acteurs de terrain, notamment dans le domaine social, qui n'osent pas franchir le pas par manque d'information, d'expertise et de moyens.

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## STATE BUDGET AND FISCAL CONSOLIDATION

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Au plan macroéconomique, le gouvernement parie en 2019 sur une croissance à 1,7%. Il entend maintenir le déficit public (État, sécurité sociale, collectivités locales) à 2,8% du PIB (récemment il était question encore de 2,4%). Le déficit devrait être ramené à 0,3% du PIB en 2022 prévoit plus largement



le gouvernement. Autant dire un mouvement à marche forcée.

Le budget 2019 poursuit un certain nombre de mesures fiscales injustes, dans la lignée du choix fait en 2017 d'alléger la fiscalité du capital. Le gouvernement assure que les ménages bénéficieront en 2019 de baisses d'impôts à hauteur de six milliards d'euros mais le gouvernement a sous-estimé le poids de la fiscalité écologique et de celle du tabac et oublié de prendre en compte d'autres paramètres comme la baisse des aides au logement qui impactera ainsi le pouvoir d'achat d'environ 1,2 milliard d'euros. Selon l'OFCE (observatoire français des conjonctures économiques), le recul des prélèvements n'est pas de six mais de 3,5 milliards d'euros.

Quant à la désindexation des retraites et des prestations familiales (toutes deux quasi gelées en 2019 car revalorisées seulement de 0,3% face à une inflation estimée à 1,3% en 2019), cette mesure impacterait le pouvoir d'achat des ménages pour trois milliards d'euros. Pour Force ouvrière, dans un contexte d'inflation élevée sans effet de rattrapage sur les salaires, augmenter toujours plus le coût de la fiscalité énergétique sans compensation ou encore désindexer certaines prestations sociales sont des mesures qui, en plus de porter atteinte au pouvoir d'achat d'une partie des ménages, vont contribuer à augmenter les inégalités entre ceux-ci, des inégalités que les mesures fiscales du PLF 2018 auront déjà largement contribué à faire repartir à la hausse.

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## SOCIAL DIALOGUE

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La France n'est pas la plus mal lotie pour ce qui concerne la consultation des partenaires sociaux dans les différentes étapes du semestre européen. Les partenaires sociaux sont consultés régulièrement : au moment de l'examen annuel de la croissance, avant la publication du rapport pays, lors de l'élaboration du PNR et sur les recommandations pays. Le rapport pays a été l'occasion de plusieurs consultations avec le ministère du travail (au sein du comité du dialogue social européen et international) et la commission européenne, y compris sa représentation française.

Malgré cet effort de consultation, FO considère que l'impact sur les orientations reste très limité tant le parti pris des institutions européennes est important en faveur de la rigueur budgétaire, de politiques pro-business et de la déréglementation des marchés du travail. Pour FO l'exercice du semestre européen reste biaisé à la fois dans la méthode et dans ses objectifs, malgré la proclamation du socle européen des droits sociaux : il continue privilégier la rigueur voire l'austérité budgétaire et les réformes structurelles régressives.

Les recommandations pays 2018 ont été moins nombreuses que les années précédentes mais relativement fourre-tout et peu novatrices : poursuivre les réformes, baisser les impôts et la charge administrative, réduire les dépenses. Le maintien d'une recommandation sur le salaire minimum, alors que ce dernier ne fait l'objet d'aucun coup de pouce depuis des années est assez peu compréhensible. Le socle européen des droits sociaux n'a en rien fait bouger les lignes sur le contenu des recommandations.

FO considère qu'une consultation devrait se tenir en amont de l'élaboration des recommandations pays, ce qui n'est pas le cas aujourd'hui où l'exercice se tient après leur publication.

Pour FO, ces consultations sont aussi une opportunité de rappeler nos demandes en faveur d'un rééquilibrage du semestre européen en faveur du social au-delà des seules considérations économiques.

# GERMANY

## DGB

### LABOUR MARKET AND EMPLOYMENT

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The German labour market is deeply divided. A significant number of workers does not benefit from the overall favorable development in the labour market. Two major challenges in Germany are the large number of Minor Employed (Minijobber) and long-term unemployed.

#### Labour Market and Employment - Minor Employment (Minijob)

##### Challenges:

With 7.5 million workers, Minor Employment (Minijob) still is a considerable factor of non-standard work in the German Labour Market. 3 million of all Minor Employed are in the age of gainful employment (25-64 years). Within this employment relationship, the monthly wage is limited to a 450-Euro threshold. Thus, no tax or social contributions have to be paid by employees, except for a marginal pension contribution. However, there is the possibility of opting-out the contribution. The legal framework of Minor Employment has severe consequences both for the financial foundation of the social security system, as well as for the individual being dependent on family members and having low pension entitlements. This is especially the case for women, representing 75% of minor employed in the age between 25 and 64. Studies concerning the qualification of minor employed show, that much potential lies idle: From 2.5 million employees with professional or academic qualification, still 850,000 perform unskilled tasks, which goes along with dequalification processes, meaning former qualifications lose their value the longer a Minor Employment status lasts. Besides the fact, that minor employed are disadvantaged in further vocational training, dequalification is one factor why minor employed have the lowest chances among all workers to transition into standard employment. This phenomena is called lock-in-effect. Wages in Minor Employment are low, resulting in social assistance offices to raise wages in order to secure the individual breadline. This subsidy of low-wage-employment was the case for round about 460,000 minor employed as a principle income. Even more, minor employed are withheld labour rights, such as sick pay.

##### Suggested Policy Options by the DGB:

The above depicted challenges need to be resolved first and foremost by the expansion of Minor Employment into Regular Employment and its affiliation to the social security system by:

- Making social contributions compulsory (expansion of the "Gleitzone")
- Offering consulting services for both employers and employees to highlight advantages of a Standard Employment Relationship

- Fostering further vocational training by expanding program access and establish allowances
- Enforcing labour rights by increasing monitoring

## Long Term Unemployment

### Challenges

The 790.000 (September 2018) long-term unemployed do not benefit from the overall favorable performance on the labour market. The number of long-term unemployed persons most recently declined, but only due to the fact that less unemployed persons stay unemployed for a period of 12 month and added to the number of long-term unemployed persons. Persons who are already long-term unemployed de facto do not have a chance to escape the unemployment through taking up employment. Only 14 of 1.000 long-term unemployed persons are integrated in the labour market in the following month. The number of transitions from long-term unemployment to employment has declined once again by 8,4 %. The German Government has announced to create up to 150.000 publicly funded jobs through wage subsidies. Unfortunately the wage subsidies are only paid on the level of the minimum wage. This means that employers bound by collective agreements are put at a disadvantage. They have to pay the difference between subsidies and collective-agreement wages from own funds. Due to these unattractive conditions the aim to create 150.000 jobs will most likely not be achieved.

### Suggested policy options by the DGB:

- The “job-centres” who support long-term unemployed persons in Germany have to be adequately funded. (In 2016 and 2017 the underfunding in personnel and administrative costs amounted respectively 750 million €.)
- There is a need for a qualification offensive for long-term unemployed people. The possibilities for professional development have to be improved and significantly extended.
- Publicly funded jobs have to be extended, in form of regular employment subject to social security contributions and payed on the basis of collective agreements.

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### COLLECTIVE BARGAINING, WAGES, GENDER-PAY GAP

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**Strengthening collective bargaining coverage is a top priority of trade unions in Germany. In the last Country Report 2018 the European Commission has stressed that collective bargaining coverage has declined faster in Germany than in other OECD countries in the last decade. The DGB deeply regrets this development and asks the government to increase its efforts to alleviate the situation.**

**DGB thinks that the instrument of declaring a collective bargaining agreement to be universally binding should be used more effectively. For this to happen, further legal adjustments are needed. DGB proposals include a change in the mechanisms of vote in the so-called Tarifausschuss at the ministry of Labour in order to avoid blockages by the employers' organizations. Furthermore, the ministry of labour should be able to define the public interest on a universally binding collective agreement without taking reference to**

the old 50% threshold to show that the collective agreement has got a predominant importance. Also, the problem of employers leaving collective bargaining agreements or choosing to remain a member of the employers' organisation, without being part of a collective agreement (Mitgliedschaft ohne Tarifbindung/ OT-Mitgliedschaft) must be tackled. The possibility to include extra-benefits for union members into collective bargaining agreements should be considered as well. It should go along together with the right for associations to take legal actions. The system of co-determination must be strengthened and the relevant rights of workers and work councils on the firm level must be enforced and protected against attacks from employers. Due to the fact that collective agreements provide decent working conditions they should not be used to undermine legal minimum standards. Deviations from the law by collective agreements, should only be possible in case of equivalence regulations. With regard to the role model function of public authorities, public procurement law should guarantee that only those companies with an applied collective agreement should be awarded a public contract.

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## EDUCATION AND SKILLS

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All educational reports show progress in educational policy. The number of nursery places has risen significantly, more people are starting to study and continue to educate themselves. The trend towards higher educational attainment continues, and there is also an increase in competencies among students in many comparative tests. But a closer look at the figures shows that the social imbalance remains the problems of our education system. The number of young people without school and vocational qualifications is depressingly high. The gap between winners and losers also opens up in CVET. Too many were left behind by the trend toward higher education. The German education system is polarized.

**Lack in VET: More than two million people between the ages of 20 and 34 have no professional qualification. That's 14.4 percent of this age group.**

Many of them are unlikely to be able to make a living, threatening a life of precarious employment or unemployment. In 2015, overall, unemployment fell to around 6.5 percent, while it was more than threefold among the low-skilled, up from 0.4 to 20.3 percent, contrary to the general trend.

Around 290,000 young people were involved in the countless measures in the transition from school to training. The majority of them have a secondary school degree (47.7 percent) or a middle degree (26.8 percent). Supply has been below demand for more than 20 years in company training places, according to the education report. In this way, a high level of training is pre-programmed.

**The social split: Despite some progress, it has ultimately failed to break the long-lasting link between social background and educational success. Access to early childhood education is only possible to a limited extent for the children of unemployed parents in many places, since the legal entitlement to a day care center is linked to the employment status of the parents. Even with the same performance, the child of an academic has at least three times as much chance of attending high school compared to a work-child. The transition from school to work is much more difficult for adolescents with a secondary school diploma. Only 45.3 percent seamlessly make the leap from school to training. Also in the nationwide apprenticeship exchange of the chambers of commerce and industry, two out of three offers mean that a minimum level of secondary education is now required. Access to higher education also shows the social divide.**

**The regional divisions:** The new dividing lines now run between city and country. While the metropolises are characterized by a growing population and sometimes strong social tensions, in the countryside it is often about the preservation of schools and day-care centers. There are now 163 municipalities in Germany, in which the public body has completely withdrawn from the offer of secondary schools.

**The strict separation of vocational and academic education:** The strong division between vocational and academic education is a hallmark of the German education system. There are two different trends here. The number of students who already have an education in their pockets has dropped significantly - from 34 percent (1994) to 22 percent (2012). Nevertheless, there was noticeable growth of students without a high school diploma from 0.8 percent (2000) to 3.5 percent (2014).

**The growing share of private schools:** the importance of private schools is growing. There are now almost 4,000 of these schools in Germany. Their share has risen by a whopping 26 percent since 2006. This is a problem, especially in urban centers. Thus, these schools mainly attract economically stronger families. In this way, the expansion of private schools in large cities contributes to social segregation and thus to increasing social division.

**The underfunding of the education system:** There is enormous pent-up demand for public education spending. Ten years ago the Federal Government and state governments (Bundesländer) decided to spend at least 10 percent of gross domestic product (GDP) on education and research by 2015. According to their own decisions, they would have to invest at least 27.2 billion annually in day nurseries, schools, colleges and CVET in order to regain their connection with other industrialized countries. According to international standards, the demand is even higher

**Immigrant integration:** Over the past ten years, the situation of immigrants in the education system has improved and they, too, on average have higher educational qualifications. Nonetheless, every second foreign adolescent entered the countless replacement measures in the transition from school to work. Foreign adolescents leave school more than twice as often as native adolescents without a degree and three times less often attain university entrance qualification. Here, the lack of education success is linked above all with the social background. For ninth-graders from the same social milieu, the immigration history of the family

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#### PENSIONS, WELFARE STATE, POVERTY

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The German pension system lacks adequacy in total as well as in special cases - e.g. in cases of low income, long-term unemployment - and is inapt to reconcile families and careers. Driven by a narrow definition of sustainability the reforms after 2000 considered the statutory pay-as-you-go financed pension systems as unsatisfactory. Contributions to and expenses of a capital funded systems were not included in the analysis assuming they are sustainable. This led to the implementation

of political measures simply aiming at a reduction of expenditures of the statutory system regardless of the consequences to the employed. However the consequences for the employed were dramatic: inadequacy of benefits, inapt insurance coverage in cases of inability to work and a sharp rise in total necessary contributions in a multi pillar system (at least the process of transition of about 50 years). Therefore it's necessary to stabilize and raise the benefits of the statutory pension system measured as pension level ("Rentenniveau vor Steuern"). We also need to strengthen supplementary regulations to address special risks such as those named above. The overall aim should be to raise the pension level. This is also necessary to combat an increase of poverty amongst elderly people.

Actual legislation addresses some of these themes but are partly limited until 2025. In order to prepare policy measures after 2025 a commission (Kommission verlässlicher Generationenvertrag - commission on a reliable intergenerational contract) has been established to propose how to prepare the multi-pillar approach for the future. The commission is supposed to address the problem of inadequate pensions and rising contributions - but again the political debate is mainly driven by the employers perspective: They focus on how to dampen a future rise in contribution rates of the first pillar (which would result in lower pension levels) and how to raise pension age.

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## INVESTMENT POLICIES, ENVIRONMENT, TAXATION AND GROWTH

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Despite moderate increases in public investments in recent years gross fixed capital formation remains on an internationally low level at around 2 per cent (2017: 2,2 per cent). The persistent low level of public investments endangers the future sustainability of the German economy. The coalition agreement of the German government foresees additional expenditures in particular in the fields of education, infrastructure and housing. However, the planned expenditure do not match the investment needs. The so-called "Kommunalpanel" of the "Kreditanstalt für Wiederaufbau" (the German government-owned development bank) calculates the investment needs in the German municipalities on a yearly basis. In its report from 2018 it underlines that the investment backlog has again increased from 136 billion in 2016 to 159 billion in 2017. A significant share of public investments is implemented by municipalities. Despite positive financial developments on the federal and "Länder" level many municipalities still have a strained budget situation. The excessive indebtedness of some municipalities severely restrains the financial room of manoeuvre for public investments - so urgently needed in particular in structurally weaker regions. What is more, the stabilization of public investments on a high level is also needed to rebuild administrative capacities that have been cut in recent years in order to implement investment plans adequately.

In general, The DGB is of the opinion that the increase of public investments planned by the government is not enough to match investment need. Underfunding is particularly severe in three areas:

a) education: A constant increase in public education is necessary to improve and expand childcare provisions, to support the expansion of full-day schools and to improve professional education. According to a study written by Klaus Klemm for the DGB in 2013, 27 billion per year (or 10 per cent of GDP) must be spent to meet investment needs in the field of early childcare and schooling and research.

b) infrastructure: a significant increase of public investments is necessary to make the German infrastructure fit for the future and to create a modern digital infrastructure.

c) housing: a massive increase in public investment has also become urgent in the field of housing. The DGB demands that 400000 new appartments (100000 of which should be reserved for social housing) are built per year to cushion the dramatical rise of housing costs in recent years. To meet the increase demand for social housing, 5 billion must be spent per year. Effective political measures in the field of housing are also necessary in order to tackle the problem of rising wealth



and income in equality in Germany, because poorer people are more seriously affected by rising housing costs than those better off.

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## STATE BUDGET AND FISCAL CONSOLIDATION

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### Public finances:

According to the preliminary results of the Federal Statistical Office (Destatis), the State had a financial surplus of around 48.1 billion euros in the first half of 2018. Measured in terms of gross domestic product, this represents a surplus ratio of 2.9%. The budgets of the Federal Government, the Länder, the municipalities and social security funds were thus able to continue to benefit from favourable employment and economic developments and a moderate expenditure policy. This continues the trend of recent years: since 2014, the State has been generating regular surpluses. Germany will thus comply with the EU's budget targets by next year at the latest and reduce its debt to below 60 percent of GDP. In 2017, the debt level was 64.3% (National Reform Programme 2018: 24). According to the debt reduction path of the Stability and Growth Pact, the Federal Government would actually only have to reduce 1/20 of the difference between the actual debt ratio and the 60% mark annually; i.e. the Government is saving more than it actually has to according to EU rules. Moreover, according to the draft budget (German Draft Budgetary Plan 2019), the German Government plans to further reduce the debt level to 52 % by 2022. Such a restrictive approach to fiscal policy makes no sense to the DGB (German Trades Union Federation). Given the investment needs in education, infrastructure and affordable housing, the government surpluses should not be used for budget consolidation, but rather for sustainably increasing public investment.

### Taxes:

Tax system reforms are needed to put public budgets on a solid footing and to combat rising inequality in Germany. In recent decades, those who have made significant profits and/or have high incomes have been exempted from taxation on large assets. Moreover, tax evasion and avoidance have been insufficiently tackled. A significant and steadily increasing proportion of tax revenue is now generated through income tax and excise duties. As a result, households are increasingly burdened by dependent employees and by people with medium and low incomes.

From the point of view of the DGB, those on the highest incomes and with the most assets should play a greater role in solidarity financing for a modern and future-proof community. There is sufficient potential for this to have a noticeable and positive impact on the vast majority of working people and their families, and to adapt income tax law to the changes in living conditions. This will, for example, improve work-life balance whilst taking into account the increased demands on the mobility of employees. This would ultimately also lead to a noticeable boost in domestic demand and a reduction in external imbalances.

Compared with the current tax laws and the tax laws planned by the Government for the years to come, a significantly higher basic income tax allowance and a higher maximum taxation rate (at a significantly

higher income threshold) are required. Instead of increasing the basic tax-free allowance to 9,168 euros as planned for 2019, it should be raised to 11,700 euros. The maximum tax rate should also be raised from 42 to 49 percent and only become effective from an income of 73,000 euros (instead of 55,961 euros). By broadening the tax base and the number of taxpayers, the trade tax payable to the municipalities should be increased. The wealth tax, which has been suspended for more than twenty years, must be levied again and designed in such a way that net assets above one million euros are taxed at 1.0 percent, above 20 million euros at 1.5 percent, above 100 million euros at 1.75 percent and for more than one billion euros at 2.0 percent. The privileged treatment of all types of assets under inheritance tax should be abolished and not replaced. The Financial Transaction Tax (FTT) must apply to all types of securities and financial derivatives. However, it is also critical that staffing levels within the German financial administration be significantly improved. There is an estimated need for 16,000 more full-time employees. By implementing these measures, more than 90 percent of taxpayers would receive greater tax relief and the tax revenue of the Federal, state and local governments in Germany could be improved by around 60 billion euros.

However, the German government is not striving for a structural and more socially balanced improvement in tax revenues. The planned abolition of the solidarity surcharge without replacement would instead result in further tax relief for those households with the highest incomes. More than three-quarters of the tax relief volume would then be accounted for by the top 20% of taxpayers.

(continues in the attachment)

## SOCIAL DIALOGUE

The involvement of trade unions in the context of the European Semester is rather poor on a national level. On a European level the involvement of trade union is more satisfactory. While European level actors regularly consult trade unions in different stages of the European Semester, the national government only gives us the opportunity to comment in written form on a draft version of the national reform programme.

However, the consultation with both European level actors and national actors lacks effectiveness. It is unclear what impact the consultations with social partners has on the drafting and implementation of country reports and country-specific recommendations. A democratisation of the European Semester, i.e. giving national parliaments and the European parliament a greater say, would increase transparency and accountability of the actors involved and open the opportunity for social partners to increase their influence.

# HUNGARY

## MOSZ

### LABOUR MARKET AND EMPLOYMENT

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The advantageous procedures on the labor market have been proceeding in 2018. The unemployment rate was among 3,6-3,8%, the rate of employed persons between the age of 15-64 has increased to 69,4%. There was a positive change in case of both genders, but the employment rate of male citizens was shown higher (76,5%) than those for female citizens (62,4%).

According to forecasts due to the disadvantageous demographic **tendencies the number of from labor-market point of view active citizens accelerates on a decreasing level, in 2020 the extension of labor supply will no longer continue.**

**Parallel to the economic growth the steady high demand for labor in the private sector will promote the expansion of employment. The adjustment problem of the decreasing labor reserve (the non-adequate capability of labor and the lack of labor mobility) hinders the incentive of corporations for labor expansion. In general after the intensive expansion of the number of employed the rate of employment shows a moderate increase. With the continuing acceleration of employment the current unemployment rate of 3,6% is possible to drop to 3,3% until 2020.**

#### **There are even more open positions**

The number of open positions has increased to a new historic level in Hungary in Q2 according to data of the Hungarian Central Statistical Office. There were 83 600 open positions between April and June, which means a 27% increase for the same period of time from last year. Almost 62 thousand positions were affecting the private sector. Most of them were lacking from the processing industry but even the construction industry, information-communication or touristic services were facing a major problem.

**The shortage of labor has increased in almost every sector of the economy, which is today a major burden of production. In the next period the labor shortage can further expand since there can be an intense increase of the Hungarian economy. It is important to highlight, that labor shortage can mean an even more important burden of the corporations' increase of production, which might so hold back the growth of GDP. On the other hand due to the intensive shortage of labor the employees have an easier access for wage increase (and businesses are forced give higher salaries in order to keep employees) which means a positive effect on the extension of the internal demand**

**on the short run.**

### **Challenges**

The Hungarian labor market is facing a quantitative and qualitative challenge. The deteriorating demographic situation means a great job for the government. Based on the current procedures until 2030 the population of active age will significantly decrease by 6% hence there is a need for demographic change in order to keep the active population at least at the present level. It is important to give a significantly more competitive knowledge for the education system.

The fiscal interventions concerning salaries have a positive effect on the labor market, the government with its presence can have a direct effect on the performance of the economy by regulating the wage level, wage expenses. Due to the labor-market reforms since 2010 the recovery is continuous. In a European comparison both the employment and the activity have been prominently increased, while the unemployment rate was constantly decreasing. The full employment has become in an achievable distance, this phenomenon is besides a great challenges for the Hungarian economy.

Within the country there are significant regional deviations as respect to wage levels, which is not necessary an advantageous status but can stimulate the mobility of labor within the country.

With the expansion of the e-public administration, respectively the digitalization with governmental support the labor capacity could be rearranged to the private sector. Contributing to the elimination of labor shortage, that hinders more and more the growth of the economy.

### **Emigration**

Based on a Eurostat report it was found that 3,8% of the active (between 20-64 years) citizens of the European Union have been living in a from its own citizenship different Member State in 2017, whereas this ration was only 2,5% ten years ago. Hungary took the 13<sup>th</sup> place with 5,2% last year. Due to the ageing society it is a national economic interest to promote domestic employment, which could primarily be achieved by further increasing wages.

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COLLECTIVE BARGAINING, WAGES, GENDER-PAY GAP

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### **Collective agreements**

Collective agreements are usually made in the economic sector rather than in public administration. While in the private sector it is the most important asset for setting wage conditions in the public sector it can only be achieved after a heavily restricted bargaining procedure (due to the restrictions of the law on the legal status of public sector employees, and the great number of regulations on public administration and sectoral implementing regulations). A well-organized labor relationship and the normative partially advantageous agreements are indeed highly important for both sectors therefore collective agreements have legitimacy on both terms. Under the effect of some principles regulating the legal status of the public employment

there is no possibility to make collective agreements. Collective agreements can be theoretically made on a workplace, professional, sub- and specialized sectoral, regional and national level. In Hungary today the dominant level of collective agreements is on a micro level, the institution of the professional and country-wide collective agreements are not present. The collective bargaining procedure - in a European comparison - is extremely decentralized. Currently (based on the available data from 2012, which are mostly equaling to the present situation) all together around 880-900 thousand employees operate as a subject to collective agreements in Hungary. This coverage is less than 1/3 of the effected employees. Thereof in case of collective agreements subject to one employer 650 thousand workers are affected (20-22%), as for agreements made by several employers 78 thousand (2-3%), agreements made by organizations of employer interest 135 thousand people (4-5%), whereas collective agreements with an extended effect concern 230 thousand people (8-9%). It can be experienced many times that signed collective agreements (mostly many times modified) are not the best legal norms. Often they are excessively copied, the content is repeated, sometimes it contains non-valid, non-enforceable amendments or their wording, use of definitions is non-sufficient. Even though the primary legal political aim of the Labor Law of 2012 (further referred to as LL) is to extend the possibilities of collective autonomy and the regulational role for subjects to collective labor law, for which the content of the institutions has been significantly modified, the perceptible positive change concerning collective agreements (both on a quantitative or qualitative level) has not yet been set.

### **Wages, cost of labor**

From January to August 2018 the gross average monthly wage was 323 300 HUF (1000 EUR), while the net average monthly wage was 215 700 HUF (660 EUR) - calculated without family benefits - both amounts augmented by 11,8% relative to the same period of last year. In 2018 the family tax benefit for families with two children has further increased. Taking the benefit into account the net average monthly wage can be accounted to 224 200 HUF (690 EUR). The increase was effected by the recovery of labor demand, the acceleration of the guaranteed minimum wage by 8, respectively 12% and the wage setting affecting certain public administration companies.

Besides the 2,6% increase of consumer prices real wages have risen by 9,0% relative to the same numbers of previous year. The gross and net averages have both increased by 10,1% compared to the same period of time from previous year.

Data show, that in the extremely tight labor market environment corporations are in a very strong competition for keeping and hiring work force, therefore the employees' position for wage bargaining is continuously getting better, which leads to a strong wage dynamics. The original procedure for setting wages is so further getting more intense parallel to the available labor capacity, but due to the lower rate of minimum and guaranteed minimum wage increase compared to those in 2017 a somewhat moderate level of wage dynamics is to be expected.

There is a great uncertainty around the expected company reactions for the narrowing of fringe benefits, the so called cafeteria system in 2019 so around the decisions on wages for next year.

In a tense labor market environment the majority of companies will probably react with wage increase besides the expansion of the remaining cafeteria assets.

The effect of wage dynamics on wage costs are mellowed by the decrease of payroll taxes set in the wage agreement. After the reduction of the social contribution tax of previous year and beginning of the current year - 5 and 2,5% - it will further be lowered in four steps by 2-2% depending on the increase of real wages. Based on the budget plan for next year the 2% drop of payroll taxes can be realized from 1<sup>st</sup> July 2019.

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## EDUCATION AND SKILLS

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### Continue Box 2:

#### Among the Visegrad Group Countries minimum wage is the lowest in Hungary

In Hungary in 2018 the gross minimum monthly wage was 138 000 HUF which on a 325 HUF/EUR rate **equals to 425 EUR. This means net 282 EUR. In Slovakia the level of gross minimum wage was 435 EUR, this year 480 EUR (net 403 EUR) last year.** In the Czech Republic the lowest wage was gross **420 EUR. This year it was 470 EUR, which is net 413 EUR.** In Poland last year it was 480 EUR, so net **351 EUR.** Currently the level of gross minimum wage is **505 EUR, which makes net 368 EUR. Thus, the level of minimum wage is still the lowest in Hungary among the Visegrad countries. In gross Poland, in net the Czech Republic gives the highest amount for the minimum wage.**

#### Allocations

According to surveys in the last five years the highest level of wage boom was counted for workers with the lowest education level. Based on an online wage survey in 2013 the gross average monthly salary for employees with primary school education was 146 000 HUF (450 EUR), in 2018 it was gross 227 000 HUF (700 EUR). In a five year comparison it makes 55% increase, which is the highest relative to all education levels.

The salary of lower educated workers has increased in the highest degree anyway: workers with a specialized middle school education earned gross 155 000 HUF (476 EUR) five years ago, whereas today they get average 233 000 HUF (715 EUR), which means a 50% increase of income. Employees with a high school graduation experienced a 45% increase of wages since their salary from 185 000 HUF (570 EUR) in 2013 was augmented to 270 000 HUF (830 EUR).

In case of the employees with higher education degree the increase took on a more moderate level: the rise for workers with college degree was 35%, while for those with a university degree it took 25%. It is doubtless that this group of workers earns far the most.

#### Wage gap

Almost half of the economically active population is women, more of them own a degree, still



they are less rewarded and they are less present among managers and entrepreneurs. According to surveys in Hungary women earn 25% less on average than men. 15% of women work in one of the lowest salary level jobs. This ratio for men is 7%.

According to Eurostat data in Hungary female leaders are more represented than in the EU, where this amount makes 65% (4,7 Million) men and 35% (2,6 Million) women. In Hungary 41% of leading positions are taken by women, which means around 48 thousand person. In the salaries of leading positions there are much worse differences: women work for 33,7% less, which means the highest level of wage gap in the EU.

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## PENSIONS, WELFARE STATE, POVERTY

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### **Pensions**

In Hungary the number of citizens benefitting from pension coverage was 2 596 people, from which benefitted for retirement pension were around 75%. This makes 26,5% of the population. In Hungary the average monthly rate of retirement pensions was 117 485 HUF (360 EUR) in 2018. The increase of pension rates changes every year by the inflation.

Modifications in the 2019 budget were primarily affecting the conditions for pension regulation and the possibilities for jobs besides pension.

### **Living conditions, poverty**

In Hungary 33,5% of the population was exposed to the risk of becoming a social outcast, which has risen to 34,8% in 2012, from 2013 it has continuously decreased, between 2013 and 2016 around 632 thousand people got out from the risk of becoming poor or a social outcast. The amount of the ratio has dropped to 25,6% in 2016 at this time the amount of people under the risk of poverty and social outcast was 2 Million 465 thousand people, the rate of affected was 0,7% lower from previous year and 7,9% lower from 2011.

The point of comparison of the indicator of relative income poverty is the poverty threshold. For setting this first the median income is determined: this is the level of income, where the same amount of people has a lower income, as those with a higher income. According to the methodology accepted in the European Union the poverty threshold is 60% of the median income of the given country, people with a lower salary are considered to be poor. The indicator determines one's poverty relative to the other members of the society.

In Hungary in 2016 the poverty threshold was 5,1% higher, on a monthly level 77 7000 HUF (240 EUR) considering the single households. The same amount for households with two children and two adults was monthly 163 100 HUF (500 EUR) on an average. The ratio of people with a poor income has increased between 2010 and 2012, in 2013 it equaled to the previous year's level and after it has decreased. In 2016 13,4% of the entire population, 1 Million 293 thousand people belonged to the group with relative poor income, their ratio has dropped



relative to the level in 2015 by 1,1, to 2011 0,9%.

In Hungary 26,3% of the population was threatened by the risk of poverty or becoming a social outcast. Even though since 2013 this ratio decreases every year it is higher from the average European level and takes the 10<sup>th</sup> place among the Member States.

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#### INVESTMENT POLICIES, ENVIRONMENT, TAXATION AND GROWTH

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For the period of 2014 and 2020 Hungary was awarded 25 Billion EUR benefit from the European structural and investment funds via nine national and regional projects. With the national contribution of 4,63 Billion EUR Hungary owns so a budget worth 29,63 Billion EUR that can be distributed to investments from transport and energy infrastructure to improving SME competitiveness, to employment and environmental measurements and economy with a low level of CO2 emission to research and innovation further to investments in social acceptance and education.

Based on data of the European Commission Hungary holds a leading position in the EU structural funds deposits (meaning handing out tenders and awarding them to concrete projects). During the seven-year budgetary period of 2014-2020 94% of the available amount of 29,65 Billion EUR has been locked up. With this we hold the far most leading position in the EU.

For the growth of the Hungarian economy the benefits from the EU funds are highly important. In 2010 98% of the investments came from the EU, this ratio has dropped to 50% according to the Hungarian government. This can still be considered as high.

In Q2 of 2018 the expansion of national economic investment has continued, its volume has passed by 15% of the same high basis of previous year. There was an increase in almost every segment of the economy. In Q1 of 2018 the amount of investments was 13% higher than in the same period from previous year. Investments relating to state (health care, public administration, education) and sectors strongly bonded to the public sector (energy, transport) have expanded in an intensive level, mostly thanks to the developments made by own and EU resources.

The volume of developments has expanded among companies employing at least 50 people fulfilling at least half of the investment by 10%, at budgetary authorities completing 15% by 44%. The activity for investments within the population has further increased in the second quarter, parallel to the advantageous wage conditions the expansion of house renovations have further continued.

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#### STATE BUDGET AND FISCAL CONSOLIDATION

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## **The Hungarian budget in balance**

According to market expectations the budget deficit can further keep a low level in the upcoming years, which results together with the dynamic growth of the economy in the continuous decrease of the governmental debt-to-GDP ratio. Forecasts show the budget deficit will be between 2,2-2,3% in 2018, while in 2019 it makes 1,7-1,8% in 2020 the accrual-based deficit can be 1,4-1,8%. The state debt-to-GDP ratio decreases to the end of 2018 to 72,4% and until the end of the forecast horizon will further drop to around 67% besides the continuous decrease of foreign exchange debt.

**On the income part the dynamic labor market and booming consumption resulting from the six-year wage agreement have increased the tax bases. The effect of the agreement on the budget balance relating to the changes of the labor market in 2017 was all together slightly positive, it ended up to be more advantageous than expected.**

**On the expenditure part as a result of the career path modeling despite the decrease of the social contribution tax the wage bill of the governmental sector was much higher. Furthermore beyond the original plans the budget could cover a higher wage expense relating to the increase of minimum wage and guaranteed wage minimum, wage increase for state-owned corporations and wage measurements considering certain sectors.**

Based on the forecast of the Hungarian National Bank the amount of the income coming from payroll taxes will significantly exceed the appropriation this year, which is explained by the more advantageous labor market procedures. Incomes from value added tax and financial transaction duties will as well have higher results than the appropriation. On the expenditure part the prognosis on the material and staff expenses will exceed the appropriation.

## **Changes expected in 2019**

### **The restructuring of the cafeteria system is an unnecessary bad measurement**

The so called cafeteria, i.e. the system of fringe benefits will significantly transform and narrow.

### **The social contribution tax will further decrease**

**The submitted budget bill for 2019 conditionally contains the expected 2% decrease of the social contribution tax. Based on forecast of the Hungarian National Bank the lowering of the tax type by 2% will mean a 100 Billion HUF saving on a cash basis to the domestic employers in 2019.**

**The tax wedge will so gradually decrease considering the following years. Last year the tax wedge for employees without children having an average salary was 46,2%, which means a substantive decrease compared to previous years' tendencies but is still high in a European context.**

According to the rules set in the wage agreement the social contribution tax will recede after last year's 5% and this year's 2,5% decrease further four times 2%, so the tax rate will gradually fall to its half from 27% to 11,5%. The decrease of tax rates is shown in the tax wedge, which can

so drop to 41,2% until the end of the tax decrease that almost equals the European average of 2017.

The tax wedge for workers with two children will so drop from last year's 37% to 34,6% and will ease after the complete four times 2% decrease of the social contribution tax under 33%. This level is lower than the European Union Member State average in 2017 and base on the current foreign exchange rates can expectedly belong to the lowest one-third of the European Union States.

## Recommendations

The level of the value added tax is the highest in Hungary within the EU. **The gradual decrease of the 27% tax rate could stimulate the purchasing power of wages and could boost the profitability of companies.** Resulting from the recede of the tax rate the increasing transparency of the economy and consumption could realize on substance higher incomes for the budget.

**The re-consideration of the change in the cafeteria system could mean help without budgetary damages. The basic budgetary procedures do not explain, do not need the intervention. There would not be any substantial additional revenue for the budget from the restructuring. The employees could be the biggest losers. In their cases a 3-6% fall of net salary can occur, which can worsen the previous-years efforts and results on wage increase.**

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## SOCIAL DIALOGUE

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The 'system' of social dialogue has been completed by one more consultation forum, which aims to consider the specific needs of state-owned public service corporations. It is recent news, that besides trade union confederations and the concerned employer organizations the sectional active trade unions and corporations are participating at the operations of the consultation forum. It is to be mentioned, that the structure of sectoral representation of interest has still not been formed nor on the employer-, and the trade union side. It has not even been institutionalized in such measure, which could mean an appropriate basis for its implementation. From trade union side the question of pluralism has emerged which hinders the coordinated sectoral operation, the trust between partners lacks and mostly makes any kind of agreement impossible. The employer side is unorganized. The effective influence of sectoral partners on a macro level is questionable this especially appears by the postponing of agreements at the Sectoral Dialogue Committees. Nor the multinational companies, nor the group of the scattered (and weak) Hungarian small and medium sized enterprises are really interested and capable of the implementation of similar incentives. The poor results of the labor controls and the non-appropriate sanction system reflect its inefficiency.



# ITALY

## CGIL

### LABOUR MARKET AND EMPLOYMENT

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The Italian labor market is still characterized by critical indicators that, even in the presence of a slight economic recovery, will not be able to show signs of improvement except with the launch of a real public and private investment policy.

In fact, many problems persist, among which: a precariousness and uncertainty of work still widespread, a difficult inclusion of young people and women in the labor market, an aging workforce, the structural North-South employment gap, the persistence of a high rate of illegality and undeclared work.

The current Government declared its intention to fight precarious employment with the so called Dignity Decree. It includes a revision of fixed-term contracts, also in the PA, introducing new duration limits and reintroducing the need to state the reason.

CGIL-CISL-UIL immediately showed appreciation about the purpose of the Decree, to contrast precarious jobs and support open ended contracts but, at the same time, highlighting the risk of an increase of the turn over of workers with short term contracts or the transition to less protected employment patterns.

It would have been necessary to include interventions to combat forms of precarious working arrangements not tackled so far, like bogus internships or self employment. Collective bargaining should also have been given a role in order to make the indication of reasons for fixed term contracts more flexible, in order to avoid unwanted effects on employment and improper use of decentralised collective agreements.

To discourage and stem precarious work, we believe that the cost of open ended contracts work should be reduced by permanently reducing the social security / tax wedge.

Trade unions are also working on an issue of European interest that needs urgent action, being a phenomenon in continuous growth and without the necessary workers protection and rights: digital platforms. In particular, as for the riders, we are trying to frame these workers within the national collective agreements to guarantee a set of rights and salary provisions.

Furthermore, it would be necessary to tackle the broader theme of gig-economy. Workers involved in it require innovative forms of protection, starting from being recognised in existing national collective agreements and/or adapting them to their needs.

CGIL CISL UIL believe that it is essential to quickly strengthen active labor market policies, starting from their institutional framework and involving the Regions, in order to build a system that guarantees a public and national governance.

It is necessary to make sure that all citizens can really access the essential services levels by:

- strengthening the ANPAL system (National Agency for Active Labor Market Policies) starting from the Public Employment Services (PES), in particular where they are in worse conditions and tackling the territorial gaps, lowering the user/operator ratio that is too high today;

- implement a nation-wide and efficient information system, accelerating the process of reunification of all existing databases;
- implement the PES Strengthening Plan, recruiting staff on a permanent basis and by hiring the present temporary workers with full time open ended contracts, ensuring continuity in the implementation of human and financial resources;

- provide for the necessary improvement of the skills of their staff, to respond to new needs and the improvement of the jobs supply and demand services for companies.

Furthermore, the use and implementation of the Relocation Check<sup>1</sup> should be monitored.

CGIL CISL UIL consider it useful to relaunch the Youth Guarantee to improve school-work transitions of young people through the promotion of apprenticeships, quality traineeships, raising levels of education and skills, also by subsidizing open ended contracts. It is also necessary to strengthen the training offer of the ITS (Scientific Technical Institutes) in the South of the country by increasing the number of courses available and linking them to the areas defined at regional level in the Smart specialization strategies.

Trade unions also consider it vital to improve life long learning strategies.

The delay in the reform of the active labour market policies and the weak economic recovery require interventions to strengthen the social safety nets, extending the duration of the extraordinary redundancy fund beyond the maximum duration defined by law, in order to allow company to complete restructuring or to overcome crisis. The overall employment rate will not increase much unless women and young people wont be fully included in the labor market. CGIL CISL UIL consider it important to strengthen parental leaves (by improving their accessibility and increasing their pay coverage). Public services for non self-sufficient persons and for early childhood should be enhanced. O/G education services should be offered at a reasonable cost and with wider time flexibility.

[continues in the attachment]

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## COLLECTIVE BARGAINING, WAGES, GENDER-PAY GAP

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### Main challenges

Maintain a high level of collective bargaining coverage, based on 2 contractual levels;  
counteract proliferation and contract dumping, including through legislation that incorporates rules for certifying the representativeness of the union and employers' social partners;  
extend the degree of diffusion and coverage of decentralized bargaining (company level or territorial);  
to raise the value of real wages beyond the inflation level;  
give legal value to the salary thresholds defined by national sectoral collective agreements as an alternative to the introduction of a statutory minimum hourly wage;  
support the income of low-wage workers or low contractual working hours (involuntary part-time) with tax reliefs;  
regulate the contractual conditions of workers in the gig economy, recognizing their minimum wages and regulatory protections collective bargaining.

### Strategies to be implemented

In 2018 CGIL CISL UIL completed the renewal of confederal agreements with the main employers' associations with the objective of re-launching the role of collective bargaining, regulating the representativeness of the social partners and pushing for an increase of wages.

Renewing national collective agreements, while at the same time extending decentralized CBAs, is the daily strategic commitment of the Italian unions, albeit within a context of clear rules.

The measurement of the representativeness of the trade union organizations is in its final phase of implementation. An improved level of cooperation of the relevant institutions is needed.

A similar system of employers organizations representativeness should be put in place. This is a fundamental step to combat the proliferation of collective agreements, especially in some labor intensive sectors and in some areas of the country and to counter the spread of low wages.

Wage increase depends on the conclusion of ongoing negotiations of collective agreements renewals still pending: maintain

purchasing power of minimum wages thresholds, increase of wages based on productivity, sectoral and economic trends and a better recognition of the value of work.

Company level and territorial bargaining should play a substantial role in this perspective, both in increasing the value of the collectively agreed bonuses in relation to the objectives, and by encouraging company level bargaining in SMEs. In particular, the involvement of the workers is proposed, their conscious participation in the organization of the work and the definition of the strategic lines of the enterprises.

In response to the introduction of a minimum hourly wage, the Italian trade union, in agreement with employers organisations, propose to give legal value to hourly wages defined by collective bargaining. This is in order to avoid that a statutory minimum wage could weaken collective bargaining, which does not only set salaries but also provides a regulatory framework.

In a recent agreement with Confindustria, Italian unions propose to extend *erga omnes* the minimum salary thresholds and all economic provisions as set in national collective agreements. They have to be guaranteed by all workers in all sectors.

CGIL CISL UIL have started a meeting at ministerial level to agree minimum wages and adequate regulatory protections in terms of social security, occupational safety, working hours, individual rights and privacy for riders, as a testing ground to create a system of general safeguards for all digital platform workers.

It is very important to address the gender pay gap and to overcome the insufficient female participation in employment, an emergency hindering the social and economic development of the country. Women are more likely to be employed in less skilled jobs, work less hours, in involuntary part-time and fixed term contracts. These factors determine the wage gap. Measures are needed to remove obstacles that force women out of work: more public services, such as nurseries and kindergartens, support for parenting, increase child/elderly/family/disability care leaves also via collective agreements, work-life balance, promote agreements against harassment at work and the reintegration of abused women in the labour market. In addition to the necessary strengthening of public welfare, CGIL CISL UIL intend to pursue the promotion of forms of supplementary welfare by strengthening the experience of bilateral bodies, in particular with regard to supplementary pension funds and integrated assistance.

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## EDUCATION AND SKILLS

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With regards to the European Council Recommendations for 2018-19, over the course of this year Italy has had to face a slowdown in the implementation of reform policies due to its elections and the consequent practical steps required to form a government and install a Parliament. At the moment it is difficult to predict how general policies and particularly policies on education, training, and skills will evolve because the government is preparing the budgetary measures for 2019, and consequently it will present a bill set to affect the education, university, and research system, the contents of which are as yet unknown.

The reforms announced in advance in the update note to the 2018 Economic and Financial Document involve various areas: reducing the dropout rate, the right to education, inclusion at school, school building, digital schools, investment in universities and research, expanding the integrated system for 0-6-year-olds, new programmes for technical higher education, and revising the teacher recruitment system.

The funding available for these interventions is not yet known; therefore, at the moment we cannot offer any judgement on their concrete feasibility and the impact they will have on improving the quality and inclusiveness of the Italian education and training system.

Under the Multi-Industry Agreement of 9 March 2018, CGIL, CISL, UIL, and Confindustria have a shared goal of sustainable and inclusive growth based on training, research, and innovation.

They consider workers' skillsets to be the basis for competitiveness in the production system and specify the fundamental objectives of a national strategy for developing skills towards which increasing investments must be directed:

Raising education levels: improving the effectiveness and direction of school programmes, improving the offerings of an integrated education system for 0-6-year-olds as well as professional training and higher education;



School-work alternation: improving the quality of the programmes while supporting educational institutions and fostering companies' ability to provide training;

Traineeships: promoting and defining this contractual tool as the prevalent means of entry into the job market through such strategies as developing training programmes which start with school-work alternation and continue in dual traineeship programmes;

Higher Technical Institutes: boosting non-university higher education programmes, with particular reference to "Enterprise 4.0";

Universities: establishing synergies with the university world, particularly with STEM universities, so as to develop research and share technological skills;

Continuing education: starting at the lowest levels, updating the skills of workers affected by changes in labour and digitalisation processes through a large-scale training programme that provides for tax relief and the involvement of Interprofessional Funds;

Lifelong learning: setting up an integrated lifelong learning system to guarantee all citizens the right to learn throughout the course of their lives;

Skill certification: developing tools for the recognition of skills acquired as part of formal, non-formal, and informal learning.

In implementation of the multi-industry agreement, the social partners have recently signed the Factory Pact, which calls for concrete action in the education/training sectors: a dual learning project; a bill to develop higher technical institutes; school-work alternation; optimisation of the training and traineeship system; an extraordinary plan for providing employed individuals with digital training, specially announced through Fondimpresa; and a proposal to boost tax credit measures for Training 4.0. However, in order to achieve all of this fully and in a shared way, the government must commit to investing dedicated resources (and not only economic resources): not coincidentally, the social partners are concerned, for instance, by the announced cuts to funding and hours for school-work alternation and an underestimation of the problem (reported by both the OECD and the EU) of a serious lack of skills required not only to enter the job market but also to fully exercise active citizenship among youths and adults, regardless of employment status.

As regards the European aspect of the above issues, given the situation of the country as just described, we wish to reiterate the importance of pressing the European institutions to ensure a minimum European right to skill development within and beyond the workplace, particularly through a specific European Council Recommendation. Another, very important issue is supporting the need for clear policy on the fact that part of the resources from European funds and programmes (particularly the ESF) is to be allocated towards fostering skill development, recognition, and certification in the workplace and across fields.

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## PENSIONS, WELFARE STATE, POVERTY

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The labour, social, demographic and epidemiological transformations expose more and more people to risks of exclusion, precarization, disadvantage and illness; the demand for social protection is growing. Most exposed are the young and the elderly.

Rights must be guaranteed as a priority investment for economic development and employment.

### Pensions

The new Italian Government, a coalition of the 5 Stars Movement and the League, as a result of the elections in March, intends to introduce the possibility of access to the pension with the so called "quota 100" (62 years of age and at least 38 years of social contributions), the possibility of early retirement with 41 years of contribution and the increase of minimum pensions up to 780 per month. The details of these measures are not yet available. CGIL CISL UIL have been demanding for

years that the social security system must be socially, as well as financially sustainable. The possibility to retire at the age of 62 is considered positive by the CGIL CISL UIL, while 38 years of contributions are a too high requirement for many precarious workers and for women. Moreover, there are no specific provisions for arduous workers and caregivers to persons with disabilities. A specific measure, the s.c. "Anticipo Pensionistico/Retirement Anticipation", i.e. the possibility to retire with less contributory years had been announced. CGIL CISL UIL demand that the Government negotiate the contents of the proposed measures and to address the other many pending issues: different life expectancy in relation to the type of work, future pensions of young people and of those with discontinuous careers, adequacy of future and current pensions, enhancement of care work for social security purposes, promotion of complementary voluntary retirement provisions and separation of welfare expenditure from social security.

#### Social policies and not self-sufficiency

It is necessary to invest in social policies in order to overcome the present inadequacy, fragmentation and territorial gaps by: increasing funding in a structural and coordinated way to enhance notably the integration of the social services and healthcare;

define the essential levels of social benefits, to guarantee the enforceability of rights;

support the integration between social services and healthcare, but also between education/training, work and housing at a political-programmatic, organizational and professional level;

urgently approving a framework law on non self-sufficiency, on the basis of the proposals of the pensioners union. The law should re-organise the assessment process and the financing procedures of the long-term care by securing funding from public spending. It should also codify quality social and healthcare interventions and services to promote access to services instead of compensation practices.

#### Poverty

Italy has finally adopted a national measure to combat poverty: the Inclusion Income (Reddito di Inclusione). This measure should not be abolished, but confirmed and reinforced instead. It should serve as an instrument to combat absolute poverty, integrating it with further measures against inequality and inclusion. The "Poverty Fund" should be increased to:

double the amount of the average benefit compared to the current one, securing its funding for an adequate period, to potentially reach all families in absolute poverty and make them emerge from this condition;

strengthen the territorial infrastructure of services for inclusion, financing them with a share dedicated to guaranteeing the basic levels of care;

guarantee the involvement of the institutional and social actors involved in the fight against poverty in the definition, implementation and governance processes, both at central and decentralized level;

allocate additional resources to the reform of employment centers, which must be designed in line with employment activation policies and existing social safety nets, to guarantee inclusion in the labour market.

#### Health and healthcare

The health system requires adequate financial resources and a reorganization to overcome the current inequalities in the country.

CGIL, CISL and UIL have set up a platform to redevelop and re-launch the National Health Service.

The Italian Budget Law for 2019 moves in the opposite direction as it cuts health expenditure by 6.5% of the GDP in 2019; 6.4% in 2020; 6.4% in 2021, falling below the alarm threshold set by the WHO. Health care, in Italy, is in the last places in Europe for public funding, putting at risk the sustainability of the NHS and the guarantee of the essential levels of assistance.

It is necessary to increase the funding of the National Health Service as an investment to guarantee a uniform access for citizens to the new essential levels of assistance and a good quality of services throughout the country, and to secure funding for the renewal of the collective agreements of workers in this sector.

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## INVESTMENT POLICIES, ENVIRONMENT, TAXATION AND GROWTH

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Investment is the first lever of the Italian economy to promote sustained growth, renew the development model and create new and better jobs. Ten years after the crisis, investment is still the lowest aggregate demand component compared to the 2007 levels. Yet public investment stimulates, attracts and multiplies private investment and can promote a new productive base.

Only with higher public investment can we think of taking extraordinary measures to create better jobs, with the aim of reaching full employment.

This is the reason why CGIL, CISL and UIL deem it necessary to plan a gradual increase in public investment up to 6% of GDP and start a serious debate in Europe for not considering public investment in the deficit calculation.

The tangible and intangible infrastructure must be the priority for public investment, especially in Southern Italy. In this regard, we need to complete large infrastructural works, invest in maintenance and prevention at territorial level and in the secondary road network, as well as make changes to the law on the breakeven of local authorities accounts.

A new public intervention in the economy must redefine economic, social and environmental policies, thus combining and reconciling these three dimensions precisely as envisaged by the UN Goals for Sustainable Development (SDGs). This requires a new public governance, based on the reorganization and coordination of institutional actors: this a prerequisite for a new industrial development policy, more independent of politics and more shared with social partners. Only in this way can innovation be governed and spread throughout the country. A new industrial policy must ensure a strengthening of the role played by collective bargaining at all levels and an increase in wages, thus reducing poverty and inequality. Southern Italy is undergoing a profound social crisis that requires investment for social infrastructure, health, social services and education, as well as a plan for energy and digital infrastructure. Similarly, a specific State fund is needed for designing public works in Southern Italy. The same holds true for selective and conditioned incentives to stimulate private investment in strategic sectors and employment, as well as to reconfirm and improve the "Southern Italys employment bonus" for the next three years, and envisage the refinancing and extension until 2021 of the tax credit for investment in capital goods, considering their relevance for the Special Economic Zones that need to be fully activated. In addition, the 34% clause must be implemented, thus ensuring equity in ordinary public transfers in relation to the share of resident population, thus making cohesion policies truly additional. The spending of the European Structural and Investment Funds - although there are no excessive fears for possible decommitment of resources is proceeding too slowly. Significant resources should be invested to stimulate growth, development and employment, especially in Southern Italy. It is therefore urgently needed to speed up spending by concentrating resources on a few selective measures, coordinated with ordinary policies. In this regard, a plan is needed to enhance the planning and administrative skills, including those of local authorities. The national co-funding of the European Structural and Investment Funds should not be considered in the deficit calculations and, consequently, must not be subject to the Stability Pact constraints. The development gap between the South and the rest of the country is still wide, although there has been a sharp reduction in public transfers for both current and capital expenditure.

Furthermore, as envisaged by the Inter-Confederation Agreement signed in March 2018 by CGIL, CISL, UIL and Confindustria, the Government should "strengthen the measures to support an independent, innovative and participatory industrial relations model promoting the competitiveness of sectors and production chains, as well as the value and quality of employment, and fostering - also through the spreading of second-tier bargaining - the transformation processes under way and the virtuous connection between innovations, labour productivity, salaries and wages".

Furthermore continuity must be given to the national plan "Enterprise 4.0", starting from the 2019 Budget Law, not only in enhancing incentives for consistent investment, but also in redesigning them to extend their scope and access for many SMEs that risk being excluded. The plan "Enterprise 4.0" must be completed with the development of "Competence Centers", which are essential tools for spreading these technologies and organizational models to companies not yet involved. It is also important to extend tax credit for the training of workers involved in the innovation processes, thus making these measures stable and strengthen continuous training with EU funds, also fuelled by inter-professional funds.

[continues in the attachment]

## STATE BUDGET AND FISCAL CONSOLIDATION

CGIL, CISL and UIL keep on strongly reaffirming the need for Italy's development to be supported by expansionary policies. Consistently with the policy lines expressed by the European Trade Union Confederation, they also maintain it is necessary to overcome the austerity policies that, in Italy as in Europe, have led to great inequalities, an increase in poverty and the growth of unemployment, particularly of young people and women. It is right to put an end to the shortsighted policies of accounting rigour, but this cannot be done by regarding the European Union and its rules as an enemy to combat and defeat. Instead, we need to look for the right international alliances to give new momentum to a noble idea of Europe, not tempted by the idea of every man for himself.

The Government has chosen to postpone the budget breakeven (without agreement with the European Commission), thus envisaging a 2.4% deficit for 2019 (instead of the 0.8% foreseen by the previous Government and the 1.6% tendential one). While being a first reversal of the trend, the Government's finance bill outlined also by the Draft Budgetary Plan, is inadequate and lacks a country vision and a strategic plan capable of redesigning and relaunching public policies aimed at sustainable development and employment. The finance bill lacks the resources for investment because it focuses on current spending, announces further cuts and introduces measures that do not create jobs, but risk being mere welfarism. This is the reason why CGIL, CISL and UIL think that what is not convincing in the finance bill, also for the European markets and institutions, is growth. It is correct to seek a greater increase of the denominator (GDP) on which the typical public finance ratios are measured, but even the Government's documents indicate that the main measures - such as the introduction of a basic income for citizens, less stringent requirements for retiring and the stop to the VAT increase - affect a very low multiplier. Moreover, the spread mechanism, although perverse, can reduce - wholly or partly - the expansionary benefits of the finance bill.

CGIL, CISL and UIL believe that the use of the over 22 billion of deficit public spending foreseen by the finance bill should be designed to new policies focusing on employment and its quality, especially for young people and women, and capable of fighting against social exclusion and poverty. These new policies shall lead to redistributive and cohesion processes in Southern Italy and envisage investment in material and social infrastructure, innovation, education, training and research, as well as prevention and safety at territorial level and support for industrial policies. The finance bill and the Note updating the economic and financial bill, make no reference to investment designed to support the actions envisaged by the European social pillar.

Tax policies are an important tool for redistribution and country's development. CGIL, CISL and UIL have long been complaining about the fact that Italy's tax burden is too high and is particularly unbearable for employees and pensioners who contribute to the personal income tax revenue to the tune of 94.8%.

As to the revision of the so-called tax spending (reorganization of tax expenditures), we must avoid it turning automatically into an increase of the tax burden on workers and pensioners.

The land registry must be reformed in a way not leading to higher taxes, but to a different and more equitable distribution of the real estate taxes.

CGIL, CISL and UIL think that time has come for an overall reform of the system based on equity and progressive taxation, which is also necessary to promote the country's development starting from the fight against tax evasion. Italy has a bad record in Europe on tax evasion, which is estimated at over 118 billion euros on a yearly basis. CGIL, CISL and UIL are firmly opposed to any tax amnesty and believe we can no longer postpone a real policy change to tackle this problem by making our tax system fairer and filling a democracy gap.

The introduction of the "flat tax" is a wrong and unfair response, while there is the need to build a more equitable and progressive tax system, thus lowering the tax burden on wages and pensions. No reference is made to this need in the finance bill.

This is the reason why we need to significantly increase the deductions for employees and pensioners with a mechanism that

recognizes a tax credit also to the low-income people, as well as redefining the personal income tax rates and the taxable base. There is also the need to introduce a new universal family allowance, merging the current family allowance and the deductions for dependent family members, and to revise local taxation systematically.

## SOCIAL DIALOGUE

In Italy, on March 4 2018, new political elections were held in the Country that led to the formation of a new government with a different majority from the previous one. Therefore, during the spring phase of the European semester a government was in charge of routine matters.

Indeed, the Economic and Financial Document (DEF) and the National Reform Plan (NRP), for the current year, have limited themselves to take a picture of the current economic situation and to make a forecast for the future development through a summary trend with unchanged budget policies. In the months of April and May, the legislature had not yet started.

In continuation with previous governments, there has been no timely, planned and consistent involvement by the government during the various phases of the European Semester. There have been hearings with the Special Parliamentary Commissions of the Chamber and Senate on the Economic and Finance Document (DEF) and the National Reform Plan (PNR).

In June the new government took office and there wasn't a consultation with the social partners following the publication of the Country Specific Recommendations. The consultation with the Government was limited to technical meetings on defining the decrees law implementing the reform of public sector workers, on the so-called "Rider" and concerning the sectorial issue concerning the firm ILVA of Taranto. No reply has yet been given to the trade union jointly request to open the debate on the collective bargaining renewal relating to the public sector. In the meantime the new Government approved the Decree Law (later converted into Law), the so-called "Decree Dignity", containing changes to fixed-term contracts and the reintroduction of work vouchers in some sectors, without a prior consultation with the social partners.

On the other hand, the relationship between trade unions and employers' organizations has taken a step forward with the inter-confederal agreement of 9 March on the new industrial relations system and the collective bargaining model that was also recently presented to the Vice-President of the European Commission Valdis Dombrovskis during a specific meeting.

In October, two meetings were held with the Government: the first, with the Minister of Labor and Economic Development, on some changes of the social safety nets system; the second with the Minister for Territorial Cohesion on the development policies for Southern Italy.

In the meantime, the Government has launched the national budget plan without any prior consultation with the social partners.

In short, it continues along the lines of the previous Governments, where there were thematic meetings, but not a structured dialogue on the documents of the European semester.

CGIL, CISL and UIL recently have approved a joint platform of proposals concerning some measures of national budget plan aiming at open a concrete discussion with the Government.

# LATVIA

## LBAS

### LABOUR MARKET AND EMPLOYMENT

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#### Labour market supply and demand

At first glance labour market in Latvia looks like it is doing well, employment rate has been gradually increasing while unemployment is doing the opposite. According to Central statistics bureau (CSB) rate of unemployed at working age has fallen from 6.1% in second quarter of 2017 to 5.3% in second quarter of 2018. Meanwhile the population at the working age continues to fall - 12,4 thous. people since Q2 2017, which is 0,9% of the working age population.

Meanwhile employment indicators show that population of economically active people has experienced a slight growth by 6'700 people within the last year, on top of that, employment has grown by 1% to reach 909.6 thousand people in employment.

At the same time lack of labour continues to grow, as reported by State employment agency, vacancies have increased to reach 23'352, which translates to increase by 11'500 vacancies since September 2017.

The root causes for this situation is qualification mismatch and uncompetitive level of living. Uncompetitive wages is one obstacle that has to be resolved, as shown in a recent study by Bela Galgoczi, Latvians on average earn only 34.7% of the EU15 average wage, but it is just one obstacle. On top of the depressing wage level and low purchasing power, the prices of housing are out of proportion, healthcare funding has been insufficient and labour market continues to be plagued by shadow economy doing damage to the social welfare system.

Average net salary in June 2018 according to Central Statistics Bureau was EUR 755, meanwhile apartment rent per month is estimated at EUR 346 for 1 bedroom apartment in the city, and EUR 583 for 3 bedroom apartment, on top of that utility costs are estimated at EUR 165 for apartment of 85m<sup>2</sup>. To measure overall purchasing power, according to Numbeo.com local purchasing power in Latvia at average wage is 55.7% of NYC and this is the second lowest index in the EU in this database.

This has in part resulted in the emigration of both qualified and unqualified labour as well as demotivated young adults from creating families, gradually decreasing birth rates. In order to facilitate young families and turn around the migration trend, Latvia has to take quick steps to improve the living conditions and welfare system to attract young specialists.

To address the issues of undeclared work and wages, as well as improve labour relation structure the social partners have been focusing on development of sectoral collective bargaining and development of sectoral agreement regulation. The main goal is to tackle shadow economy and develop self regulation in economical sectors. Further support on bargaining power and elasticity of regulation is required (such

as derogation from labour law within the framework of sectoral collective agreements) to facilitate involvement in sectoral collective bargaining.

### **Wage growth and productivity**

Latvia has been showing good numbers in productivity growth rates, however, is still low on the totem poll in EU. This is largely due to lack of investment in infrastructure and innovation, as well as incapability to penetrate global markets.

The deviation between wage and productivity growth is often used as an argument against increase of wages. This however is the wrong approach and for an economy that is housing the second lowest Purchasing Power in EU, can become a fatal problem that has already been emerging in a form of above mentioned outward migration trends and plummeting reproduction rates.

Trade unions are in agreement with OECD assessment that main causes for low productivity in Latvia are low FDI and lack of integration in global value-added chains. As a country with small internal market Latvia is particularly dependent on participation in global markets and access to global and European value chains. Therefore, Latvia requires programs that help local businesses to enter other markets. FDI and reinvested income in infrastructure and technology is required to increase efficiency and decrease manual labour, investment in raising worker qualification and skilled labour is essential.

Trade unions stress that low productivity in Latvia is not connected with labour productivity. Falling into the trap of saving on labour can prove to be a fatal flaw for Latvia, as low purchasing power, unproportional income and cost of living, lacking social security and healthcare services combined with open European labour market opportunities will result in further labour drain in Latvia.

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## COLLECTIVE BARGAINING, WAGES, GENDER-PAY GAP

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### **Collective bargaining**

Wages in Latvia are set by law. Some existing collective agreements have indications and guidance on how to set wages and organise wage system. However, minimum wage rates are set by the Regulations of the Cabinet of Ministers.

In **public sector** collective bargaining on wage rates is limited by *Law on Remuneration of Officials and Employees of State and Local Government Authorities*. Sectoral collective agreement in healthcare sector was renewed in January 2017 and is signed between Nursing and Health Care Personnel Trade Union, Trade Union of Employees of State Institutions, Self-governments and Finance Sector, Health and Social Care Workers Trade Union and the Ministry of Welfare of Latvia. The agreement applies to all institutions subordinated to the Ministry of Welfare that have trade unions of the mentioned sectoral organizations. This is also the only one sectoral agreement that sets minimum rates of pay.

To improve sectoral collective bargaining in 2017 with the support of the government the social partners started implementation of the ESF pilot project aiming to promote collective bargaining on sectoral level. The objective of the project is to sign five sectoral collective agreements in five economy sectors - telecommunications, wood processing and forestry, road transport, chemistry and construction. This pilot



project is the main platform to develop sectoral collective bargaining in Latvia, therefore, its successful outcomes serve the interests of all social partners - employers, workers and the government.

During the activities within the project, the social partners concluded that provisions of Labour Law do not provide much space for collective bargaining, as labour law regulation it is very detailed. As a pilot initiative to improve the scope for collective bargaining the social partners discussed possibility to allow deviating from provisions of Labour Law by sectorial collective agreements. Trade unions researched the ILO relevant standards and their interpretation, the best-case practice of countries successful in collective bargaining. As a result, the social partners agreed with the government on an amendment to Labour law providing possibility to deviate from article 68 of Labour Law setting the minimum amount of supplementary payment for overtime work of not less than 100 per cent. The amendment provides that it is allowed to deviate from the supplementary payment for overtime work of not less than 100 per cent by a sectoral collective agreement if all the following conditions are met, namely, the agreement is:

- universally binding (*erga omnes*) in the sector;
- signed by a trade union that is affiliated to the largest confederation of trade unions;
- provides for a significant raise of minimum wage in the sector, and
- the supplementary payment for overtime work set by this sectoral agreement is not less than 50 per cent.

The amendment was adopted by the Parliament in October 2018. However, the amendment creates discussions due to improper understanding of the concept of collective bargaining. The new approach requires political support and raising awareness within the employers and employees.

The social partners in the construction sector signed sectoral collective agreement providing for the minimum wage in the sector of 780 EUR and supplementary payment of 5% for the obtained professional qualification. The agreement also sets the supplementary payment for overtime work of 50 per cent. The employers' side of the agreement, currently meets the minimum threshold to declare the agreement as universally binding (*erga omnes*). Namely, the turnover of services of employers (party to the agreement) is more than 50 per cent of the turnover of services in the construction sector.

### **Minimum wage**

The minimum monthly wage is set by Cabinet Regulation No.656 "Regulations Regarding the Amount of Minimum Monthly Salary within the Scope of Regular Working Time, as Well as Calculation of Minimum Hourly Wage Rate". The minimum monthly salary within the scope of regular working time is 430. The gross average wage in June 2018 reached 1015 EUR, making the minimum wage 42% of the average wage in the country.

### **Gender-pay gap**

Gender pay gap still remains one of the major challenge to ensure gender equality in Latvia. According to EUROSTAT in 2016 for women wage rate per hour it was 17% less than for men. In 2016 the proportion of workers whose monthly net income does not exceed the minimum monthly wage in the country was higher for women (25.3% for women workers and 15.5% for men workers )

In Latvia women are more educated than men, particularly in higher education: 65,5 % in 2016. At the

same time, women concentrate in sectors of lower socioeconomic value which are often also low paid: health care, education, social work, etc.

The higher the wage level, the proportion of women workers in this group is lower than the proportion of men. The progress in this field is too slow.

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## EDUCATION AND SKILLS

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The percentage of those who have vocational education at the age group 25-34 continues to be significantly below the EU28 average (19.8% compared to 32.9% in EU-28 in 2017). Besides, Latvia hasn't reached the target of 50% of all pupils at vocational education. This is despite significant investments in vocational education infrastructure and content development by the EU Funds. Currently, the ratio is 40%/60%. However, the share of population at the age group 30-34, who have obtained higher education, is above EU-28 average and is gradually increasing year by year. This target of EU2020 was already achieved in 2015. Trade unions continue work on amendments in legislation to achieve that education expenses covered by the employers (applicable to vocational and higher education expenses) would not be taxed by labour taxes.

It should be noted, that trade unions are not involved in the implementation of work-based learning, mainly due to lack of capacity. The minimum remuneration or amount of scholarship, which should be paid by employer in case of work-based learning, is still not defined. The legislative acts only provide that amount up to 280 euro per month is not taxed by labour taxes in case of work-based learning.

Moreover, trade unions often do not understand their role in vocational education, and these issues are not at the top of the agenda, where the most important issues are wages, labor law, collective bargaining, etc. In addition, after the end of the European Social Fund project "Establishing a sectoral qualification system and improving the efficiency and quality of vocational education" (implemented during the previous EU Structural Funds programming period 2007-2013), the 12 sectoral expert councils that were established within the project remained without financial support. Although sectoral expert councils are actively functioning after the project, solutions have to be found to support the work of sectoral expert councils (secretariat and coordinator of each council) from the state budget, taking into account that sectoral expert councils carry out a public procurement and fulfill a number of functions aimed to ensure compliance of content of vocational education to labor market requirements. At the moment, amendments to the Law on Vocational Education, which provide for the reorganization of the functions of the sectoral expert councils, are under discussion.

Since the beginning of 2017, a large ESF project for improving the quality of vocational education is being implemented in cooperation with the social partners, in which a new vocational education content is being developed. However, public procurement is a major obstacle to implementation of the project. Accordingly, the project activities are subordinated to achieving financial performance results rather than improving the quality of the content. Larger financial funds are being invested in improving the content of vocational education, but there is a lack of awareness raising and promotion of vocational education, given that new vocational education programs do not attract new students in their own right. Significant financial resources are invested in improving the content of vocational education, however, there is lack of raising awareness and promotion of vocational education that pose a challenge, given that the new vocational education programs do not attract new students.

In 2017 another major ESF project "Improvement of the Professional Competence of Employees" was launched. Although the training needs are defined in co-operation with sectoral expert councils, trade unions are concerned that the implementation of training is not targeted, namely, the supply (proposed trainings) is not balanced with the demand and interested persons have an opportunity to apply for any of the offered training programs, without taking into account the real benefits of participating in the program for the interested person, industry and the economy.

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## PENSIONS, WELFARE STATE, POVERTY

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### Health care

Contribution to healthcare budget is still causing concerns. In 2017 an agreement has been reached between Latvian Trade Union of Healthcare Workers and Cabinet of Ministers (within the NTCC platform) to increase funding of healthcare system. Agreement provides for a gradual increase in government funding till it reaches 4% from GDP by 2020.

According to Law on healthcare financing, the increase of general Government's expenditure on health care must be accompanied by the increase of salaries in the sector. As provided by the Report of Working Group at Ministry of Health (August 2, 2018), there must be 20% rise of average salary of doctors and nurses every year for next three years (2019, 2020, 2021). However, the published budget plan for 2019 does not provide evidence for the promised increase of remuneration of health care personnel and public spending for the health care system as the Public Health Guidelines for 2014 - 2020 and which is needed in order to reach 4% of the DGP in 2020.

Public spending on health is only 3.7% of GDP against the EU average of 7.2% and is a risk factor responsible for poor health outcomes. In addition, there are concerns regarding methods of calculation that are used in making conclusions regarding the efficiency of national healthcare system and policy, namely, the conclusions of the EC that the poor health outcomes are linked to the low **public** expenditure, while other EU countries with similarly modest spending per capita have better results. At the same time, according to the OECD, the health sector of Latvia is managing quite well despite of long lasting underfunding.

The efficiency of national healthcare systems has been measured by relationship between total (public + private) spending on health and health outcomes. However, in assessing the spending of health care system exactly public spending should be assessed in calculations and not total amount of both public and private investment. The out of pockets payments and private insurances of employees should not be considered as the public spending of health care system.

The priority areas for quality and efficiency improvements in Latvia's health system that require urgent action are the public (not private) spending for healthcare and ensuring the availability of the human resources in the health care system. The increase of public spending for healthcare and the growth in salaries of sector's employees must be continued in consistency with the EU Council Recommendation 2016, the Public Health Guidelines for 2014 - 2020, and the Law on healthcare financing.

Regarding political discussions, the Parliament elections in autumn 2018 have resulted in very high rotation of parliament members, providing a very fragmented coalition and highly unpredictable political vision, therefore the social partners see risk in deteriorating social dialogue and tripartite partnership model. The key indicator for the concern is the decision to retreat from the Healthcare reform negotiated in 2017 which provides for additional financing of increased healthcare worker wages, as well as accessibility of healthcare services.

The reason for plans to review and restructure the reform, as given by several political parties in the parliament, is the differentiated access to healthcare services for people with different social contribution structures based on their employment forms, however, as basic (minimum) services are ensured for all contributors and differentiation provides additional services for employees and other workers who choose to pay voluntary social contributions equal to workers under employment contracts.

### **Poverty**

Latvia remains a subject of high poverty rates. As shown by latest data (published in 2018) the amount of seniors living under the threshold of poverty is increasing, it has grown from 38,1% in 2015 to 39,9% in 2016 for people aged over 65. Seniors (65+) living alone are the major at risk of poverty group with 72,8% living under the poverty threshold. This is a result of rapid wage growth and increase in cost of living, almost no notable increase in pension levels remaining low, average old age pension in 2017 was EUR 289 while average wage in the same year was EUR 926, leaving pension level at 31% of average wage. For estimation threshold of poverty in 2016 was measured at EUR 330.

Meanwhile the largest group at risk of poverty was the unemployed - 56,5%.

These indicators reveal a clear lack of investment in social security, the lack of social security financing can directly be linked to high levels of undeclared work and wages, prohibiting income from social contributions, as well as growing self employment and maintained micro enterprise structure, that allow employers and workers to optimize social contributions.

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## INVESTMENT POLICIES, ENVIRONMENT, TAXATION AND GROWTH

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### **Tax policy**

As reported last year, starting with January 1, 2018 the measures of most comprehensive tax reforms have come into force. Main focal points of the reform are the implementation of progressive Personal Income Tax (PIT) combined with increase of differentiated non taxable minimum targeting income inequality.

Changes in labour taxation:

- Progressive PIT:
  - 20% rate for annual income up to EUR 20'000
  - 23% rate for annual income EUR 20'000 - EUR 55'000

- 31.4% rate for annual income over EUR 55'000
- Balancing PIT for income from capital with income from wages at 20% rate.
- Non-taxable minimum raised from EUR 115 to EUR 200 (differentiated, this depicts the Max threshold applicable to monthly income up to EUR 440). Non taxable minimum to be increased to EUR 230 in 2019 and EUR 250 in 2020.
- Non-taxable amount for dependents - rise from EUR 175 to EUR 200.
- Social contribution raised by 1% and are dedicated to healthcare budget.

The tax reform also tackles business which will see increase in Corporate Income Tax (CIT) from 10% to 20% on distributed income, however the decrease from 10% to 0% for reinvested income is hoped to motivate entrepreneur investment in growth and innovation, and thereby contribute to more rapid productivity growth.

## **The EU structural funds**

The value of social dialogue and contribution of the social partners is very much linked to the involvement of social partners in legislative and policy making in Latvia. However, it is dependent on the capacity of social partners to engage strongly with policy and decision making. Capacity building remains important to allow social partners to engage with these issues.

The ESF potentially has an important role to play in supporting the capacity building of social partners in Latvia. Social partners can mostly access the ESF funding through the state implemented projects. However, for the social partners this means significant associated administrative and monitoring requirements, which are always time limited. In addition, there is the risk that the activities implemented during the project will not be continued at the end of one project.

There is a low involvement of social partners in the design phase of operational programmes (including needs assessments) in Latvia. The social partners are mostly presented with finalised texts and strategic decisions made by the ministries. To facilitate real influence of the ESF projects and the effective allocation of resources to different priorities, the involvement of social partners is required at a very early planning stage (when the texts of operational programmes are being developed and ex-ante needs evaluations are carried out). In reality, this is rare.

While it is considered that the social partners in Latvia are involved in implementation of several ESF projects with significant financial funding, several comments have to be made.

Regarding the ESF co-funded project Development of Social Dialogue to Improve the Business Support Regulation and the sum of 703 361 EUR mentioned as a total budget of the project, we draw attention, that the total project budget devoted to both social partners is 1.5 mln EUR with 703361 EUR planned for each social partner. The total project budget of 1.5 mln EUR is provided for 6 years of project implementation.

Concerning the project Practical implementation and monitoring of labour security normative regulation and the mentioned total budget of the project 12 643 472 EUR, LBAS as a social partner receives 3.2% of the total project budget. Similar comment can be devoted to the ESF co-funded project Support to longer working lives implemented by the State Employment Agency. Within this project LBAS receives 1.7% of the total project budget 10 596 211 EUR.

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#### STATE BUDGET AND FISCAL CONSOLIDATION

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Latvia is experiencing a continuous growth in its economy with increase in GDP of 7,9% for first 6 months in 2018 compared with same period in 2017. The projected total increase of GDP in 2018 is estimated at 4,2% by Ministry of Finance. State budget for 2018 in income position is 8,75 billn. and in expenditure position 8,95 billn., healthcare spending had the largest increase from budget, while military/defense spending reached the required 2% from GDP.

Budget for the year 2019 is yet to be approved, largely due to delay in formation of the new Parliament after 2018 elections. As mentioned previously, the new Parliament is expected to halt further increase of spending on healthcare budget, therefore MTO target of healthcare budget reaching 4% from GDP in 2020 is at risk.

Latvia needs to further decrease tax burden on low income households as inequality of income distribution in Latvia remains among highest in the EU at ratio of 6.3 between S80/S20. Vacancies across all economical sectors are growing indicating a lack of qualified labour, meanwhile unemployment figures still indicate a reserve of around 70 thousand people out of work, unemployment rate remains especially high in Latgale region at 14,3%.

These figures indicate an immediate need for investment in retraining of people out of work to match the requirement of labour market. As shown by data from Employment state agency majority of vacancies (over 50%) require simple workers or qualified workers indicating that targeted and efficient retraining should provide a sufficient resource to fill the open vacancies.

Additionally, investment in mobility structures such as accessible and affordable transportation networks and housing is required to facilitate internal mobility and convergence of the regions - access to work for regions with high unemployment.

Budget allocation to the labour controlling institution the State Labour Inspectorate, causes concerns regarding its capacities to ensure effective enforcement of labour law standards both within Latvian companies and foreign companies arriving to Latvia within posting of workers for provision of services.

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#### SOCIAL DIALOGUE

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The main instrument for discussing relevant policies and reforms, including those related to the



European Semester or resulting from it, is the National Tripartite Cooperation Council of Latvia (NTSP) and its sub-councils. LBAS is actively participating in the legislation and policy setting discussions in the NTSP. In general, the social partners in Latvia are satisfied with the tripartite cooperation platform.

Attention can be drawn to the fact that while social partners are members of NTSP, in practice when legislative acts are discussed, the proposals and objections are in equal way made also by other stakeholders, for instance Latvian Chamber of Commerce and Council of Foreign Investors in Latvia.

An assessment could be made that occasionally, social partners are still provided with very short terms for positions, and mostly this is the case for positions of Latvia regarding the EU level regulations or agreements. State institutions in charge of position development have argued, that deadlines for position development are very tight and do not provide much time for creation of draft positions, therefore leaving very short terms for input at social partner level.

Regarding bipartite level, the social dialogue has seen moderate development as well, amendments in the Labour Law within the last year has given ground for easier and more attainable autonomous sectoral regulation between social partners through sectoral collective agreements. Amendments include reduced criteria for company coverage, as well as fortification of social partner role as sole representatives on a sectoral level to avoid yellow union agreements in sectors. This has resulted in the first sectoral collective agreement in a private sector, signed by both social partners. It covers the construction sector and according to the criteria set in Labour Law can become generally binding.

In 2018 concerns appeared over respect for social dialogue outcomes by the legislator. In 2018 the social partners - trade unions, employers and the government - agreed on an amendment to the Labour law changing the traditional approach in labour rights legislation. So far Labour Law did not allow for derogations from the standards set in Labour law by sectoral collective bargaining. After long discussions and negotiations the social partners agreed with the government on an amendment to Labour law providing possibility to deviate from article 68 of Labour Law setting the minimum amount of supplementary payment for overtime work of not less than 100 per cent. The amendment provides that it is allowed to deviate from the supplementary payment for overtime work of not less than 100 per cent by a sectoral collective agreement, if all the following conditions are met, namely, the agreement is universally binding (*erga omnes*) in the sector, signed by a trade union that is affiliated to the largest confederation of trade unions, provides for a significant raise of minimum wage in the sector, and the supplementary payment for overtime work set by this sectoral agreement is not less than 50 per cent. The agreed amendment raised a lot of concerns among the members of the Parliament, the discussion required lots of additional opinions from the social partners, proving there is no respect to the social dialogue outcomes reached by all the three parties of social dialogue.

There is a risk, that if an amendment in Labour law on derogation option in sectoral collective agreements for overtime pay is compromised, the concluded universally binding collective agreement in construction sector might not take effect.

The process of preparation of the NRP significantly improved in 2018. The social partners were invited to



provide inputs to the draft NRP before the draft was prepared by the Ministry of Economics in cooperation with other ministries and state institutions. After the publication of the draft NRP, the social partners were given time to provide their comments and amendments. After written contributions and before publication, the social partners were invited to the general meeting of state institutions to discuss the draft.

There is no special separate platform for discussions on the CSR or Annual Growth Survey and the Report for Latvia. The topics included in the CSR are to some extent integrated into the thematic discussions of the NTSP, for instance, issues regarding taxation, healthcare and education reforms are discussed in the NTSP sub-councils. The trade unions are using the CSR as a source of argumentation in the discussions over law and policy reforms regarding taxation, healthcare and education ect.

The Parliament elections in 2018 have resulted in very high rotation of the Parliament roster providing a very fragmented coalition and highly unpredictable political vision, therefore the social partners see some risk in deteriorating social dialogue and tripartite partnership model.

# LITHUANIA

## LPSK

### LABOUR MARKET AND EMPLOYMENT

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The Lithuanian Public Employment Service was reorganized recently. Before the reorganization its performance was very flawed. Understanding that we cannot evaluate work of the newly reorganized Lithuanian Public Employment service yet, but having in mind that its success is crucial, we ask to pay attention to its further development.

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### COLLECTIVE BARGAINING, WAGES, GENDER-PAY GAP

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1. Collective bargaining does not reach its potential in Lithuania. Workers' coverage of sectoral collective agreements is one of the lowest in the EU. There are some positive trends in the public sector but the private sector stays problematic and often signed agreements are declarative and have no real impact. The State Labour Inspectorate has done a monitoring of the Labour Code for the first half a year after it came into power. The results showed that social dialogue, collective bargaining are at the bottom of priorities for employers. One of other big weaknesses of collective bargaining is the following: a practice of sectoral agreements considering the financial part of salaries does not exist in Lithuania. Employers, politicians are afraid to make real financial commitments.

In addition, in January 2019 was introduced a double employee representation system which weakens the collective bargaining further. It undermines trade unions

influence. In Lithuania workers are represented by trade unions, work councils or trustees. For example, a right of collective bargaining belongs exceptionally to trade unions but information and consultation are the main functions of work councils. (If more than 1/3 of workers are members of a trade union, a work council is not established and all its functions are given to a trade union. 1/3 of enterprise workers do not have to belong to one trade union, i. e. members of all trade unions are summed together. In some particular cases, for example, if it is planned to fire many employees, an employer has to inform and consult with both.)

This double system creates a situation when workers

representation gets more complicated and harder to implement effectively. It is not easy to bargain when you do not get relevant information quickly. Also, it is important to emphasize, that institutes of work councils and trustees in Lithuania are created artificially. Lithuania was criticized by the institutions of the EU, that information and consultation procedures are not fulfilled enough. So this problem was "solved" by creating low-value institutions of workers representation. Work councils often are more or less loyal to employers and we cannot talk about an independent representation. People are not motivated to represent workers heartily and lack necessary skills. There are many limitations related with

th their activities, for example, work councils cannot spread all relevant information freely. Due to the institute of a trustee, their influence and capacity to achieve something important are even more doubtful. Furthermore, work councils should be established in 10% of enterprises by now. That means there should be around 11.000 of them in Lithuania. However, the latest statistics shows that there are just over 3.500 work councils established.

2. For many years public sector in Lithuania is underfinanced. Education, health care, civil service and cultural institutions face financial scarcity. Everybody agrees on the importance of these areas but working conditions are far from satisfying (in the most areas wages are frozen or the raise was insignificant). There are some positive changes in the health care and education sectors regarding wages but, yet again, our politicians are afraid to make real and clearly defined financial commitments. Furthermore, a lack of state investment and its questionable efficiency still cause a high emigration rate of the most skilled workforce. Having that in mind, a growing demand of these professionals in Lithuania and how much state pays for preparing them, this kind of politics is irresponsible and short-sighted.

Currently a national collective agreement regarding a base salary size for employees of the budgetary sector (civil servants, statutory officers, employees of state and municipality enterprises, institutions) is negotiated. In 2008, during the crisis the base salary size was reduced. Then the government promised to restore it after the economic downturn. This promise was not fulfilled yet. In 2008 the base salary size was 142 euros and now it is 132,5 euros. It is said that it will reach 142 euros in 2020. Having in mind that an economic situation in Lithuania changed significantly during the years and level of prices grew, the restored base salary size of budgetary sector will be inadequate.

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## EDUCATION AND SKILLS

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## PENSIONS, WELFARE STATE, POVERTY

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Low wages and growing inequality are the biggest challenges in Lithuania. The European Commission (among many other international institutions) have criticized Lithuania for a sharp income inequality and broad social exclusion. Income distribution in the country is insufficient. Summarising, the level of income from work is low and our shadow economics is extensive.

1. In 2015 around 10% of workers in the EU were living at a risk of poverty. In Lithuania this indicator reached 22% (2016). Many Lithuanians face a so-called in-work poverty. If they do not get additional income from other sources, they are at risk. Currently the minimum monthly wage does not guarantee a decent living. Recently, trade unions fought a hard fight that it would increase adequately. In 2019 it

reaches 430 euros but it is not enough and does not meet expectations of trade unions and workers (LPSK demanded that the minimum monthly wage would be 450 euros). Unfortunately, the tempo of growth of Lithuanian workers income is lagging behind the pace at which the country's productivity is increasing.

Due to low wages (and with this problem related 'shadow' economics) the state budget loses income and important sectors are not financed (for example, health care, social protection, education etc.) sufficiently. Despite a significant part of people facing a risk of poverty, Lithuania was among those countries of the EU where government expenditure on social protection was the lowest. According to "Eurostat", in 2016 Ireland, Lithuania, Romania, Latvia, Malta, the Czech Republic and Bulgaria each spent less than 13% of GDP on social protection. The need of help is high but the access to the social protection system and to its benefits is complicated. In recent years conditions to get financial social support were tightened. A study done by a social scientist Jekaterina Navick in 2017 showed that just around 4% of population get financial social support.

2. According to the State Social Insurance Fund Board (SODRA), a gender pension gap in Lithuania is around 17% and women face a higher risk of poverty in old age. In April 2018 average pensions of men and women were 347 euros and 288 euros. That correlates with smaller income gained during their working years (women choose lower-paid jobs, get less than men for the same work, make longer breaks for growing children or taking care of ill relatives). A gender pay-gap in Lithuania is quite low in comparison (14%) to the EU average but data shows a worsening trend (seven years in a row).

There is a need to give adequate information at schools about average levels of salaries for different professions, to promote a re-qualification of women/encourage girls to choose the higher paid STEM (science, technology, engineering, math) careers. Furthermore, there are not enough opportunities for mothers to balance between career and motherhood, especially, when the cost of childcare is rising.

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## STATE BUDGET AND FISCAL CONSOLIDATION

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In June the Lithuanian Parliament approved a new tax and pension reform package. It is coming into force in 2019. The Lithuanian Trade Union Confederation does not oppose a need of the tax and pension reform but we oppose a lack of proper analysis and an inadequate social dialogue.

The tax reform which Lithuania needs should be oriented to reduce a sharp social and economic inequality (that is recommended by many different international organisations and independent experts). Unfortunately, now we see the opposite trends. Instead, yet again, workforce is burdened the most, even if it was recommended by the EC to shift tax burden away from labour. Trade unions stressed that capital should be taxed more adequately.

We argue, that this reform is far more favorable to the rich (for example, a ceiling on the State Social Insurance Fund Board's contributions has been set; tax incentives for those who earn the most have been left). We see that the most negatively affected will be those employees who earn around 2.000 euros per month.

Due to this reform, the Lithuanian state budget will lose income significantly. The compensation procedures are not clear yet. The basic rate of 20 % of the personal income tax was introduced, with a rate of 27 % on revenue in excess of the State Social Insurance Fund Board's contribution ceiling. That will not be enough and, essentially, Lithuania will be left with regressive taxes. Despite promises, other income (for example, from dividends or individual activities) bigger than 120 average wages are still not taxed at an additional higher rate.

Our arguments regarding a fusion of employers and employees contributions to the State Social Insurance Fund Board, also, were not taken into account. LPSK suggested applying an average annual employee salary. Unfortunately, this safeguard against possible manipulations which could diminish workers' net salaries was ignored by politicians.

We stress that this tax reform will distort the national statistics regarding wages: yes, brutto wages will rise but net wages will be affected just slightly.

Speaking of pensions, the Lithuanian trade unions cannot understand the reasons behind the compulsory participation in private pension funds and its caused further shrinking of the State Social Insurance Fund Board's budget. I. e. public money will be automatically directed to private structures (without an assent of workers). We stress an issue concerning a lack of effective control mechanisms. Also, it is not clear on what basis workers' contributions will be distributed to these funds and nobody talks about their commitments in regard to future pensions. The Lithuanian Trade Union Confederation requested that employee representatives would be included in solving these issues but our request was ignored.

Lastly, the Lithuanian Trade Union Confederation notes that if the new tax and pension reform foresees an obligatory contribution for workers it would be just to foresee an obligatory contribution for employers too. It would help to reduce social inequality and especially help to those who get low wages and will not accumulate high pensions. We stress that the European Commission has recommended to Lithuania to ensure the long-term sustainability of the pension system and address the adequacy of pensions.

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## SOCIAL DIALOGUE

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Despite significant national and international investment, social dialogue is not working as it should in Lithuania. Often it is seen as a formality by other social partners. Recently, several large structural state reforms were initiated. Despite of our protests these crucial changes were not fairly explained and discussed with social partners and society in general. Often trade unions are informed after the fact though these kind of decisions affect many workers.

As mentioned before, the private sector is even more problematic. It is hard to sign sectoral and national collective agreements and even if they are signed the most agreements are declarative and have no real positive impact.

# MALTA

## GWU

### LABOUR MARKET AND EMPLOYMENT

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Malta has experienced a high economic growth for the past 5 years, in 2018, this is forecast to have remained robust at 4.9%. Moreover, employment growth is amongst the highest in the EU, particularly due to the services sector reaching 69.2% in 2017, 1.5 percentage points higher than the EU28 average. The unemployment rate has dropped to 4% in 2017. This has naturally contributed to a shortage in the local labour market and forced companies to import labour from abroad both from within the EU and TCNs. The major challenge being faced by Trade Unions is to ensure that foreigners, especially TCNs are not exploited with lower pay and working conditions as stipulated by Law.

While the government has taken steps to entice more women to join the labour market such as with the introduction of free child care centres and in-work benefits, more remains to be done with those women in the 35 - 60 age bracket to entice them to return to the labour market. In this regard it is the opinion of the GWU that a focused campaign and training programmes are required in partnership with the private sector to overcome this cultural problem of this cohort. At the same time this will also go a long way to reduce poverty in this cohort.

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### COLLECTIVE BARGAINING, WAGES, GENDER-PAY GAP

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Malta is one of the few countries within the EU that has a minimum wage linked to a Cost of Living Allowance (COLA) pegged to the inflation rate as determined by the Retail Price Index. However, the COLA is computed on the minimum wage and is given to all employees and pensioners. Last year a study was commissioned by the Malta Council of Economic and Social Development (MCESD) a tripartite body, to investigate whether the Minimum Wage needs to be increased with a one-time adjustment to ensure a decent living for all those workers on the minimum wage. In fact a one-time adjustment (in addition to the COLA) was awarded for these workers to compensate them for the loss of purchasing power that these people lost during the last years, as the COLA mechanism did not adequately compensate them over the years. This review / study is expected to be carried out every 5 years.

This mechanism has contributed in no small way in keeping industrial peace in Malta and to a certain extent in ensuring a basic decent wage and pension. It also to be noted that those workers covered with a collective agreement have superior wages that are above the minimum wage and therefore enjoy a better standard of living.

The major challenge faced by Malta is to the issue of the gender pay gap, which in recent years has increased with the strong economic growth. This problem may in part be cultural in nature as the idea of joint parenthood responsibilities has still not been fully adopted as in other EU countries. In fact most women who are raising a family still prefer to reduce their working hours to have more time with their children while in some cases the men work overtime to compensate for the financial loss as a result of the wife / partner working on reduced hours.

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### EDUCATION AND SKILLS



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One of the main challenges facing our country is the early school leaving rate (ESL). In 2016, Malta had one of the highest ESL rate at 19.6%. The rate is higher for men than in women and especially high for people with disabilities (35.5% as compared to the EU average of 22% in 2015). However, in 2017 the rate of ESL stood at 17.7% registering a drop of almost 2 percentage from 2016 levels. If this rate of decrease is sustained every year Malta might well meet the EU 2020 target of 10%.

In 2017, the share of youths not in employment, education or training (NEET) stood at 8.6%, 2.3 percentage points less than the EU28 average.

Out of all persons aged 30-34 years having tertiary education, a constant increase was recorded over the past 65 years, with the Europe 2020 target of 33% being met in 2017.

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## PENSIONS, WELFARE STATE, POVERTY

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The National Statistics Office said that according to a survey, the number of persons living in households with an income below the at-risk-of-poverty line (Euro 8,698) was 72,143 persons. This translates into at-risk-of-poverty rate of 16.8%, 0.3% higher than the previous year. On the other hand the severe material deprivation rate for the same year (2017) among persons living in households was 3.3%, a 1.1% drop over 2016 on the basis of EU-SILC.

At 19.2%, the at-risk of poverty or social exclusion rate (AROPE) decreased by 0.9% when compared to the EU-SILC, AROPE provides the share of persons who are either at risk of poverty or severely materially deprived.

All in all since 2013, 16,368 persons have been moved out of risk poverty or social exclusion as at 2017 this is quite an achievement and it is expected that these figures will improve further for 2018 with budget measures that have still not been fully exploited or implemented.

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## INVESTMENT POLICIES, ENVIRONMENT, TAXATION AND GROWTH

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The country is experiencing a health growth rate with real GDP amongst the highest within the EU. The peak was reached in 2014-15, at 7.7% after the new government made a concentrated effort to utilize EU Structural Funds. The GDP growth for 2017 remained at 6.9% and this is mainly driven by consumption by an ever increasing population, exports and public investment. In fact the government has recently started a 7 long-term year plan to invest in the roads infrastructure costing some Euro 700 million.

The key challenges is mainly related to the long term sustainability of this economic growth, with rising housing prices, rent, and shortage of skilled labour. Closing the infrastructure gap, improving the labour supply and strengthening the key business environment and promoting a sustainable development remain key policy priorities to sustain long-term growth.

The GWU feels that the long-term sustainability of our economic growth can only be sustained by a long term Vision supported by a Strategic Plan for the next 15 - 20 years that goes beyond electoral manifestos and has the support of all the social partners, the government and the opposition. All the social partners in the Malta Council for Economic and Social Development (MCESD) agreed that the Vision should be to make "Malta one of the best places in the world to live in" in

terms of economic wellbeing, standard of living, education, health, environment, etc, etc. The time has come to start planning for the long-term with this clear Vision in mind and to plan how we are going to get there. This ensures that problems are anticipated and we become more proactive and no longer reactive in our way of doing things.

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## STATE BUDGET AND FISCAL CONSOLIDATION

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With the economy perform well the current account continues to show a marked surplus. From 2014, the current account surplus averages close to 8%, In mid-2017 it reached a peak of 10% of GDP. This high level is mostly attributed to the service sector, tourism and transport. In this context Gross government debt has dropped to approximately 50.8% of GDP as at 2017. This has also contributed to boosting tax revenues particularly in direct taxes.

While the spending review is making good progress and is being conducive to more efficient expenditure , in the long-term, age-related spending in the healthcare and pension systems may impact negatively on government expenditure. To mitigate this the government has embarked on a PPP in the running of 3 state hospitals to contain costs in the health sector and to reform the pensions system every 5 years, with incentives being given for the private sector to fill the gap in this area as well with the introduction of occupational pensions. It has also to be said that as more people join the labour market the contributions for the state first pillar pension and the health sector are also on the rise.

Is the budget law of the Government for the year 2019 able to meet the most urgent social challenges?  
The Budget for 2017 focuses on providing social protection and benefits to those most vulnerable in society such as minimum wage earners, pensioners and the unemployed. The objective is clear and this is to move these people out from the risk-of-poverty category and absolute poverty.

Is the government considering the EPSR when planning its budgetary objectives?

Yes, the government is committed and is already on track in implementing some of the 20 principles of the EPSR.

Assuming that an amount equal to 0,5% of the GDP could be earmarked to implement the EPSR, what the TU top priority would be in terms of reforms or investments?

The GWU's top priorities is to ensure that safety nets are put in place to ensure that those in absolute poverty and at risk of poverty are lifted out of their current predicament as soon as possible. The Budget for 2019 continues to address this issue through fiscal measures and also through other measures such as through ALMP and NEET. The minimum wage has been raised last year through a one-time increase in addition to the Cost of Living Adjustment (COLA), it has been agreed by all social partners that this will be reviewed every 5 years. However, the GWU

believes that the concept of the Living Income would go a long way to ensure that a safety net is introduced to ensure that workers and pensioners enjoy a decent living for now and in the future.

The government is also making progress when it comes to early school leavers and it looks like that the EU 2020 target of 10% early school leavers will be met.

The gender pay gap remains an issue as this has widened unfortunately with the economic growth. While the free child care centres have helped in this area as more women have re-joined or returned to the labour market there is still an imbalance between the caring responsibilities of parents when it comes to young children with women taking more responsibilities than men. This issue is cultural in nature and needs a concentrated effort and more awareness and educational effort to solve.

## SOCIAL DIALOGUE

Social partners meet on a regular basis at the Malta Council for Economic and Social Development (MCESD), this is an advisory council made up of unions and employers as well as government officials. It is an advisory council in nature to the government and discusses matters of national importance as well as the EU Semester. While feedback from the social partners is given on the EU semester there is no formal feedback on which opinions have been taken on board, thus a more structural framework is needed in this area.

# POLAND

## OPZZ

### LABOUR MARKET AND EMPLOYMENT

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#### Rynek pracy

##### W obszarze rynku pracy wyzwaniem s:

- podniesienie wskaźnika aktywności zawodowej (na 13,5 mln nieaktywnych zawodowo, ponad 5,2 mln osób jest w wieku aktywności zawodowej),
- ograniczenie segmentacji rynku pracy,
- stworzenie i wdrożenie spójnej polityki migracyjnej Polski.

Polska wciąż ma stosunkowo niski wskaźnik aktywności zawodowej. Na przykład w IV kwartale 2017 r. w grupie wiekowej 15-74 lata wskaźnik ten wyniósł dla Polski 61,3%, podczas gdy przeciętnie w Unii Europejskiej był bliski 65%, a w Estonii, Holandii, Niemczech i Szwecji wynosił co najmniej 70%. Ponadto wśród 13,5 mln osób nieaktywnych zawodowo w Polsce ponad 5,5 mln jest w wieku aktywności zawodowej. W tej sytuacji uważamy, że rząd powinien konsekwentnie dążyć do zwiększenia wskaźnika zatrudnienia wprowadzając nowe instrumenty zachęcające do podejmowania pracy. Niestety polityki: niskich płac i hamowania wzrostu wynagrodzeń, tylko pogłębiają istniejące problemy.

Według Głównego Urzędu Statystycznego, w 2016 r. było 1,15 mln osób fizycznych prowadzących pozarolniczą działalność gospodarczą, które na koniec 2016 r. nie zatrudniały pracowników na podstawie stosunku pracy (tzw. samozatrudnieni). W latach 2012-2015 liczba ta utrzymywała się na niezmiennym poziomie 1,1 mln osób, dopiero w 2016 r. nieznacznie wzrosła o ok. 4,5%. Z kolei na 1,25 mln osób oszacowano liczbę osób w gospodarce narodowej, z którymi w 2016 r. została zawarta umowa zlecenie lub umowa o dzieło, a które nie są nigdzie zatrudnione na podstawie stosunku pracy oraz bez osób, które pobierają emeryturę lub rentę. Polska jest także jednym z liderów wykorzystania umów czasowych w Unii Europejskiej. Powyższe informacje o rynku pracy wskazują na jego silną segmentację rynku pracy, która negatywnie oddziałuje na warunki pracy i życia pracowników i wymaga zmian.

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### COLLECTIVE BARGAINING, WAGES, GENDER-PAY GAP

## Wynagrodzenia, luka pBacowa

**Wyzwanie: szybszy wzrost wynagrodzeD, w szczególno[ci pBacy minimalnej i pBac osób zatrudnionych w sferze bud[etowej. Redukcja liczby ubogich pracujcych. Ograniczenie luki pBacowej. Powy[sze dziaBania maj sBu[ly realizacji celu strategicznego - odej[ciu w gospodarce od konkutowania niskimi pBacami na rzecz oparcia konkurencyjno[ci na innowacjach i zaawansowaniu technologicznym produkcji i usBug.**

OPZZ opowiada si za prowadzeniem przez rzd polityki, która zapewni inkluzywny wzrost gospodarczy, gwarantujcy wszystkim pracujcym mo[liwo[ czerpania korzy[ci z wy[szej dynamiki PKB. Niestety decyzje rzdu np. w sprawie wysoko[ci pBacy minimalnej i wynagrodzeD pracowników w sferze bud[etowej ogranicz wzrost pBac w gospodarce narodowej 2019 r. Decyzje te s w naszej ocenie sprzeczne z rzduw Strategii na rzecz Odpowiedzialnego Rozwoju (dalej: SOR) mówic o potrzebie wyj[cia z puBapki niskich pBac i kreowania wzrostu zamo[no[ci obywateli. Konieczne jest odej[cie od budowania wzrostu gospodarczego i konkurencyjno[ci kraju na niskich kosztach pracy i wynagrodzeniach, która m.in. powoduje, [e od 2017 r. obserwujemy spadek dynamiki funduszu pBac. W 2017 r. fundusz wynagrodzeD wzróSB o 9,1%, w 2018 r. o 7,5%, a w 2019 r. ma si zwikszty tylko o 6,1%. Wci[ nie mo[na uzna wynagrodzeD w wikszo[ci bran[ za godziwe. Z ogóBu zatrudnionych w gospodarce narodowej 13% otrzymuje minimalne wynagrodzenie za prac, a a[ 66% zarabia poni[ej przecitnego wynagrodzenia w gospodarce narodowej. W konsekwencji bardzo liczn grup pracowników w Polsce stanowi osoby o niskich zarobkach (do grupy tej zalicza si osoby, które otrzymuj dochody nieprzekraczajce dwóch trzecich mediany wynagrodzeD). Wynika to z ponadprzecitnego zrónicowania dochodów w naszym kraju. W 2014 r. w Unii Europejskiej odsetek pracowników o niskich dochodach stanowiB 17,1% ogólnej liczby pracujcych. Tymczasem w Polsce pracownicy o niskich dochodach stanowili 23,5% pracujcych. Najmniejszy odsetek pracowników o niskich dochodach wystpowaB w Szwecji (2,6%). Polska jest te[ krajem o najsilniej zrónicowanych dochodach w UE. WedBug danych Eurostat, w 2014 r. 10% najlepiej wynagradzanych pracowników w Polsce zarabiaBo co najmniej 4,7-krotnie wiecej ni[ 10% pracowników o najni[szych dochodach. Na Wgrzech i na SBowacji ww. wskaźnik zrónicowania dochodów pomidzy najlepiej i najsBabiej wynagradzanymi pracownikami wynosiB 3,5; w Czechach 3,3; a w Belgii, Danii, Finlandii i Szwecji zaledwie 2,4. W latach 2000-2016 r. wydajno[ pracy w Polsce rosBa dwa razy szybciej ni[ pBace. Produkt krajowy brutto z kolei wzróSB w Polsce w latach 2000-2017 o 83%, podczas gdy przecitne wynagrodzenie realne brutto w gospodarce narodowej zwiksztyBo si o 59%. W konsekwencji zmniejszyB si udziaB pBac w PKB do 47,7% PKB w 2017 r. ([rednia unijna 55,4% PKB). Warto podkre[li, [e Polska jest krajem, który odnotowaB jeden z najwikszych spadków udziaBu pBac w PKB w caBej Unii Europejskiej. Od 1995 roku udziaB ten zmniejszyB si o 8,9 punktu procentowego. Wy[sz dynamik spadku odnotowano jedynie w Rumunii (-15,7 p.p.) i w Irlandii (-19,4 p.p.). Spadek udziaBu pBac w PKB obserwujemy pomimo znacznego przyrostu wydajno[ci oraz rosnących zysków firm. WedBug danych Eurostat, wydajno[ pracy w Polsce w 2017 r., w przeliczeniu na zatrudnionego pracownika, zwiksztyBa si o 3,2% w stosunku do roku poprzedniego, podczas gdy [rednio w krajach UE o 1,5%. Polska pod tym wzgldem jest na trzecim miejscu w[ród

paDstw UE po Irlandii i Litwie. W kolejnym roku planowany jest dalszy wzrost dynamiki wydajno[ci pracy, z 3,1% w 2018 roku do 3,5% w roku 2019. Dlatego OPZZ wnioskowaB aby pBaca minimalna na 2019 r. wynosiBa co najmniej 50% prognozowanej pBacy przecitnej. Niestety rzd ustanowiB t pBac na 2019 r. na ni[szym poziomie i prognozuje, [e jej wysoko[ bdzie stanowi 47,3% pBacy przecitnej, cho ju[ wysoko[ pBacy minimalnej na rok 2018 r. miaBa osign t relacj. Mo[liwo[ zwikszenia dynamiki wzrostu pBac w Polsce uzasadniaj tak[ wyniki finansowe przedsibiorstw. Wikszo[ dziaBajcych w Polsce firm jest rentowna i wykazuje zysk. Wynik finansowy netto przedsibiorstw w 2017 r. byB wy[szy o 12,1% ni[ przed rokiem. Zysk netto byB wy[szy o 7,5% od uzyskanego w 2016 roku, a strata netto zmniejszyBa si o 13,5%. Zysk netto wykazaBo 80% ogóBu przedsibiorstw. ZwikszyB si tak[ wskaźnik rentowno[ci obrotu brutto z 5% do 5,3% oraz wskaźnik rentowno[ci obrotu netto z 4,3% do 4,5%. Pomimo to przecitne realne wynagrodzenie brutto w gospodarce narodowej nie ro[nie proporcjonalnie do poprawy sytuacji finansowej firm i wzrostu ich zysków. Zysk netto przedsibiorstw w latach 2010-2016 wzróSB o 30%, podczas gdy realna pBaca w gospodarce narodowej jedynie o 17%. Tylko pomidzy rokiem 2015 i 2016 zysk netto przedsibiorstw wzróSB o 11,3% podczas gdy realne wynagrodzenie zwikszyBo si o 4,3%. Zrednie godzinowe koszty pracy w Unii Europejskiej w 2017 r. wyniosBy w caBej gosp

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## EDUCATION AND SKILLS

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### cig dalszy wynagrodzenia:

[...] gospodarce 26,8 euro. W poszczególnych krajach wspólnoty wahaBy si w granicach od 4,9 euro do 42,5 euro. W Polsce byBo to 9,4 euro. Tak[ pozapBacowe koszty pracy s w Polsce niskie (18,4%) na tle [redniej unijnej wynoszczej 24%. Poza tym Polacy s, wedBug statystyk OECD, w gronie najdBulej pracujcych narodów [wiata (1928 godzin rocznie). Jak wynika z powy[szego w gospodarce jest przestrzeD do zmiany sposobu wynagradzania pracowników i wzrostu pBac. Niestety przedsibiorcy niechtnie inwestuj w pracowników. Obserwowany wzrost pBac w Polsce w ostatnim czasie wynika przede wszystkim z niskiej poda[ pracy ni[ z chci zwikszenia przez pracodawców partycypacji pracowników w zyskach przedsibiorstw.

Niekorzystnie wyglada ponadto sytuacja pracowników zatrudnianych w sferze bud[etowej. Od 2009 r. wskaźnik wynagrodzeD pracowników sfery bud[etowej jest zamro[ony. W konsekwencji takiej polityki od kilku lat zainteresowanie prac w sferze bud[etowej znaczo spada, co prowadzi do erozji kadr w sektorze publicznym. Problemem jest te[ du[a fluktuacja zatrudnienia. W sBu[bie cywilnej na przykBad, zatrudnienie w latach 2010-2017, pomimo nakBadania na urzdy nowych zadaD, spadBo Bcznie o 2,9%, a wskaźnik fluktuacji w 2017 r. wynioSB 11,1%. W stosunku do roku 2016 wzróSB on o ponad poBow. Tak wysoki wskaźnik nie byB notowany od 2008 r. Biorc to pod uwag, OPZZ domagaB si, aby wzrost wynagrodzeD w paDstwowej sferze bud[etowej wynosiB w 2019 r. nie mniej ni[ 12,1%. Rzd po pierwszej propozycji zamro[enia wskaźnika wynagrodzeD, ustalil go na poziomie 102,3% czyli na poziomie prognozowanej na kolejny rok inflacji. Oznacza to, [e sytuacja pracowników sfery



budżetowej nie poprawi się.

Działania OPZZ w zakresie wzrostu płac są uzasadnione także w kontekście danych dotyczących ubóstwa pracowników. Z wyników badania GUS na temat skali ubóstwa w Polsce wynika, że w 2016 r. w kategorii gospodarstw domowych pracowników o wydatkach poniżej: granicy ubóstwa skrajnego (minimum egzystencji) było 3,9% osób, poniżej relatywnej granicy ubóstwa 12,5% osób, a poniżej ustawowej granicy ubóstwa 11,9% osób. Według Eurostatu z kolei 108% pracowników możemy zaliczyć do osób ubogich pracujących (przy średniej unijnej 9,6%). Problem niskich płac połączony jest także z dużą liczbą stanowisk pracy nie dających pracownikowi odpowiedniej pewności zatrudnienia (segmentacja rynku pracy).

Rząd poza działaniami na rzecz wzrostu płac wszystkich pracowników, powinien zwiększyć inicjatywy przeciwdziałające różnicowaniu wynagrodzeń ze względu na płeć. Przeciętne wynagrodzenie mężczyzn było w 2017 r. o 18,5% wyższe od przeciętnego wynagrodzenia kobiet (czyli o ok. 160 euro). Wśród najlepiej zarabiających przeważali mężczyźni, którzy stanowili 70,0% tej grupy. Wpływa to na decyzje o aktywności zawodowej kobiet, zwłaszcza biorąc pod uwagę generalnie wysoką wynagrodzenia i koszty np. zapewnienia opieki nad dzieckiem. Choć luka płacowa w Polsce jest niższa niż średnia w UE, to należy wziąć pod uwagę metodologię badania, które bierze pod uwagę średnie wynagrodzenie. Jeśli weźmiemy pod uwagę także wykształcenie, staż pracy i doświadczenie to skala luki płacowej jest większa. Dlatego OPZZ postuluje o pełne wdrożenie w gospodarce zasady równa praca za równą płac.

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PENSIONS, WELFARE STATE, POVERTY

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### **W obszarze systemu emerytalnego:**

- zmiany w systemie emerytalnym zwiększające rolę stażu pracy w miejsce wieku emerytalnego,
  - działania na rzecz wzrostu wysokości emerytur.
1. **Wprowadzenie prawa do przechodzenia na emeryturę po 35 latach opłacania składek na ubezpieczenie emerytalne w przypadku kobiet i po 40 latach opłacania składek na ubezpieczenie emerytalne w przypadku mężczyzn.** W obecnym systemie zdefiniowanej składek - wiek emerytalny ma mniejsze znaczenie niż liczba miesięcy za które odprowadzania jest do systemu ubezpieczenia społecznych składka emerytalna. Proponowane przez OPZZ rozwiązanie stworzy silny bodziec do prowadzenia rejestrowanej aktywności zawodowej i świadczenia pracy pozwalającego na odprowadzanie składek na ubezpieczenie społeczne. w konsekwencji, zwiększy się przychody budżetu państwa z tytułu składek na ubezpieczenie społeczne. Jest to szczególnie istotne w świetle dzisiejszej praktyki obniżania kosztów pracy poprzez stosowanie zatrudnienia niepracowniczego.



2. **Zahamowanie spadku stopy zastępienia przyszłych emerytur.** Stopa zastępienia to stosunek wartości emerytury do zarobków przed przejściem na emeryturę. Z roku na rok obniża się stopa zastępienia. Szacuje się, że w stosunku do ludzi młodych, którzy wchodzi na rynek pracy stopa zastępienia obniżyła się do 28%. Obniżanie się stopy zastępienia może spowodować, że za kilka lat zamiast emerytury osoby w wieku emerytalnym będą otrzymywać tylko renty socjalne a niemal połowa emerytów może być zmuszona do korzystania z pomocy społecznej. Stopy zastępienia w innych krajach: Niemcy - 51 proc. otrzymywanego wynagrodzenia na emeryturę; Francuzi - 75 proc. wynagrodzenia na emeryturę; Czesi - 60 proc. wynagrodzenia na emeryturę; Słowacja - 84 proc. wynagrodzenia na emeryturę; Holandia - 101 proc. wynagrodzenia na emeryturę.
3. **Podniesienie świadczeń emerytalnych dla 1-osobowych gospodarstw emeryckich.** Analiza rozwiązań występujących w krajach Unii Europejskiej prowadzi do wniosku, że w większości z nich dopuszcza się możliwość pobierania własnego świadczenia (emerytury lub renty) ze świadczeniem o charakterze rodzinnym (często zwanym rentą wdową). Przykładowo - takie świadczenie, bez ograniczeń, jest dopuszczalne w systemie litewskim. W Czechach osoba uprawniona ma prawo do wyższego świadczenia w całości oraz do 50% drugiego świadczenia. W Niemczech prawo dopuszcza możliwość świadczenia, ale w przypadku gdy ich świadczenie wysokość przekracza ustalony limit - świadczenie obniża się o 40% tego przekroczenia. Podobna zasada funkcjonuje także we Włoszech - gdzie obniżka wynosi 50% świadczenia, ale kwota limitu do którego nie następuje obniżanie świadczenia jest ponad trzy razy wyższa niż w Niemczech. OPZZ proponuje aby dla emeryckiej wdowy lub wdowca przysługiwać dodatkowo 25% emerytury zmarłego małżonka.

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INVESTMENT POLICIES, ENVIRONMENT, TAXATION AND GROWTH

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## Inwestycje

Polska potrzebuje wzrostu inwestycji dla wzrostu gospodarczego, zwiększenia zaawansowania technologicznego przedsiębiorstw i wzrostu innowacyjności. Zdaniem rzędu dynamika inwestycji zwiększyła się w 2019 roku o 8,4%, jednak w ocenie OPZZ przyjęto zbyt optymistyczną prognozę wzrostu nakładów brutto na środki trwałe. Prognoza ta budzi wątpliwości w świetle dotychczasowego, niskiego tempa wzrostu inwestycji w naszym kraju, które jest również niskie na tle tempa notowanego przez pozostałe państwa członkowskie Unii Europejskiej. W Polsce inwestycje stanowią średnio tylko 19% PKB, podczas gdy w takich krajach jak: Czechy, Słowacja i Węgry, z którymi konkurujemy, udział inwestycji w PKB jest znacznie wyższy. Abyśmy jako kraj mogli skutecznie rywalizować z tymi państwami, tempo wzrostu nakładów brutto na środki trwałe powinno być dwukrotnie większe. Nie ma jednak pewności, czy przedsiębiorstwa, a w szczególności firmy z sektora małych i średnich przedsiębiorstw będą zainteresowane zwiększeniem nakładów inwestycyjnych. W praktyce jednak firmy deklarują działania zmierzające do zwiększania zdolności produkcyjnych, głównie jednak poprzez podwykonawstwo lub zwiększenie

zatrudnienia, a w mniejszym stopniu przez inwestycje. Jest to konsekwencja utrzymującej się od wielu lat niechęci do podejmowania ryzyka inwestycyjnego, co może wynikać z niepewnością odczuwanej przez firmy na skutek niespójnych zapowiedzi i działań rządu w wielu obszarach życia społeczno-gospodarczego. Niska podaź pracy obserwowana na rynku pracy oraz częste i wprowadzane bez odpowiedniego *vacatio legis* zmiany prawa, które zwiększają niepewność przedsiębiorstw co do przyszłego otoczenia prawnego działają na gospodarczej także nie stwarzają warunków do inwestycji. W konsekwencji tego podejścia do inwestycji PKB w latach 2010-2016 wzrósł o 19,4%, a nakłady inwestycyjne tylko o 10,6%. W 2016 r. inwestycje nawet spadły o 11,2% przy wzroście PKB o 3%. Tym samym zagrożona jest realizacja celu zawartego w rządowej Strategii na rzecz Odpowiedzialnego Rozwoju, zgodnie z którym stopa inwestycji ma wzrosnąć do 25% PKB do roku 2020.

Warto także zauważyć, że nawet jeśli przedsiębiorstwa podejmują ryzyko i inwestują, to wciąż zbyt mało środków przeznaczają na badania i rozwój (B+R), co skutkuje niskim poziomem wydatków na B+R. Zmniejszyły się one z 1% PKB w 2015 r. do 0,97% PKB w 2016 r., pomimo wprowadzenia w prawie podatkowym licznych preferencji podatkowych dla firm inwestujących w innowacje. W latach 2014-2016 aktywne innowacyjnie przedsiębiorstwa przemysłowe oraz usługowe stanowiły w Polsce odpowiednio 20,3% oraz 14,5% ogólnej liczby tych podmiotów (wobec 18,9% i 10,6% w latach 2013-2015). Co ciekawe, główną przyczyną niewdrożenia innowacji w latach 2014-2016 dla 81,7% przedsiębiorstw przemysłowych i 92,5% usługowych był brak przekonującego powodu dla ich wprowadzenia. Dzieje się tak, ponieważ firmom w Polsce wciąż bardziej opłaca się konkurować niskimi kosztami pracy i niskimi wynagrodzeniami. Potwierdzenie tego odnajdujemy w prognozach rządu na 2019 r., w których wskazuje się na prognozowane zwiększenie udziału produkcji krajowej na rynkach eksportowych w związku z konkurencyjnością cen polskich produktów. Dużo częściej przedsiębiorstw wskazuje także, że nie ma pomysłu na proinnowacyjne inwestycje. Aby zmienić pozycję Polski w rankingach konkurencyjności potrzebne są inwestycje i wyższe płace, a w szczególności wzrost nakładów na innowacyjność, które pozwolą wprowadzić na rynek zaawansowane technologicznie maszyny i usługi o wysokiej wartości dodanej.

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## STATE BUDGET AND FISCAL CONSOLIDATION

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### Budżet państwa, konsolidacja fiskalna, system podatkowy

Reprezentatywne związki zawodowe mają prawo wyrażenia opinii w sprawie projektu budżetu państwa na kolejny rok. W opinii do wstępnego projektu budżetu na rok 2019 OPZZ zwrócił uwagę, że projekt nie bierze pod uwagę problemów wyzwań kraju. Pozytywnie ocenili działania rządu w zakresie ograniczania luki podatkowej, jednocześnie krytykując niedostateczne nakłady na badania i rozwój, szkolnictwo wyższe i naukę, oraz na wynagrodzenia nauczycieli oraz pracowników sfery budżetowej. Stwierdzili także, że system podatkowy rozkłada ciężary

podatkowe w sposób, który sprawia, że jest niesprawiedliwy społecznie. W opinii do projektu budżetu państwa na 2019 r., negatywnie oceniliśmy także sposób wydatkowania Funduszu Pracy i Funduszu Gwarantowanych Związków Pracowniczych (niezgodny z celami istnienia). Te Fundusze to specjalne części budżetu państwa, w których środki są gromadzone ze składek pracodawców na cele ustalone przy powołaniu tych Funduszy np. Bagodzenie skutków bezrobocia albo wypłaty świadczeń dla pracowników upadających przedsiębiorstw. Niestety rząd z tych środków finansuje inne działania, choć mogłyby one posłużyć na inicjatywy ograniczające luk kompetencyjną na rynku pracy np. na szkolenia pracowników. Takie działania są istotne biorąc pod uwagę niski poziom pracy na rynku pracy i potrzeb podniesienia kwalifikacji pracowników.

### **W odpowiedzi na konkretne pytania EKZZ o budżet państwa i zarządzanie finansami publicznymi:**

- **Czy budżet państwa na 2019 r. adresuje najbardziej pilne wyzwania społeczne?** Budżet państwa na 2019 r. przewiduje środki na realizację Programu Rodzina 500+, rządowego programu, w ramach którego opiekunowie dzieci otrzymują 500 zł na jedno dziecko (na pierwsze dziecko, jeżeli spełnione jest kryterium dochodowe a od 2 dziecka na wszystkie dzieci niezależnie od osiąganego dochodu). Program ten uznawany jest przez rząd za kluczowe narzędzie realizacji polityki społecznej, zwłaszcza biorąc pod uwagę jego wysoki koszt (ok. 20 mld zł). Jednocześnie jednak jest szereg działań, które nie będą w kolejnym roku finansowane w adekwatnym do potrzeb poziomie np. wsparcie rodzin z jednym dzieckiem, osób niepełnosprawnych. Nieadekwatne do potrzeb będą także np. nakłady na ochronę zdrowia czy polityk rodzinnych, która pozwoliłaby na wzrost liczby urodzeń i przedszkoli oraz wsparcie opieki długoterminowej. Także dostęp do mieszkalnictwa, zwłaszcza osób najmniej zarabiających będzie nadal ograniczony.
- **Czy rząd bierze pod uwagę Europejski Filar Praw Socjalnych planując cele budżetu?** Rząd przygotowując budżet nie bierze pod uwagę zapisów Europejskiego Filara Praw Socjalnych - brak w tym zakresie deklaracji rządu a z treści budżetu nie wynika, że realizuje on Filar. Związkom zawodowym nie jest także znany plan, według którego Polska chce realizować Europejski Filar Praw Socjalnych. Generalnie, planowanie budżetu pod względem zadaniowym czy realizacji celów strategicznych (średnio- i długoterminowych) jest ograniczone pod względem skuteczności. Głównym narzędziem, na jakie rząd wskazuje przygotowując budżet na kolejny rok jest tak zwana stabilizująca reguła wydatkowa, która w oparciu o wzór ustala coroczny limit wydatków budżetowych. W obrębie tego limitu rząd jednak decyduje, które wydatki zgodne z jego celami politycznymi mają być realizowane.
- **Zakładając, że kwota równa 0,5% PKB może zostać przeznaczona na wdrożenie EPSR, co będzie najwyższym priorytetem związków zawodowych pod względem reform lub inwestycji?** Trudno wskazać jeden cel w zakresie Filara wobec skali wyzwań w krajowej polityce społecznej. Z pewnością obszar zatrudnienia (warunków pracy i płacy, w tym osób zatrudnionych w sferze budżetowej) wymaga reform i inwestycji.

### **System podatkowy**

System podatkowy w Polsce niesprawiedliwie rozkłada ciary podatkowe. Obecnie w Polsce obowiązuje tylko dwie stawki podatkowe: 18 i 32%, przy czym drugi płaci jedynie około 3% podatników. Opodatkowanie osób o niskich dochodach w Unii Europejskiej wynosiło w 2015 r. 44,6% a w Polsce 56,1%. Z kolei najwyższa, ustawowa stawka podatku dochodowego od osób fizycznych wynosi w Polsce 32%, podczas gdy średnia unijna to 39%. Dlatego uważamy, że rząd powinien obniżyć podatki osobom najbardziej potrzebującym i podnieść obciążenia fiskalne osób o najwyższych dochodach poprzez wprowadzenie nowych stawek w podatku dochodowym od osób fizycznych. Najlepiej zarabiający płacą bowiem proporcjonalnie zbyt niskie podatki. Polityka rządu w zakresie systemu podatkowego, w szczególności brak reform w podatku dochodowym od osób fizycznych powoduje, że kraj nie przybliża się do realizacji rezolucji Zgromadzenia Ogólnego ONZ pt. Przekształcamy nasz świat: program działań na rzecz zrównoważonego rozwoju do roku 2030. Rezolucja ONZ nakazuje państwom przyjąć politykę, w szczególności fiskalną, w zakresie zabezpieczenia społecznego i wynagrodzeń oraz stopniowo osiągać większą równość. Rząd utrzymuje jednak od kilku lat

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## SOCIAL DIALOGUE

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**cd System podatkowy (progi i stawki w podatku dochodowym od osób fizycznych na niezmiennym poziomie co powoduje wzrost efektywnego opodatkowania. Na 2019 r. pozostawił także niezmienną regulację dotyczącą kwoty wolnej od podatku, która powoduje, że osoby zatrudnione na umowę o pracę nie mogą uzyskać korzyści wynikających z kwoty wolnej od podatku. Ponadto wysokość kosztów uzyskania przychodów pracowników od lat nie byłaby podnoszona, mimo wzrostu kosztów wynikających ze świadczenia pracy. Jednocześnie rząd wprowadza zmiany prawa podatkowego korzystne dla przedsiębiorców np. obniża stawkę podatku od towarów i usług dla małych i średnich podmiotów. Powoduje to, że bardziej atrakcyjnym podatkowo jest prowadzenie działalności gospodarczej niż zatrudnienie na umowę o pracę. Nie jest to jednak korzystne dla zarabiających w ten sposób, dla ich przyszłych emerytur i systemu podatkowego i emerytalnego.**

## Dialog społeczny

W Polsce dialog społeczny uległ pogorszeniu. W Polsce działa Rada Dialogu Społecznego, miejsce dialogu związków zawodowych, organizacji pracodawców i strony rządowej. W ostatnim czasie jednak liczba wziętych ustaleń i porozumień znacząco się zmniejszyła. Ponadto obniżeniu uległa jakość konsultacji społecznych projektów aktów prawnych. Szereg projektów aktów prawnych nie jest konsultowany z RDS. Projekty ustaw, często w ważnych społecznie i gospodarczo sprawach, uchwalane z pominięciem konsultacji społecznych lub projekty kierowane są do partnerów społecznych a jednocześnie nie prowadzony jest szybki proces uchwalania prawa (trwający np. tylko 1 dzień), co powoduje, że ewentualne opinie partnerów społecznych nie mogą być wzięte na uwagę projektu. OPZZ odnotowuje także zwalnianie z pracy przedstawicieli związków zawodowych za działalność na rzecz pracowników.



# ROMANIA

## BNS

### LABOUR MARKET AND EMPLOYMENT

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Although the challenges faced by the Romanian labor market are many, we believe we should tackle in particular two issues, namely precarious work and employment protection.

In the last two years, Romania has been experiencing an increasing shortage of labor force, although - paradoxically - the employment rate is still low compared to the average of the EU Member States. Maintaining a constant evolution in the sense of improving the labor market indicators is also difficult to achieve, because in many cases the evolution of the indicators is erratic, without a clear tendency. The inactivity rate remained high, about 53% of Romania's inactive population is in the age group 25-64 years, over 27% of the inactive population of this age group have primary or secondary education or no education at all.

Labor precariousness is more and more present, especially in the case of some occupational categories, such as: self-employed, day-laborers, employees in small private companies. Employment hides a precarious structure, over 23% are self-employed and unpaid family workers. In 2017 - 81% of self-employed are in the rural environment, only 4% have higher education, about 80% are working in agriculture and unskilled workers, 57% are aged over 45, 38% are in this type of employment because they could not find a job (this reason being more common within the 15-24 age group). Only about 29% of the self-employed have health insurance and only 10% contribute to the public pension system.

A form of precarious employment that has gained momentum in recent years is that of the day laborers. In 2017 there were 250 363 people worked as day laborers. In 2018, their number grew particularly in some sectors, such as tourism. For the 250 363 day-laborers, employers did not pay social security contributions, placing these people outside the health and pension insurance system. The introduction of this type of work relationship continues the process of excessive flexibility of the labor market started in 2011. Employers are increasingly using this form of employment, because for the income obtained by these workers only 10% income tax must be paid.

Current labor market problems are the effect of the lack of attention paid to human resources over the past 25 years. Romania has grown, but unequal and inequitable, over 40% of the Romanian employees are in only 5 counties (25% only in Bucharest), the salary in Bucharest is



30% above average.

The rights of Romanian workers, especially those working in the private sector, are under constant pressure. In many cases Romania is still recovering from the effects of the crisis. Industrial relations are generally tense, lacking ethics in terms of the behavior of firms, the latter being one of the factors that negatively influence the inclusive growth of Romania. Especially in small companies the flexibility of the labor market is profound. The costs of dismissing employees are very low, hiring and dismissing are fast in terms of time, great flexibility in wage setting, tense industrial relations, frequent cases of non-compliance with workers' rights. In small companies usually, the employees are not represented by trade unions, they are not covered by collective labor contracts, and any initiative to become organized in trade unions is quickly sanctioned by dismissal. With the exception of Greece, Romania is the only EU Member State facing such frequent violation of the workers' rights. A recent study conducted by the National Bank of Romania concluded that the recent period seems to note an attenuation of the pro-cyclicality of labor productivity in Romania, which means that the next recession will be accompanied by less severe labor productivity contractions. However, less severe contraction in productivity means a transfer of responsibility and effect on workers. The emergence of a crisis would hit mainly the Romanian employees, as the employers have the opportunity to reduce their losses through quick adjustments of the labor force, regardless of dismissals or salary adjustments.

Companies invest very little in employee training, less than anywhere in Europe. The government invests only in unemployed or inactive people, but in a very limited manner, without concrete objectives. Employee access to training has thus become a personal assumption. Becoming unemployed means condemning one to poverty given the level of unemployment benefit.

**Best policy to address these challenges: Changing the labor law and social dialogue law to ensure a balance between flexibility and social security; Creating mechanisms to monitor more closely the violation of employees' rights; Public policies addressed in particular to the rural labor force and self-employed workers; Introduction of the obligation to pay social contributions, including for the day laborers; Revision of the mechanism of calculation of the unemployment benefit, according to the provisions of ILO Convention 168/1988.**

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#### COLLECTIVE BARGAINING, WAGES, GENDER-PAY GAP

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In 2011, before the major legal changes, basically every employee was covered by at least one collective labor agreement. Currently less than 40% of employees are covered by a collective labor agreement. Collective labor agreements at branch level have disappeared. Under the new legislation, since 2011 until now there has been no collective labor agreement concluded.



Collective agreements at group of units' level are instruments that are used almost exclusively by the public sector. In 2017, 12 collective agreements were concluded at group of units' level, of which 10 were concluded in the public sector. Overwhelmingly, collective labor agreements at unit level are signed with the employees' representatives, to the detriment of trade union organizations. The effects are visible in the functioning of the labor market in general and in the wage policy in particular. Only 36% of Romanian employees are covered by a collective labor agreement at unit level.

Employers in Romania prefer to promote their interests rather through structures such as foreign trade chambers or non-governmental organizations, structures accepted by the political environment as viable dialogue partners, with the same rights as the social partners. So far, no measures have been taken to improve the situation, and the employers' organizations are happy with this state of affairs. The government does not encourage social partners to engage together and concerted in public policies, the workers' organizations are facing tensions between organizations and administrative incapacity to manage so many problems arising from the lack of collective labor agreements at branch or unit level. The lack of collective bargaining, the increase in the minimum wage, the transfer of the burden of tax contributions and the tax policy have generated acute problems in the wage policy. Significant salary gaps between the public and private sector, between counties and between small and large companies - these are just some of the elements that characterize the wage policy. In the absence of national and sectoral collective agreements, employers enjoy great flexibility in setting wages, with the minimum wage being the only mechanism to be minded in this decision. On 31 March 2018, 41% of full-time individual employment contracts were registered with the minimum wage, up by 17% more compared to December 2017 (35%). In June 2018, as compared to June 2017, the number of full-time employees whose earnings were equal to the minimum wage increased by about 19%, as the number of full-time employees increased by only 4% in total.

A more and more common form of flexibility in wage policy, especially since January 1st, 2018, is the fact that a substantial part of the individual salary is granted outside the framework of the labor contract. According to data provided by the Labor Inspection, on March 31, 2018 about 41% of the individual labor contracts were concluded with the minimum wage. At the same time, according to the data provided by the Romanian Tax Agency - ANAF - only 22% of the employees with full-time employment contracts had their actual income at the minimum salary level. This type of remuneration allows for a great deal of freedom to employers, especially if we take into account that in many cases these non-contractual wage items are not even covered by a collective labor agreement. This *modus operandi* allows employers to quickly adjust staff costs, both in terms of staff numbers and remuneration levels.

The minimum wage has become increasingly significant in the wage policy. In some sectors the ratio between the net minimum wage and net average wage reached 75% in 2017. The most urgent of the problems we face at the level of the wage policy are: the lack of correlation between salary value and the quality and complexity of the work performed; the large gap

between the salaries in the public and private sector; turning some categories of employees against others; a salary hierarchy outside any economic logic; a wage system increasingly based on extra-contractual components; the disappearance of classical mechanisms for the correction of salary inequalities (fiscal policy and collective bargaining). With an economic environment dominated by economic activities where the vast majority of workers are paid with the minimum wage and a precarious social security system, Romania is consolidating a highly politically dependent and controlled economic model.

Policy suggestions:

1. For bipartite social dialogue it is urgently necessary to modify the legislative aspects that have resulted in the reduction of the coverage of collective labor agreements.
2. Facilitating real collective bargaining.
3. As regards the tripartite social dialogue - the legislative framework exists, it is only necessary to respect it and develop a real interest in dialogue.
4. Strengthening the capacity of the social partners.

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## EDUCATION AND SKILLS

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### A. Challenges

#### *School leavers:*

% Romania is the third country in the European Union in terms of the rate of school leavers, 18.1% - right behind Spain (18.3) and Malta (18.6); % In Romania, however, in 10 years, according to Eurostat data, the rate of school leavers increased from 17.9% in 2006 to 18.5% in 2016 and dropped to 18.1% in 2017; % Romania was part of the European measures that have tackled / tackle this social phenomenon, but success is barely visible - only for primary education and to a certain extent for the gymnasium education; % Early school leavers impact unemployment and social inclusion rates, highlighting disparities and inconsistency;

#### *Rates of participation in education and training:*

% Due to the lack of qualified labor force, LLL programs become precarious both in quantitative and qualitative terms (young, unemployed / inactive, employees). % The rate of participation of adults in vocational training programs in Romania is extremely low and this illustrates (though in a negative sense) the lack of skilled labor and the low mobility capacity of the labor force %

Romania holds the last place in the EU from this point of view and is much below the rate of other non-EU states such as Turkey or FYROM.

## **A. Best policy option**

### ***School leavers:***

% Ensuring adequate funding for education, primarily by securing the budget of 6% of GDP provided by the National Education Act since 2011, never granted - the education budget is approx. 2.61% in 2018, the EU average of the share of GDP allocated to education is 5.4% and the average in Eastern Europe is 4.7% % Specific interventions can be done on two levels, internally and externally. % Internally: individual and collective counseling for pupils, more active collaboration between school and social assistance, public employment service and local administration, implementation and consolidation of "School after school" programs (including childcare for children), extension and coordination expanding "Other School" programs, organizing competitions and competitions for the mass of students (especially for those in vocational and ethnic education); External: support for underprivileged families, aimed at ensuring the necessary for children in and for the school process, providing school transport, strengthening the Second Chance or School for Parents programs % All this can be done under an appropriate budget allocation - for example, the "budget increase" of 2018 is exclusive to the staff costs that the Ministry of Education has taken over (in recent years these expenditures were made from local budgets).

### ***Participation rate in education and training:***

% Reconciling training programs with the market requirements - adoption of a list of priorities for vocational training (occupations and priority areas) appropriate to the needs of the labor market % Adoption of measures that facilitate access to training programs and eliminate all bottlenecks (e.g. norms and rules that disturb / block the market and profile programs). % Revision of policies aimed at training and improving the employees and adapting the current system of training the unemployed in order to stimulate their participation in the programs.

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PENSIONS, WELFARE STATE, POVERTY

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Starting January 1, 2018, Romania is the only EU Member State where social security

contributions for the pension and health insurance system are paid solely by the employees. The clear intent was to fundamentally change the construction of the Romanian social security system by fully transferring upon the employees the burden to pay the most important social contributions, both in terms of the risk it aims to secure and the amount, namely the social security contribution, and the social health insurance contribution. The violation of the ILO Convention 102 produced through the tax reform is revealed by the way in which the social protection system is funded for the year 2018. Thus, we note that the employees contribute to the system funding by 67% for the year 2018, well above the 50% limit imposed by the Convention), according to the provisions of the Public Budget Law and the Social Insurance Budget for 2018. The financing formula Employer-Employee-State defines the social security system and renders materializes the role of the state as a sponsor and guarantor of the social security system; this formula is linked to the assumption of the welfare state status. All the demographic and sustainability risks of the pension and healthcare system are transferred to the employee.

The reform of the public pension system, already announced, can be funded only if the current income revenue is doubles. Self-employed persons, day-laborers, unpaid family workers are still excluded or have limited access to the social security system. Day laborers are excluded by the law - for them, employers keep the money at source and pay only wage tax. These workers have no pension insurance, health insurance, or any insurance against loss of work capacity due to work related illness or accident. Moreover, according to the draft new pension law, if they do not have at least 15 years of contribution, they cannot even become ensured voluntarily. Although the employees provide over 83% of the social security budget resources, consultation during the drafting of the reform proposal was made exclusively with representatives of the pensioners. As a result, the proposed reform is completely imbalanced as far as different generations are concerned, it is a reform for the current retirees. For the current employees, future retirees, the reform translates into:

- o Conditional access to the pension by the social contributions paid, although the obligation to withhold and pay social contributions belongs to the employer, not the employee. Currently there is no necessary infrastructure within ANAF / CNPP to indicate the contributions paid by an employer for a particular employee, especially when talking about partial payments.
- o Tightening the conditions for voluntary insurance with direct impact on those nearing the

retirement age, the day-laborers, the unpaid family workers or the self-employed with lower incomes than the minimum wage.

- o The introduction of the minimum 15-year contribution period in the case of invalidity pensions emerged as an effect of occupational accidents and illnesses.
- o Changing the minimum income limit as base for calculation of the voluntary insurance - Voluntary insurance will be possible for an income at least equal to the gross average wage.
- o The exclusion of students, apprentices or students who are in practice period and who suffer a work accident from the category of those who can get an invalidity pension.
- o Proposing a chart of increase of the pension point value, inappropriate at year level.
- o The introduction of the minimum pension mechanism in the current form will lead to an excessive flattening of pensions in the low and medium pension area.
- o The introduction of the proposed mechanism for the minimum pension severely discriminates against employees.

The reform proposal was expected to be accompanied by information on the sustainability of the public pension system over the medium and long term, given the demographic developments in the light of the current fragile financial balance, but it has not happened.

**Proposals for measures: reinstatement of the principle of solidarity in the financing of the social security system, between the employer and the employee; more consistent impact assessments regarding the pension law; ensuring equal treatment in terms of the social contributions paid by various categories of employed; creating the necessary mechanisms to prevent sanctioning employees if employers withhold but do not pay social contributions; Elimination of the minimum condition of 15-year contribution period for those who lose their working capacity as a result of an occupational accident or disease; ensuring students and apprentices against the risk of occupational accidents during their practice and, implicitly, granting them the right to disability pension if they lose their work capacity as a result of an occupational accident.**

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INVESTMENT POLICIES, ENVIRONMENT, TAXATION AND GROWTH

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In 2018 gross capital formation is expected to contribute to the economic growth by 2.1 percentage points (of 5.5% real GDP growth), after gross capital formation was 1.2 pp in 2017. For both non-residential construction and engineering works, and for equipment procurement the increase was accelerated. Investment in equipment increased by 7.7 percent in the first quarter of 2018 compared to the same period of the previous year, under the influence of the international financial environment and of new inflows in the form of direct foreign investment. The expenditures were focused on expanding the existing capacities, increasing the level of automation and efficiency of production and manufacturing high quality products, among the relevant fields being the electrical equipment industry, the metallurgical sector, and the automotive industry. The contribution of direct foreign investments is also noticeable from the perspective of building new production capacities, notably the developments in the computer and electronics industry and in the construction materials industry. It should be noted, however, that 60% of the direct foreign investments are in Bucharest - Ilfov region, while North East or South West regions each receive less than 3% direct foreign investment.

Thus, the absorption of structural and investment European funds could finance the procurement of equipment and the continued implementation of the infrastructure projects, while the mitigation of consumer uncertainty is expected to exert effects on the demand for residential construction, although its level will remain reduced compared to the previous year. Although the gross fixed capital formation (GFCF) is projected to grow over the next few years, its dynamics in 2018 and 2019 will be mitigated compared to 2017. The GFCF continues to be influenced by a number of factors that increase the degree of uncertainty associated with the forecast of this component, such as the limited predictability of the legislative framework, the discretionary conduct of the authorities with regard to investment costs, the lack or poor quality of infrastructure, and the shortage of employees with skills appropriate to the specific needs of the labor market.

The evolution of the general budget deficit significantly limits the ability to invest in the public sector. This is relevant for the case of the state-owned companies, whose profit is distributed in proportion of 90% in the form of dividends to the consolidated general budget.

The absorption of European funds dedicated to the labor market, the education system, the support for disadvantaged people and the reduction of poverty is not a concern for the Romanian left-wing government. At the end of September 2018 the absorption rate achieved by

Romania was just over 3%. Same in the case of the Regional Operational Program, in the context of huge disparities between regions. The absorption rate was about 2.8%. Excessive bureaucracy, lack of interest in some areas of intervention, wrong identification of priorities, lack of an integrated development vision, inability to develop sustainable infrastructure projects, preference - by local authorities - for using public resources rather than structural funds, are only some of the problems that Romania is currently facing in attracting structural funds.

#### Public policy proposals:

Increasing investments in view of improving the quality of jobs and addressing social, economic and environmental challenges. We believe that public investment in the health and social care sector, in the education and training system, as well as in infrastructure and in research is necessary in order to contribute to increasing quality employment and improved working conditions.

Reducing bureaucracy in managing structural funds.

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#### STATE BUDGET AND FISCAL CONSOLIDATION

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Correcting the deviation from the adjustment path is a missed target taking into consideration this year's budget execution at 9 months. As of 30 September 2018, the tax revenues of the consolidated general budget represented 11% of GDP, compared to 12% in the same period of the previous year. On 30 September 2018, the consolidated general budget recorded a deficit of 1.77% of the GDP, double compared to the level recorded on 30 September 2017 (0.88% of GDP). Tax collection has not improved. Tax revenues and social contributions can cover only personnel expenses, social assistance, and goods and services expenses. Revenues collected in one year in the consolidated public budget represent about 30% of the GDP, well below the European average (44%), and therefore, the capacity to manage spending is very limited. Income and wealth tax contribute to a limited extent to the financing of public budget expenditure. Dropping the progressive income tax has limited the intervention power of public policy in reducing inequality, and now more than 80% of revenue collected as income tax is



provided by employees. Although the tax burden in Romania is low compared to the European average, this is a burdensome task for the labor force, especially for those with low and medium income.

The tax reform promoted in 2017, namely the increase in the tax burden on employees as a result of the elimination of employers as category of social security funders, applied as of 1 January 2018, will be assessed by the Romanian government only in 2019. There is no doubt that this tax reform is to the detriment of the employees, and also to the detriment of the stability and budgetary balance. As it is estimated that staff remuneration as % of the GDP will increase from 36% in 2017 to 37% in 2018, on 30 September 2018 - by eliminating the obligation of employers to participate in the financing of the social security system, the general consolidated budget lost income tax revenue of 0.9% of GDP, while the social contributions collected increased by only 1.3%pp of GDP, the trend is that by the end of this year the difference will diminish. Under these circumstances, it can be said that this fiscal measure did not bring a significant benefit to the consolidated general budget. After introducing the single income tax rate, this has contributed to the worsening of wage hierarchies. The ratio between the minimum wage and the median salary increased from 65% in November 2017 to 69% in March 2018 (according to data provided by ANAF), and none of the Romanian employees with a full-time employment contract falls below the level 2/3 of the median salary. Increasing wage flattening and distortions in wage structure can discourage skilled workers, leading to increasingly serious shortage of skilled workers. According to the data received from the Labor Inspectorate (ITM), until 31 March 2018 (the deadline until when employers had to register changes to individual labor contracts) the situation of the 5.8 million labor contracts was the following: for 0.98 million no there was no change of salary; for 0.75 million, some changes have been made, but insufficient to cover the increase in tax revenue on wages; for 2.56 million employees the change was done in the minimum wage; for 1.51 million the increase was higher. 24% of the active employers did not make any changes to individual employment contracts, not even for one contract. According to the data received from ANAF, if we refer to wage earnings, about 1.2 million employees had their wages cut, and 608 781 were exposed to the risk of wage cuts: 1 135 418 employees saw, in March 2018 as compared to November 2017, reduction of the net salary income, out of which: 169 440 - employees fully supported the increase of the contribution burden, 965 978 employees partially supported the transfer of the burden of contributions. 608 781 employees were compensated for the increase in the tax burden in the

form of bonuses, but their employment contracts remained unchanged in terms of gross basic salary. In other words, the employer may decide at any time unilaterally to reduce or cease these forms of remuneration.

The 10% reduction in the flat rate (the income tax) casts no doubt concerning the application of real progressive taxation, and the destruction of the collective bargaining system coupled with the constant refusal to resolve the blockage in this area, accentuates the tensions and the precariousness of the labor market in the medium and long term.

**Public policy proposals:**

1. Reintroducing progressive income tax;
2. Reintroducing the principle of solidarity in the financing of the social security system, between the employer and the employee;
3. A more prudent approach for the public policy, both in terms of revenue and expenditure

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SOCIAL DIALOGUE

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One of the Country Recommendations for Romania in the European Semester 2018 covered social dialogue. However, the social dialogue situation continued to deteriorate. Essential labor market reform measures are promoted without genuine consultation with the social partners. The Ministry of Public Consultation and Social Dialogue was dismantled, and the social dialogue was taken in charge by the Ministry of Labor. Since the beginning of this year until now, the social partners have not even had one meeting with the minister of Labor on the subject of social dialogue. After the tax reform promoted at the end of 2017, completely ignoring the positions of the social partners, this year the reform of the public pension system was promoted after consultations with the pensioners' organizations exclusively. Consultation of the representative social partners was carried out only on the final draft of the draft law, without a real intent to take over any views or opinions. Taking into account the action package prepared by the Romanian government for this country recommendation, it can be concluded that the government does not intend to adopt any concrete measures to improve the social dialogue.

In 2018 the social partners were invited to participate in the working groups for National Reform Program (NRP) elaboration, set up within the Ministry of Foreign Affairs. Although we appreciate

the initiative of the Romanian minister for European Affairs, the involvement of the social partners is still just a formality. Each working group was gathered once, the only document available for debate was the NRP of the previous year. The meeting had a broad public participation, including representative of public institutions, social partners, academia, NGOs. Each party expressed its proposals for the topic under discussion, there was no real debate, arguments and opinions, no technical coordinator to take over the views of the discussion partners. Subsequently, the draft PNRP 2018 was sent to the social partners for observations, but the time allocated for transmitting views was only 7 days. Regarding the involvement of the social partners in the implementation of the NRP and country recommendations, it should be mentioned that in July the Romanian Ministry of Foreign Affairs submitted for consultation a plan of measures for the implementation of the National Reform Program and of the Country Specific Recommendations. The deadline for submitting a point of view was extremely tight - 4 business days for a 68-page document. As a result, BNS submitted a point of view insisting only on the priority recommendations. Our point of view was forwarded to the Ministry of Labor, and so far there is no information certifying whether or not the ministry took over our proposals, but it is certain that nothing has been done so far to improve the social dialogue situation. In our opinion, the measures proposed by the Government to improve social dialogue show a lack of interest in promoting a mature social dialogue.

We have brought to the public attention on many occasions several issues that affect the tripartite social dialogue, such as:

- In most cases, the social partners are only informed about the government's intention to review or elaborate public policies;
- The time spent on debates and the formulation of views is, in most cases, insufficient;
- The legislation imposes significant thresholds and a bureaucratic process that is not negligible for national and sectoral representativeness; however, the Romanian government and its regional institutions make no difference between the dialogue with the representative partners and the various organizations established as non-profit organizations;
- In most cases, the partners' contributions are neglected, the partners are not informed of the proposals retained, nor of the reasons why the proposals have been rejected. How feedback is provided to the social partners shows how the dialogue is carried out; it's not really a dialogue

but a place where the partners communicate their points of view. The social partners find out when the normative act is published whether their proposals were accepted or not.

- There is also a lack of transparency in this process, the draft laws / policies / strategies are published for public consultation, without revealing publicly who made the proposals and how they were taken over.

- The current level of transparency does not help in any way the achievement of visible results at national / branch level.

- Consultation takes place only at the final stage of the draft normative act, which greatly limits the reaction capacity of the social partners and reduces the usefulness of the social dialogue structures. There are countless cases where a draft normative act reaches the Economic and Social Council the day after it was debated in the Social Dialogue Committee, which clearly shows the pure formalism of this process.

# SLOVAKIA

## KOZ

### LABOUR MARKET AND EMPLOYMENT

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Priorities in the field of employment and labour market guarantees persist. Employment protection legislation and unemployment issues are the main targets.

As we see the unemployment rate of Slovakia is nowadays under 6%. The most problematic issues are youth unemployment, unemployment of older people, long-term unemployment and disadvantaged unemployment.

The specific issues as women participation at labour market, long-term unemployed, disadvantaged groups and marginalized groups were resumed in country specific recommendation 2018. We truly agree with CSR in this field, and they must be the priorities in following years.

Labour market reforms and their measures help to decrease the unemployment rate. Slovakia has high economic growth which creates new jobs. With unemployment rate under 6%, there is lack of labour force and there is an urgent need for requalification and education reform. Most problematic are technical fields and vocational training (lack of graduates). Opening labour market for foreign workers partially solves the problems with labour force, but push on respecting social and economic standards of workers.

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### COLLECTIVE BARGAINING, WAGES, GENDER-PAY GAP

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The coverage of collective agreements is still poor therefore there is a need of government and public support for promotion the importance of the collective bargaining and collective agreements.

Minimum wage will increase on 520 /month in 2019, but we still emphasize that the wages are really low in comparison with other European countries. The average wages are just around 30% of European average. We can see, that there is no negative impact of minimum wage on unemployment rate in Slovakia therefore there is enough space to increase it. The impact of increase minimum wage is on all wages because of minimum wage levels that we have (according to the difficulty of work degree, there is higher minimum wage, we have 6 degrees).

Best policy option to address this challenge is to continue in increasing the minimum wage to keep recommended level of minimum wage according to European social charter and to drive the growth of all national wages. Reinforcement of collective bargaining at national, sectoral and company level play the essential role in the pay rise. Due to huge different wage levels between European countries, the essential thing is convergence within the countries.

Slovakia has relatively low wage inequality because of low wages, but there is a gender pay gap around 20%. Women are working in retail, services, health care, branches which are less pay. They care about children, elderly and with poor work-life balance they earn less and have lower pensions.

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#### EDUCATION AND SKILLS

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Slovakia is still waiting for educational reform. There is no balance between educational system and labour market needs. Graduates have problems to find job in their finished study field. Economic growth, changes of labour market (digitalization), prevailing industrial orientation and regional disparities cause lack of technical workers and technical graduates. Except support of requalification there is also need to support vocational training.

Wage valuation of teacher is not sufficient and motivational, we need to make the teaching profession more attractive.

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#### INVESTMENT POLICIES, ENVIRONMENT, TAXATION AND GROWTH

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As we have one of the highest growth in the EU, trade unions demand more public and private investments e. g. to infrastructure, human resource in public sector, R&D. At our situation we see that the domestic demand growth (comprising consumption, public and private investment, government expenditure) is essential for national economy growth and as well it is a major challenge.

Since, workers have paid the highest price in the crisis, is necessary to demand a strengthening of the fight against tax avoidance and tax havens. This all is also the reason why we push on growth of wages.

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#### STATE BUDGET AND FISCAL CONSOLIDATION

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We do understand the need of reaching the goals of Stability and Growth Pact in the field of planned deficit targets. The increased efficiency of public expenditure must be based on adoption of binding expenditure ceilings and the implementation of the 'value for money' programme, which was recommended in 2016 and 2017 recommendation. In 2018 the recommendation was to increase the use of quality-related and lifecycle cost criteria in public procurement operations and to tackle corruption.

We see that the state budget 2019 covers social measures and invest to public employees but we see the risks in maintaining the deficits due to economic growth, external issues and planned

reforms.

As a trade unions we demand effective public expenditure but with no impact on employees working in public institutional units.

#### SOCIAL DIALOGUE

The social partners have the opportunity to participate in consultations in legislative procedure, thereby also being informed of planned reforms. Trade unions are usually involved in all legislation process. Social partners can put forward their views and amendments at the beginning of legislation process and there are also the consultations. Afterwards the important reforms (or chosen reforms) are negotiating at tripartite level or if there is a need also at sectoral bipartite. Some kind of reforms are discussed at working groups.

As further effort in this field, should be better informing of planned reforms - rather be formal or informal consultation (planned reforms are presented through web site where are very weak information). During the legislative process, there is often a very limited time scope to enforce demands or objections.

Social partners rose the problem of participative financing social dialogue and social partners through the national budget as it is at several EU countries. There is an urgent request to streamline and improve the preparation of legislation at the tripartite level by strengthening the capacity building of the social partners by supporting the creation of experts, expert papers and education.

We really do appreciate the Social Dialogue Project, which helps us with capacity building and education. On the other hand there is a need of long term systematic solution separated of EU founding.

Trade unions will welcome every positive promotion of importance of social dialogue also from the government representatives.



# SPAIN

## CCOO

### LABOUR MARKET AND EMPLOYMENT

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The latest data on the labour market in Spain show an increase in employment and a drop in unemployment, but they are

worse data than in the last two years of the recovery.

Low unemployment, but half the unemployed population has been unemployed for more than 1 year. At present we have 3,326,000 unemployed people and an unemployment rate of 14.6%, higher among women (16.2%) than among men (13.1%).

In the third quarter, the drop in unemployment is greater among women than among men. The long-term unemployment rate is 48 percent and the unemployment rate of the young population (16-24 years) stands at 33 percent.

Of the jobs created, 9 out of 10 net salaried jobs have been temporary. The temporary rate reaches 27.43%, its highest level since 2008.

The levels of poverty are still very high. There are still more than 1 million households (1,083,700) with all of their members unemployed and in the second quarter of 2018 there were 1,167,000 people who lacked income (salary, pension, benefit). The wage inequality between the population that earns the most and the one that earns the least is at higher levels than before the crisis and the average income of the working population with low salaries has declined: the average salary of the 10 per cent that earns the least has decreased. 502 to 463 euros per month between 2007 and 2016.

Therefore, large sectors of the population still do not benefit from the recovery. The wage devaluation and the precariousness of the working conditions promoted by the labor reform, encourage an unequally distributed recovery and a growth model based on unproductive activities, which base their business on the excessive use of precariousness and temporary employment.

CCOO has made concrete proposals to the current Government in different social dialogue roundtables,

- Approach a submerged economy table, where our proposals to stop temporality and bias, among others, are raised.
- Promote a young employment plan, and not just talk about it, as the previous government did.
- Facing a plan for long-term unemployed people, who account for half of the unemployed population.
- For all this, a clear commitment is needed to strengthen public employment services, through the hiring of guidance staff, which CCOO already estimated at around 3,000 people a few months ago.

At present, we are working on closing with the Government a Young Employment Plan, strengthening the Public Employment Services and measures to improve the quality of employment.

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### COLLECTIVE BARGAINING, WAGES, GENDER-PAY GAP

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In spite of the strong increase in GDP in Spain - 3% in 2017 - and the improvement in corporate profits which are

above those obtained before the onset of crises, wages - especially the lowest - hardly improve. This fact, together with a weakening of trade union power in collective bargaining and the constantly increase of job insecurity, make up a country with a growing and profound inequality that requires changes in fiscal and labor policy as well as the activation of social dialogue.

In December 2017, CCOO, UGT, the Spanish Government and employers reached an agreement to fix the National Minimum Interprofessional Wage (SMI). The Agreement provided an increase of the SMI of 4% for 2018 and a progressive increase to reach 850 Euros in 2020. It was an attempt to transfer the economic growth to low-paid workers. In fact, from CCOO we considered it as an incentive, not only for the collective bargaining but also to tackle the negotiation with the employers organizations of a new Agreement for Employment and Collective Bargaining (AENC).

In the framework of the bipartite social dialogue, the IV AENC (Agreement for Employment and Collective Bargaining) was signed in July of this year and will be in force until December 31, 2020. It is an agreement not binding however, it is really important to guide the collective bargaining in that period of time. The main ideas are focused on the wage guidelines: it establishes a general increase around 3% per year and 14.000 euros as the minimum salary of the agreement at the end of its term.

In a study carried out by CCOO according to data collected in the Labour Force Survey (EPA), the rise to 14000 Euros in 2020 would affect 2,226,000 people, i.e. 15.3% of all workers. These 2.226.000 people are basically: workers from Commerce, Agriculture and Hotel; there are 4 Spanish regions where more than 20% of employees benefit (Murcia, Canary Islands, Andalusia and Extremadura); almost 20% of women and 30% of those under 30 years of age are also affected; also benefit those who have a temporary contract (21% by contrast with 9.8% of those with an indefinite contract); and finally, depending on the years of service in the company, benefit 35% of people with less than one year of service, 22% of people with between one and six years of service; and 8.1% of those who have more than 6 years of service.

Some important conclusions can be drawn regarding our trade union strategy based on the study carried out by CCOO in which the wage regulation of 1,437 sectoral collective agreements affecting 11.601.718 people was analyzed. In the validity period of the IV AENC 645 agreements must be renewed (44.98% of the total), affecting 6,807,682 employees (52.47%). In 216 of them, affecting 1,666,524, the minimum salary exceeds 14,000 Euros per year however, there are 205 agreements (affecting 1,610,623 employees) in which only some occupational groups are below this annual salary, which means that although in quantitative terms this figure is not significant, it probably responds to situations of inequality due to age or gender so, qualitatively we should keep it in mind; in the remaining 224 agreements, affecting 2,810,535 workers, all, many or several occupational groups do not reach the 14,000 Euros of annual salary, configuring itself as the group on which our trade union action should focus.

On the other hand, the change of Government opened new expectations for the development of those subjects that we had in a kind of stand by, but necessary to address as a priority for CCOO. And indeed, in the framework of the political negotiation for the approval of the General State Budgets for 2019, the PSOE and Podemos have reached an agreement -which will be effective if it obtains the Parliament support-, in which some labour improvements are envisaged, among which stand up an increase of the National Minimum Wage (SMI) to 900 euros per month.

However, some of the main issues for our trade union that had undergone changes in 2012 which both parties seemed willing to revise, have been left out of the agreement. Topics such as the ultraactivity of collective agreements; the prevalence of the sectoral agreement over the company; the regulation of subcontracting; as well as the procedures and reasons for the modification of working conditions.

Although from CCOO appreciate the rise of the SMI to 900 euros per month, for us it is an aspect that should have been agreed in the scope of social dialogue with social partners.

Beyond what the final approval of the PGE can provide, CCOO will continue to press for collective bargaining to achieve the implementation of the minimum wage of 14,000 in all agreements, as well as in the deepening of social dialogue.

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## EDUCATION AND SKILLS

## Challenges

- Expand the offer of post-compulsory vocational training in state-run schools to reduce early school leaving.
- Increase investment in the training of unemployed people and guarantee its implementation.
- Expand the state provision of basic and professional training for low skilled workers to ensure equity in access to training.
- Increase investment and link training provision for unemployed people to sectors for an ecological and social transition.
- Reform dual vocational training to guarantee its quality.
- Promote the right of the working population to 20 hours of training per year.
- Increase public investment in education to 5% of GDP in the short term, with the aim of achieving 7%. At present is at 4,21% of GDP, having decreased from 4,95% in 2009.
- Increase the funding for attention to diversity and for compensatory education programmes.
- Increase student grants and university funding. Reduce university fees.

## Political opportunities

There is agreement with the new government on the need to promote a change to a productive model that requires higher skilled jobs, in contrast to the discourse focused on the skill deficits of the working population and the need to adapt training to the demands of the labour market.

Considering the above, there should be an improvement in the contents of the vocational training provision, with a better balance between short-term demands and the strategies of administrations and companies in the medium and long term.

There is agreement on the need to reform dual vocational training, guaranteeing its quality and the social protection of young people, as well as ending with the use of youth unemployment as a justification for precarious labour insertion.

Reversing the consequences of the policies of precarisation of employment and disinvestment in the education and training of workers adopted in the last decade, following the European guidelines, requires a stability that the current government does not have due to the way it gained power and to the likelihood of general elections in the short term.

## Statistical data

In its June bulletin, CEDEFOP points out trends towards polarization in the demand for qualifications in the 'European' labour market: Until 2030, strong growth is expected at the bottom of the scale in a number of EU Member States, especially Spain, France and the United Kingdom.

In Spain the concentration of job offers in low skilled profiles has been a recurrent problem of our labour market, even before the economic recession. According to the official Labour Market Report 2018 (SEPE), 43% of the contracts in 2017 took place in 7 occupations (waiters, shop assistants ...), and 63% of contracts required compulsory education or less.

On the other hand, according to the results of the Quarterly Labour Cost Survey (ETCL-INE-2nd quarter 2018), more than 90% of the companies consulted declared that they do not have vacancies because they do not need more workers.

The number of unemployed in the same quarter, according to data from the Spanish Labour Force Survey, is 3,490,100.

Regarding the level of education attainment, early school leaving and subsequent participation in continuing education are related problems. 40% of the population aged between 25 and 64 years does not have second stage training, and in this group only 3.5% participate in continuous training, compared to 16% of those with higher

education.

With the high rates of unemployment and precarious employment that affect more to less qualified people, Spain will only be able to meet the skills needed for a different productive model if there is enough training provision for adults.

Educational spending has gone from 4.95% of GDP in 2009 to 4.21% in 2017. The number of students with scholarships was reduced by 26.4% since 2011.

Regarding the university level, the budget for University scholarships has been cut by 13.9% since 2011. Spain has one of the highest levels of public university fees in the European Union. All the Autonomous Communities (regional administrations that have the competencies on Education) have increased their public prices for higher education in the 2008-2016 period, some with low intensity (from 5.1%) and others reaching an increase of 94%.

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## PENSIONS, WELFARE STATE, POVERTY

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The challenge presented by the pension system in Spain is twofold. On the one hand, it is necessary to guarantee sufficient and adequate pensions, which requires the repeal of the legislation imposed in 2013, which established a revaluation formula for pensions that did not guarantee the maintenance of purchasing power and the sustainability factor based on exclusively on adjusting the initial amount of pensions, without taking into account any other element. On the other hand, it is necessary to adopt measures that improve the income of the system and guarantee its sustainability both in the short and long term.

Maintaining our current retirement model with the perspective of the year 2050, will require raising pension spending foreseeably by as much as 14-15% of GDP, a similar amount to that of all the countries in the Eurozone.

We also have a considerable fiscal space to support, among many other things, public pensions. The weight of government revenues on GDP is, structurally, several points below the average of the Euro Zone (7.2 percentage points in 2016, to quote the latest available data).

Our system is sustainable, especially if, as up to 2011, the reforms are made under the framework of the Pacto de Toledo and are agreed with the social partners. This model of reform agreed has given a good result in the past, and has been consolidated as an excellent instrument to guarantee the balance between sufficiency and sustainability of pensions.

In September 2018 there are 3,202,509 people registered at the public employment services. However, unemployment benefits, in August 2018, only covered 61% of those registered as unemployed. This figure is well below the data of 2010 when 78% of registered unemployed were covered by unemployment benefits. Hence there are more than 1 million unemployed persons that are actively looking for work but are not perceiving unemployment benefits.

Unemployed women are worse off as 58% of them received unemployment benefits, compared to 65% of men.

Regarding the quality of unemployment benefits, 54% of the unemployed received social assistance benefits which are lower than contributory benefits. Since 2010 social assistance benefits have been more frequent than contributory benefits, due to the low quality of employment (temporary contracts, part-time contract or low wages).

The system of unemployment benefits need an urgent reform to: remove the cuts introduced in 2012 in the amount of contributory benefits and in the unemployment subsidies for workers above 52 years of age; and to improve the different unemployment benefits.

Spain also needs to harmonise unemployment benefits with other benefits such as those related to guarantee a minimum income in order to guarantee unemployed persons a decent standard of living.

There are in Spain 12,400,000 persons at risk of poverty or social exclusion, according to the European indicator Arope.

This means that 26,6% of the population are at risk of poverty, 4 points above the European average (22,5%). Spain is in the 7th position in the ranking of countries with the highest at-risk-of-poverty rates. Households with children, young people, immigrants and unemployed persons are at higher risk of poverty.

In relation to in-work-poverty Spain is in the 3rd position in the ranking of countries with the highest rates of this indicator. In 2017, 13,1% of Spanish workers are at risk of poverty, 4,5 points above the European average (9,6%). Given this data, Spain will not be able to achieve the objective of the Strategy 2020 dealing with the reduction of 1,400,000 people at risk of poverty. Regarding health, public funding in relation to GDP in 2016 (6,34%) is the lowest since 2009 (6,78%). Due to the budget cuts there are fewer employees and fewer hospital beds. In addition, out-of-pocket medical spending exceeds the EU average by 50% (3.5% of overall expenditure against 2.3% in the EU). 4.4% of the population stopped taking prescribed medications because they were too expensive (Country Report Spain 2018, European Commission).

We demand an increase in health public funding of at least 7% of GDP and the removal of the out-of-pocket payments introduced in 2012.

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## INVESTMENT POLICIES, ENVIRONMENT, TAXATION AND GROWTH

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Real net investment is recovering very slowly at a slower pace than in other economic outflows from a crisis. The reasons behind this are the austerity policies followed during the downturn (which destroyed many competitive companies with circumstantial financial problems) and the fiscal consolidation that ensued. Spanish investment amounts to 47,700 million euros in 2018, almost 16.000 million euros below its level 23 years ago, in 1995. The reduction is concentrated in the public sector, where real net investment has been negative since 2012, which means that public assets has been disappearing or deteriorating. The real public net investment is almost 19.000 million euros below its level in 1995, while private investment is only 3,100 million euros above.

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## STATE BUDGET AND FISCAL CONSOLIDATION

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Spain will get out this year from the preventive arm of the Stability and Growth Pact of the EU, leaving its public deficit at 2.7% of GDP, according to Government estimates, and having set a target of 1.8% for 2019. The Government has just sent a draft budget for 2019 to Brussels, after signing to budget pact with Podemos (the new left party emerge after the May 15 movement, which currently owns the 19% of Congress deputies) that will raise public spending and tax revenues, and that includes an increasing in the minimum wage up to 900 euros per month, in 14 payments, in 2019. The budget has been approved by the Independent Authority of Fiscal Responsibility and awaits the approval of Brussels for what, possibly, new means of income will be added (such as an increase in the maximum social contribution base) making use of the wide fiscal margin with which Spain has to raise taxes and get a system more equitable and sufficient (the tax contribution in Spain is 7 points of the GDP below the average of the Euro area). The approval of the budget in the Parliament will be difficult due to the narrow and unstable majority that sustains the Government, so it is not unlikely that the current budget ends up being extended to next year.

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## SOCIAL DIALOGUE

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In the scope of social dialogue, the change of government opened new expectations in order to recover some priority matters for CCOO which had been stagnated by the previous conservative government.

Some factors such as parliamentary fragility and a predictably short legislature, do not promote in-depth negotiations. On the other hand, the adoption of the General State Budgets will represent an opportunity and, at the same time, a difficulty. An opportunity because, in any case, negotiations would be opened, even partially, on some of the key issues for CCOO. A difficulty because the current political stage in Spain runs in through a "protagonism war". We go through a legislature more declarative than effective.

In this scenario, CCOO welcomes the opening of several negotiating tables on some priority issues. We highlight important advances in topics such as the labour market and labour relations and pensions and unemployment benefits.

In addition, negotiating tables have been opened, although significant progress has not yet been made, in the area of youth employment. Also in relation to the vocational training system, a negotiation path has been opened, but it has not yet been defined.

Negotiation is not easy and we can not guarantee the results. However, from CCOO we are satisfied with the involvement of the social partners in this stage.

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## UGT-E

### LABOUR MARKET AND EMPLOYMENT

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(Data source is EUROSTAT , period of reference 2017, last complete year available, unless otherwise specified )

The main concern about employment growth in Spain its the lack of inclusivity:

Regarding long term unemployed more than 44% of total unemployment have been unemployed more than 1 year, of which 1.2 million people or 30.1% have been unemployed more than 2 years.

Regarding juvenile unemployment (< 25 years) where Spain presents a 38%, the second highest rate of EU

Connected with this two phenomena, despite the robust growth in both, economy and employment, the active population is reducing, specially in the most productive cohorts of the population (National men and women from 25 to 44).

The lack of inclusivity is more intense depending of the gender: the male unemployment is reducing more intensively than the female's, and activity rate is reducing faster in women than in men.

Employment growth presents concerns about its quality:

Fixed term employments represented a clearly exaggerated share of 26.8% the maximum rate in European Union. More than 26% of this workers have been in the same position for more than 2 years, and nearly 20% for more than 3. More than 30% of these "Long term temporary workers" have been renewing the contract in periods shorter than 5 months. (Data Source: INE period of reference average of available data for 2018)

According to data from Public Employment Services, the share of temporary contracts for less than 7 days of duration has reached 27% of the total contracts signed in 2018, growing consistently during the recovery.

The prevalence of part time job is not itself a problem, but the fact that 60% being involuntary, it is. reaching the highest value for European Union.



Differently from a wide accepted diagnosis, the main reason for such an extensive use of temporary contracts is not the difference in costs between fixed and Non-fixed term. It is not either an "idiosyncratic seasonality of Spanish economy. It is a very extended irregular use of this type of contract favored by an non dissuasive scheme of sanctions and a very improvable enforcement of labor regulation.

There is also a gender gap when dealing with quality of the employment: 70% of the part time jobs are taken by woman; and the temporality rate is also higher for the females .

Actions recommended

To tackle the long term and juvenile unemployment:

- Lifelong learning
- Re qualification.
- Personal evaluation.
- Education and qualification.
- Apprenticeship, but always linked to qualification process, with limited duration and guarantees.
- Relief contracts

Although they have been widely used, we do not consider -in line with several papers on the matter- hiring incentives in the form of bonuses or discounts, as a particularly efficient tool.

Complementary to that we think that the current PAPEs (Annual Program for Employment Activation) should be revamped in line with the following ideas:

**-Evaluation: each PAPE is launched without having a proper evaluation of the effectiveness and efficiency of the PAPE before.**

**-Adequacy of the indicator systems:**

-The present system of indicators is composed mainly for **those based on the information collected from the management side**. That is easier for the employment services, responsible of collecting and composes the information. As well there is an **excessive use of macro, aggregated variables which not proper represent the performance** of the employment system and are very affected, however, for cyclical developments.

-There is **very little information from the demand side, or variables designed and composed to measure the effectiveness of a policy**, ¿Has the unemployed person been actually inserted? ¿How? There is a clear lack of variables regarding composition and type of employments fostered, regarding duration of contracts, types of contracts etc.

-There is an **excessive use of synthetic indicators** -on a total of 200 KPI per Autonomous Region- without providing the base information used to compose them, or the methodology. That makes very difficult to assess and compare.



Introduction **of the gender perspective**. (Which, by the way is mandatory according to the *Ley de Igualdad of 2007*)

- To incorporate adequate variables to assess the impact in gender gap.
- To incorporate explicitly equality objectives among those to achieve.
- To incorporate a specific methodology to detect the gender gap issues. They do not incorporate what we know today.

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## COLLECTIVE BARGAINING, WAGES, GENDER-PAY GAP

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(The data source is the INE, the period of reference 2017 - last complete year available- unless otherwise specified)

### **The recovery of the Spanish economy has been very uneven.**

Since 2008, the Adjusted wage and salaries share on GDP has decreased between 3.2 and 4.3 for Spain. Only Ireland and Greece showed a worse evolution.

Despite the recovery, having reached the Spanish GDP its pre-crisis level in 2015, National Accounts through the income approach show how uneven this recovery has been. The Wages and salaries in Spain are still 2.2 percentage points below the level reached in 2008. Only Greece shows a worse evolution, and adding Croatia just these three countries have experienced a reduction in this variable for the period considered. However Operating surplus and mixed incomes in Spain are 7.5 percentage points above the level reached ten years ago.

The wages have lost more than 10 points of purchasing power since 2009. Even in 2016 and 2017 where the economic growth was above 3%, this trend has continued.

This reduction of purchasing power has been more intense in the lowest decile of the wage distribution, for which it has deteriorated a 13.8% from 2009 to 2016.

Spain is the only country in the Euro Area for which a further erosion of real wage per employee is forecasted for 2018. (Autumn Forecast 2018 EU Commission).

The successive Labor Reforms since 2010, specially the experienced in 2012, which allow for unilateral wage cuts from the part of the company, and gives precedence to the collective bargaining agreement at a company level, are directly related with this evolution.

### **Actions recommended:**

- To revoke the aspects of labour reform more harmful to collective bargaining, especially re-establishing the prevalence of the sectoral level.

- To progressively raise the minimum wage, until reaching 1000 .

**Regarding the gender wage gap, which is estimated in 22.9% for the Spanish economy, the situation seems not to be improving during the recovery, although last collected data refers to 2015. With other related variables available, women are still more propense to have temporary contracts and undesired Part time job. Their unemployment rate is 3.3 points higher than the men's.**

Nevertheless, the causes for gender wage gap extends through a multiplicity of fields, is not an exclusive matter of wage regulation.

For example there are circumstances in which different positions have different wages although these differences seem not being justified by the job description. That kind of situations are generally biased against women. The recommendation would be to have an equal payment for an equal value job. Another example is the feminization of certain tasks in sectors as cleaning services or care services.

For that reasons we consider that the actions to take should be developed at least in two different levels.

#### At a company level

- Follow the example of The Spanish *Ley de igualdad* and other regulations in the same line, which prescribe the creation of Equality plans at a company level, were all the matters regarding to gender equality are developed, from promotion criteria, wage scales, prevention of sexual harassment measures etc.

#### At a government, or supra national, level.

- Parental leaves should be sufficient, equal for both parents and non-transferrable.

- To provide **complementary public services that favors the equality on the professional careers**: child schooling for 0 to three years

- To collaborate in the qualifications from both: the representatives of the workers and the employers that should implement Equality plans at a company level. Formative actions should be incentivized and facilitated.

- Any regulation on the matter, as all of the former, should incorporate the adequate mechanisms to be enforceable, especially dissuasive sanctions. EG: If a company refuses to develop and implement an Equality plan.

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## EDUCATION AND SKILLS

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Putting aside other recommendations for the general education system, in which Spain presents important problems as early leaving and a high number of NEET's, the present analysis is more centered on the skill mismatch.

The skill mismatch affect to the Spanish economy in its particular manner, there are three aspects:

- Long term unemployment (decapitalization, and the need to look for specific formative actions)
- Relative scarcity of medium qualification, which is to do with the Vocational and educational Training.
- Relative excess of underemployment.
- However it is not a factor which is restricting the labor supply in Spain, as can be happening in other UE countries.

In 2015 a new law regarding to the mater of training was passed. Since then the successive Governments, at all of its level has not been able to deliver. Currently there is a remnant of 2.000 million whose origin is the social quotes, unapplied from previous exercises.

As well in its remarkable how despite the generalized messages of the necessity and positive effects of long-life training and requalification etc, in Spain the enterprises do not use, or do in a non-significant way, the resources earmarked for ad-hoc training. In its most, they are used to very generalist matters (English courses, informatics tools etc.)

For last it is necessary to warn about the use of social quotes allowances in that matter. In Spain , and liked as well to the problem of young unemployment, a new version of a contract for Training and apprenticeship was introduce during the crisis. It was heavily used because it incorporated generous allowances, but when a more exigent certification system of the received training was introduced, its use delecerated remarkably

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## PENSIONS, WELFARE STATE, POVERTY

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After the Country Report of 2018,when examining the performance of the Spanish economy in light of the European Pillar of Social Rights, the situation is very "critical" social exclusion distribution as well "To watch" as well in GDH growth.

The average income per household in Spain is currently 3.315 euros lower that in 2009, an 11%. Average income per capita has decreased 610 euros per year, a 5.4%.

The indicator of people at risk of poverty or social exclusion, contained in the Strategy Europe 2020 27.9% of the Spanish population is at risk of poverty, more than in 2007. That figure is well above the average for the EU-28.

The employees at risk of poverty or social exclusion reaches the 15.8% of total employment, spec

The percentage for unemployed workers at risk of poverty is 48.5%.ç

In the same Country Report, the impact of social transfer to reduce poverty was signaled as one of the main weakness of Spanis welfare system.

To address that, Trade Unions in Spain have promoted a Popular Legislative Initiative urging the Government to approve a Minimum Income Benefit, which would cover approx. 2 million people with an income of 426 euros per month.

However other measures should complement that, especially towards a more balanced distribution of poverty measures across regions.

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## STATE BUDGET AND FISCAL CONSOLIDATION

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Being one of the countries where the imposition of inadequate austerity measures resulted in a contractive scenario during a recesive phase of cycle, our possition is that any fiscal rule should be sensible and take into account its contemporary impact.

Regarding the tax system, the main concern about Spain is the improvable efficiency of tax system. The Spanish tax Burden is behind the average for Euro Area. For that matter, UGT recommends.

Regarding taxes:

A revision in the deductions affecting corporate taxes, removing those which do not address to a priority and quantifiable threshold.

To increase the resources assigned to prosecute tax fraud.

Regarding Social Security:

To guarantee and adequate level of the public pensions, and a revalorization system which takes into account the cost of living.

To eliminate some of the bonuses in the business quotas for Social Security.

To remove any caps in the maximum contribution for Social Security.

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## SOCIAL DIALOGUE

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Regarding Social Dialogue, Spain enjoys a deep structure bipartite, tripartite, sectoral and regional of social dialogue, soundly guaranteed by different laws and regulations. It works very efficiently regarding collective bargaining.

The main concern about Spanish Social Dialogue is, when dealing with the tripartite structure, the lack of guarantees regarding its contents. Depending on the political convenience, the structures for Social Dialogue can be emptied of relevant contents. There is not a proper culture of evaluation of social dialogue, or any structure that guarantees for this evaluation to be developed.

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## USO

### LABOUR MARKET AND EMPLOYMENT

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Escasa tasa de actividad, 58,73 (3T2018) pero todavía inferior a la que se tenía 59,67 (1T2008).

Con una tasa de paro alta, aunque disminuyendo, del 14,55 (3T2018), pero muy alta, con respecto a la que se tenía antes de la crisis, 9,60 (1T2008), con desigual distribución en el territorio nacional.

Con mucho paro juvenil, 34,3 (IIIT2018) frente al 25,7 (IIIT2008)

Ha disminuido el número de parados de larga duración, 465,3 frente a los 530,2 del año pasado o 1.420 (IT2013) que se ha tenido.

La tasa de temporalidad se ha incrementado 63 cent'esimas, hasta el 27,53 %.

#### **A. Empleo,**

- a) Incremento de los salarios para mejorar la capacidad de compra de los trabajadores y de las rentas de personas pasivas.

Los salarios deberían subir en un porcentaje superior a los precios para recuperar su nivel adquisitivo y combinado con el crecimiento del empleo, recuperar su tamaño en la Renta Nacional. Las pensiones debieran incrementarse como mínimo a nivel de los precios.

Gravar los despidos y las jubilaciones de empresas con beneficios.

- b) Modificar las normas laborales del anterior gobierno para que sea preeminente el convenio sectorial sobre el convenio de empresa; Eliminar el vacío legal, estableciendo la vigencia del último convenio laboral, quitando la posibilidad de la ultra actividad.
- c) Reglamento horario para la jornada laboral y específicamente la contratación a tiempo parcial. Mejorará la cotización por horas extraordinarias y disminuirá el fraude.

- d) Igualar estándares laborales en el centro de trabajo y empresas para evitar una tercerización o subcontratación espuria. Reforma de las empresas subcontratistas. Legislación nacional para las empresas multinacionales, aunque sus trabajadores tengan contratos laborales en el país de la sede (Ryanair)
- e) Reposición de empleo público, de forma selectiva.
- f) Mayor cobertura a los trabajadores desempleados. Prestaciones sociales a desempleados de larga duración como derecho.

Reforma de las bonificaciones sociales por nueva contratación. Disminución y, en todo caso, que se financien v'ia impuestos y no dependientes de las cotizaciones sociales de los trabajadores en activo.

- g) Mejores políticas de empleabilidad:

Plan juvenil. Desarrollo formación dual; formación orientada al empleo. Disminuir en un plan a cuatro años, los ni-ni. Erradicar la figura del becario.

Plan mayores de 45 -65 años. Específico de larga duración. Desarrollo de iniciativas locales y posibilidad de cuota de empleo p

Plan de igualdad en las normas selectivas de oferta de trabajo para disminuir puestos de trabajo 'genero'.

Servicios públicos de empleo activos.

Plan integral contra la pobreza

- B) Mejores políticas económicas y recursos:

Objetivo mejora de la capacidad productiva, su valor añadido, reorientar modelos productivos y transición energética y sustentabilidad.

Mantenimiento de políticas expansivas del Banco Central Europeo.

Un incremento del presupuesto europeo, por medio de fórmulas de imposición progresiva.

Fiscalidad europea: Un mínimo de tipo para el impuesto de sociedades y renta de las personas. ITF. Otros, gravamen sobre el diesel.

Mutualización europea de políticas, en función de un mix de renta, población: inversiones, desempleo, I+D. Plan Juncker con reparto europeo con ponderación del porcentaje de empleo.

Mantenimiento de los fondos europeos y de cohesión. Mejora de la ponderación del porcentaje de paro.

Dosificación en el tiempo de la disminución del déficit público.

Incremento de inversiones públicas en infraestructuras (mantenimiento, en ahorro energético, transporte de mercancías,...). Rehabilitación de viviendas. Se corre el peligro de que nuevamente se vuelvan a repetir errores de inversión excesiva en el sector inmobiliario o de infraestructuras de escaso retorno.

Mejora de capacidad inversora y de gasto del sector público.

Mejora de infraestructuras del ciclo integral del agua. Políticas rurales contra la erosión y desertificación, plan forestal y equilibrio territorial.

Incremento de acciones y recursos en I+D. Sería prioritario recuperar las cifras y a las personas que desarrollan estas actividades. Mejora de su situación laboral.

Mejora de los ingresos públicos hasta alcanzar la media de países del euro. Lucha contra el fraude. Mejora de la progresividad del sistema. Aumento de la presión fiscal en función del crecimiento económico y con mejora de la progresividad del sistema fiscal.

Incremento de políticas de cuidado personal (desarrollo de la financiación de la ley de dependencia).

Favorecer el aumento del tamaño de las empresas,

Escalonamiento por regiones/estados de las vacaciones escolares y laborales.

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## COLLECTIVE BARGAINING, WAGES, GENDER-PAY GAP

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En España se ha producido una devaluación salarial y una caída de los ingresos fiscales de los beneficios.

En España, en estos momentos, se tiene un PIB semejante al anterior de la crisis, pero con 1,5 millones de trabajadores menos y más trabajo a tiempo parcial, una pérdida de masa salarial y reducción de su porcentaje en el PIB, una recaudación fiscal que ha basculado a mayores impuestos indirectos y con una caída en el impuesto de sociedades a pesar del incremento de dividendos que han llevado a que nuestro país es el segundo país donde ha crecido más la desigualdad en la Unión Europea. Ha habido un desendeudamiento privado a costa del incremento de la deuda pública.



Las rentas salariales han pasado del 50 % de la Renta Nacional al 47,3% %. La devaluación salarial redujo un 7,6% las nóminas entre 2008 y 2015.

-Esto se ha producido en una buena parte por la agresión normativa a la negociación colectiva. La mejora de la demanda económica y el empleo no se está traduciendo en una subida salarial que compense la pérdida de nivel adquisitivo.

En este sentido, creemos necesario derogar las dos reformas laborales la de 2010 y 2012 para equilibrar las condiciones de la negociación colectiva. Ésta última prioriza el convenio de empresa sobre el sectorial, por lo que ha habido por parte empresarial un interés en no negociar, dejar que los convenios decayesen.

-Además, vía negociación colectiva se debería poner control sobre la temporalidad, los contratos formativos y el abuso de contratos precarios. También la inspección laboral debe reforzarse para eliminar la existencia de trabajadores jóvenes sin contrato, bajo la fórmula de becarios.

-Esta precariedad también se ha extendido en el sector público con la fórmula de interinos y otra contratación temporal que puede alcanzar irregularidades. En el sector público se tienen que aceptar criterios de concursos públicos donde se salvaguarden los convenios colectivos del sector, para una igualdad de las empresas concurrentes y no que el sector público fomente el dumping.

El abuso de las ETTs y de las empresas de multiservicios y subcontratistas son otros de los elementos que deben de regularse.

Por último, la negociación colectiva tiene que incidir en dos aspectos manifiestamente mejorables, propiciada en buena parte en la rotación y la contratación temporal y precaria de los trabajadores: : la reducción de la accidentabilidad y en la formación profesional.

La universalización de planes de igualdad, eliminar los gap salariales en función de puestos de trabajo femeninos y no en función de criterios objetivos, para lograr los mismos salarios por trabajo de igual valor. La política de igualdad se tiene que extender en los procedimientos de entrada y promoción en la empresa.

Extender la negociación colectiva con apoyo a los comités de empresa europeos.

La negociación colectiva tiene que ampliarse en la labor de las mutuas de accidentes y su control de bajas laborales.

En la enseñanza, lograr extender la contratación anual (12 meses), en lugar la de curso escolar (10 meses).

Por último, otro aspecto normativo que afecta a la negociación colectiva y a la libertad sindical y a la igualdad de oportunidades. En España, la negociación colectiva va unida a la representatividad de los sindicatos. Para medir ésta, hay elecciones sindicales periódicamente. Pero los procedimientos de

convocatoria electoral, y otros aspectos relevantes que van a afectar a la representatividad no son idénticos para todos. Entendemos que hay que modificar la base de partida que rompe con la igualdad de oportunidades, reformando la ley orgánica de libertad sindical.

(continues in the attachment)

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## EDUCATION AND SKILLS

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-Desarrollo de plataformas on line y presenciales públicas. Actualmente hay un despilfarro de recursos y de escaso control de calidad e idoneidad a las necesidades de la demanda. Esto es así, porque la formación la desarrollan entidades privadas y, en la práctica, son ellas las que hacen el catálogo de cursos de formación.

-Plantear la formación con unidades, módulos, que construyan una cualificación y carrera profesional. El catálogo de cursos de formación tiene que ser amplio y diverso y adecuado a los nuevos nichos de demanda.

-Las bonificaciones por formación en la empresa tienen que estar correlacionadas con la creación de empleo de calidad.

-Evitar ser juez y parte en los mecanismos de concesión y realización de formación por parte de cualquier agente. Sí, a la posibilidad de control de los recursos públicos y de los procedentes de las empresas para la autoformación de sus trabajadores.

-Está ocurriendo que la bonificación a las empresas se está destinando a la formación en una forma desproporcionada a los equipos directivos sin que se disemine al conjunto de la plantilla.

-Apertura de centros de formación profesional y ocupacional con horarios nocturnos que posibiliten una buena oferta y estimular la reducción del fenómeno ni-ni.

-Profundizar en el programa de normalización de cualificaciones. Incluso a nivel europeo.

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## PENSIONS, WELFARE STATE, POVERTY

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El sistema español de pensiones es de reparto, fundamentalmente.

La reivindicación, aprobada en el Parlamento español es que las pensiones se revaloricen de acuerdo al IPC. USO plantea que el Congreso apruebe como norma constitucional la revalorización de las pensiones.

Las cotizaciones sociales forman parte de los costes salariales y ello afecta al empleo. Las cotizaciones sociales son una proporción de los salarios (que han disminuido su parte en la Renta Nacional a costa de los beneficios). Por otro lado, las prestaciones sociales pueden ser consideradas como un salario indirecto de los trabajadores cuando alcanzan la jubilación. Por eso, la importancia de que los impuestos (progresivos) contribuyan a la seguridad social.

Hay determinados sectores que tienen un incremento de productividad bajo o nulo, como pueden ser los cuidados personales o la hostelería, sector fundamental en la economía española. Es decir, que no se puede dejar que un cambio de ciclo o el incremento de la productividad física resuelva el problema. Hay que ver cómo se reparte la riqueza y el coste intergeneracional.

Medidas a desarrollar:

- Discusión en múltiples foros, incluyendo por supuesto a los sindicatos, en cómo afrontar la situación y dar respuestas.
- Desde nuestro punto de vista, el Estado tiene que contribuir a la Seguridad Social vía impositiva. Esa posible cantidad o su exceso debería ir al Fondo de Reserva de la Seguridad Social que amortigüe los cambios de ciclo.
- Crecimiento del empleo y salario medio.
- Eliminar los topes salariales sobre los que se aplican los tipos de cotización. Obviamente, un destope de las cotizaciones máximas debería ir en paralelo con un destope de las pensiones máximas, este incremento debería establecerse con criterios solidarios, es decir parte de incremento de la cotización iría a más recursos para el sistema y otra parte a un incremento directo de la pensión, manteniéndose un tope para la pensión máxima.
- Establecer un recargo a las cotizaciones de contratos temporales.
- Penalizar las extinciones colectivas de empleo y específicamente a las empresas con beneficios.

Pobreza según los datos aportados por EAPN España

En el año 2017, un total de 12.338.187 personas (12.989.405 en 2016), que suponen el 26,6% (27,9 % en 2016) de la población residente en España está en Riesgo de Pobreza y/o Exclusión Social.

Esto significa, por una parte, que para volver a los valores anteriores a la crisis es necesario reducir en otros 2 millones el número de personas en Riesgo de Pobreza y/o Exclusión Social y, por otra, que se

requiere una reducción adicional de otras 800.000 (total 2.200.000 personas) para cumplir los compromisos especificados en la UE 2020.

En 2017, hay 6,4 millones de mujeres y 5,9 millones de hombres en riesgo de pobreza y exclusión, es decir medio millón mas de mujeres afectadas.

Por otro lado, en todos los grupos de edad disminuye el porcentaje AROPE excepto para el grupo de mas edad de 65 años. La tasa más alta se da entre los jóvenes de 16 a 29 años 34.8 (37.6 en 2016) y menores de edad 31,0 (31.7 en 2016), (1 de cada 3!!!) debido a la carencias de prestaciones relevantes y ayudas a las familias monoparentales.

La Privación Material Severa alcanza al 5,1% (5,8 % en 2016) de la población española, lo que supone algo más de 2,3 millones (2.600.000 personas en 2016). En todo caso, 700.000 personas mas que en la fecha de comienzo de la crisis de 2008. Pero con grandes diferencias regionales.

Tener un trabajo o una pensión no garantiza no sufrir ese riesgo. Hay personas adultas con trabajos en el 14,1% de los hogares en pobreza (11,8% en 2014), que sufren tanto pobreza, como privación material severa, que disponen de alguno de esos ingresos.

Todo ello, con una gran dispersión territorial, pudiéndose decir que al Sur de la Comunidad de Madrid se incrementan los porcentajes de pobreza y disminuyen al norte.

#### Medidas

Las competencias sobre esta materia son de las Comunidades Autónomas y Ayuntamientos. Hay una gran dispersión de medidas paliativas, diferentes sobre aspectos de la pobreza y sus cuantías. Y, en todo caso, no llegan a todos los ciudadanos necesitados.

Es preciso que existan unas normas generales homogéneas. Si bien, la distribución de los recursos tiene que realizarse preferentemente en los ayuntamientos, los recursos destinados a este fin tienen que venir por lo menos de las Comunidades Autónomas y Estado que garanticen unos ingresos o prestaciones mínimas. Y evitar la cosificación o que la pobreza se herede, haciendo realidad la igualdad de oportunidades.

-guarderías, comedores escolares, actividades extraescolares en periodos vacacionales; profesores de apoyo.

-evitar la pobreza energética

-Lucha contra la mendicidad. Programas específicos a colectivos vulnerables, romaníes, personas en la calle, Seguimiento individual.

## INVESTMENT POLICIES, ENVIRONMENT, TAXATION AND GROWTH

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### A) Programa de transición energética. Ahorro energético

En España hay minería de carbón en zonas de ese monocultivo productivo. Hay que ligar el cierre de esas explotaciones, reconversión de ese tejido productivo que incluye transporte, centrales térmicas hacia otras producciones.

Reducir la emisión de CO2 y demás gases.

Desarrollo de la cogeneración y renovables.

Renovación de hogares y sus electrodomésticos para reducir el consumo.

Lo mismo que en el alumbrado público.

Dada la capacidad instalada de energía eólica y otras alternativas en nuestro país, la conexión eléctrica con el norte de Europa, es un tema prioritario para mejorar la eficiencia global.

Facilitar el autoconsumo eléctrico.

Fomentar el transporte público. Eficiencia del transporte. Reducir el tipo de IVA impositivo.

Transporte ferroviario de mercancías.

Dada la gran capacidad productiva en el sector del automóvil, es prioritario despejar las prioridades y los tiempos de puesta en marcha para hacer una transición de las estructuras productivas y logísticas entre los vehículos con motores diesel, gasolina, híbridos y eléctricos.

B) I+D+I para lograr los objetivos de Europa 2020. Recuperar a investigadores españoles que durante la crisis han abandonado el país.

C) Ciclo del agua: potabilización, mejora de la canalización, recuperación y tratamiento. Plan forestal y antidesertización.

D) Parque viviendas de alquiler.

### F) UE

Mantenimiento de los Fondos Estructurales y de Cohesión.

Incrementar el Presupuesto de la UE

Considerar que las inversiones no formen parte del déficit.

Mutualización europea de ciertas políticas y extraordinarios gastos y su reparto europeo con ponderación del porcentaje de empleo.

Mutualización de la emisión de deuda en un determinado porcentaje.

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## STATE BUDGET AND FISCAL CONSOLIDATION

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a) El presupuesto del Estado y de las Comunidades Autónomas es deficitario.

El La previsión de un nuevo presupuesto para 2019 -si hay acuerdo legislativo- presentado a Bruselas, recoge por primera vez que no habría déficit estructural. Eso haría posible una reducción del volumen de deuda.

Además, España confirmaría no tener déficit excesivo.

Para ello, esa previsión recoge un aumento de ingresos relevante, también un aumento ligero de gastos, menor que el crecimiento económico, lo que significaría una pérdida de peso de los gastos en el PIB.

También un calendario de reducción del déficit más suave, llegando al equilibrio en el presupuesto del año 2021.

b) El aumento de los ingresos fiscales vendrían, si se aprueban, por la creación de nuevos impuestos TTF, digital; aumento de tarifas en impuestos directos sobre la renta; revisión de deducciones en las grandes empresas; fraude fiscal.

En general, USO apoya la obtención de más ingresos fiscales obtenidos por ampliación de bases imponibles e impuestos directos. El diferencial de presión fiscal entre España y los países de la eurozona alientan estas medidas.

Con respecto a la financiación autonómica se pretende aumentar los ingresos fiscales propios a través del impuesto de sucesiones y patrimonio.

USO apoya que existan normas mínimas en todo el Estado y un arco de modificaciones posibles en función de las decisiones de cada Comunidad Autónoma.

En todo caso, la lucha contra el fraude y la elusión fiscal deben ser prioritarios.

En este sentido, USO observa que la UE no hace sus deberes. La elusión fiscal de las multinacionales y

los paraísos fiscales son consentidos por la UE y apoyada por Estados de la UE, como por ejemplo Holanda e Irlanda, en contradicción con el discurso oficial.

c) Con respecto a los gastos públicos, USO cree que, en función del crecimiento económico, también deben incrementarse para converger su peso con los países de la eurozona.

Hay programas de atención a mayores, infraestructuras, I+D+I, por ejemplo con graves carencias.

Mayor dotación de medios humanos y técnicos a la Agencia Tributaria para la lucha contra el fraude fiscal. Competencias de inspección ante figuras tributarias de tenencias de acciones como las SICAV.

Hacer una reforma fiscal que contemple mayor progresividad y mayor peso de la imposición directa sobre la indirecta (see the data in the attachment). Medidas pan europeas:

Medidas en España:

1. Impuesto sobre la Renta de las Personas Físicas, evitar la dualidad de tipos impositivos de las rentas del trabajo y del capital.
2. Impuesto de sociedades. Transparencia. Reducir las bonificaciones y dosificar el periodo de amortización de beneficios fiscales, para lograr que el tipo efectivo se acerque al nominal. Igualar los tipos del impuesto de sociedades para evitar comportamientos de no querer aumentar el tamaño empresarial para evitar una fiscalidad más exigente.

Tipo efectivo del impuesto sobre sociedades sobre el resultado contable positivo (%)

2007	2008	2009	2010	2011	2012	2013 (provisional)
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Empresas que no son parte de un grupo empresarial

22,6	19,8	13,2	15,4	15,8	16,0	14,9
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Grupos empresariales consolidados

9,9	5,3	6,4	5,0	3,8	5,3	6,0
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*Fuente: Informes de recaudación de la AEAT*

3. Homogeneizar y acordar criterios y tipo mínimo en los impuestos propios y cedidos a las comunidades autónomas, patrimonio, sucesiones y donaciones, AJD, etc.

4. Revisar los productos de consumo popular y sus tipos de IVA para favorecer a las personas con menores rentas: alimentación, transporte público, energía doméstica, etc.



5. Nuevos impuestos o los verdes ya existentes tienen que adecuarse a la eficiencia recaudatoria y sopesar quien lo paga, para evitar en lo posible, reducir la progresividad y equidad.

## SOCIAL DIALOGUE

Existe una perversión en el sistema de participación.

Es discriminatoria la actual normativa de representación sindical porque hay un vicio de origen. Sólo pueden promover elecciones sindicales los sindicatos que en un periodo han alcanzado o superado el 10 % de la representación a nivel estatal. Esta norma legal beneficia el estatus quo sindical y cercena la igualdad de oportunidades.

Esta fórmula de obtener representación, se traslada a la negociación colectiva, poniendo el umbral de negociación en un 10 % de la representación, sin buscar simplemente la proporcionalidad.

Si es discutible el formato de representación y negociación, el esquema de representación mayoritaria se traslada miméticamente a espacios deliberativos, de consulta o de control. También en la distribución de fondos económicos en esferas de toda condición, de forma excluyente, fortaleciendo el estatus quo e impidiendo la igualdad de oportunidades: Consejo Económico y Social, fondos de formación ocupacional, preventivos de accidentes, cooperación internacional, etc.

Esto a pesar de sentencias judiciales que establecen criterios de proporcionalidad y no la simple exclusión de sindicatos con menor representación.

En algún caso, USO ha ganado su participación por su representatividad en algunos sectores productivos.

Eso ha significado una mejora de cohesión entre los trabajadores y una mejor capacidad de negociación.



ETUC  
European Trade Union  
Confederation  
Boulevard du Roi Albert II, 5  
B - 1210 Brussels  
Tel +32 (0)2 224 04 11  
E-mail [etuc@etuc.org](mailto:etuc@etuc.org)  
[www.etuc.org](http://www.etuc.org)