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Position Paper

by the

*Federal Association of Insurance Intermediaries (BVK)*

*German Direct Selling Association (BDD)*

*National Association of German Commercial Agencies and Distribution (CDH)*

*German Franchise Association (DFV)*

*German Association of Chambers of Industry and Commerce (DIHK)*

*Verband der Privaten Bausparkassen e. V. (VdPB)*

*(German Association of Building Societies)*

on the

EU Green Paper

“Modernising labour law to meet the challenges of the 21\textsuperscript{st} century”

of 22.11.2006

With this Green Paper, the EU Commission is pursuing the goal of combining greater flexibility with the highest possible level of security in the European labour markets, also known as flexicurity. Basically we welcome the intention to bring about a flexibilisation of labour law and to meet the needs of a labour organisation subject to rapid change.

However, it must also be recognised that, particularly in labour law, deep national differences have developed over decades and these will not allow for harmonisation in the short-term. Labour law cannot be treated separately, but is inextricably linked to the social security systems, employment market policies and social relationships that differ strongly from Member State to Member State. Due consideration must be given to the different structures and focuses of the Member States. Because, in practice, the implementation of new European regulations are seldom linked to easing of existing national legislation, there is a danger that those Member States which already have wide-ranging laws for the protection of employees will lose out in a European comparison to those where labour law is less restrictive. A European harmonisation must not burden Germany with more regulation and cause it to suffer further competitive disadvantage internationally.

**We demand, therefore:**

1. **More flexibility of labour law!** This is important for companies and employees, but we say no to further protective legislation.
2. **No European-wide definition of the term employee which includes person who are self-employed according to the German law.**
3. **No extension of employee protection rights to the self-employed persons.**
4. **Prudence in the over-stepping of EU competence.**
5. **Avoidance of conflicts with social and taxation legislation of the Member States.**

In relation to the legal competence of the EU, articles 94 and 95 EC may be relevant as general standards of competence, as well as articles 137 ff EC in relation to the specific objectives they contain. It must be ensured here that consideration is given to, among other things, the variety of customs in the individual Member States. This legislative competence is subject to the principle of subsidiarity and proportionality. The Community should take action only if a problem has trans-national significance and cannot be regulated satisfactorily by measures taken by Member States. Communal measures should leave Member States with as wide a freedom to make decisions as possible. The question of the EU’s regulatory competence would thus be determined by the principle of subsidiarity. The decisive point is whether the Member States consider that Europe-wide regulations are necessary. Generally, it appears to us that restraint is required, as the conditions in each Member State are too different to allow for Europe-wide regulation without a distortion of competition and insurmountable frictions.
Even the analysis of the requirements of a modern labour law in the Green Paper is, in our opinion, incomplete and does not yet reflect the correct tone. It does recognise that the unlimited full-time contract of employment is losing importance as the standard employment contract, but the reasons for that are not adequately explained, we believe.

Greater consideration must be given to the following points:

- **Excessive taxation and social security contributions**

One of the main problems which led to the Green Paper is the growing shadow economy and the fear of social dumping.

The main reason for illegal working becoming an increasingly common form of employment is the excessive burdening of the legal working relationship with taxation and social security contributions. As well as the salary, employers must also pay high social security contributions for invalidity, pension and accident insurance and health care. There are doubts as to whether pension insurance premiums paid in will be of any value to the retirement pension of the contributor and whether ever-increasing contributions to health insurance plans are not matched by an ever-decreasing provision of services. Health care also appears to have a doubtful future in its present form.

The consequence of the over-burdening of the working relationship with these costs is that, frequently, both employers and employees see illegal working as being of advantage to them. They are aware of penalties for breaches of the various duties to pay contributions, but these are increasingly seen as duties to be honoured in the breach. This is especially the case with short hours of employment, as the direct costs are accompanied by the high bureaucratic costs of registration, communication and documentation.

These conditions are described only in relation to Germany, but the problems are likely to be similar in many other countries.

**Conclusion 1**

The battle against illegal working can only be won if the problem of the excessive burdening of legal working relationships within the European Community with taxation and social security contributions has been tackled. This, however, is more of a national problem that cannot be taken on by the EU, nor should it be,

- **Contracts of employment are over-regulated**
Companies must employ employees who are capable of and willing to perform and who satisfy the requirement profile for the relevant position. Instead of this, employers are faced with a flood of regulations which restrict their freedom of choice in filling a position. Because of the directives on equality of opportunity, employers may not employ younger/older employees for a younger/older team, nor may they prefer to employ women or men, even if they can prove better acceptance of one or the other by their customers or even if they want balance the ratio between men and women in a particular area.

If employers want to terminate a contract with less suitable, unwilling or underperforming employees, they are faced with a wide bundle of obstacles. Restrictive protective legislation makes termination a tedious, expensive procedure and it becomes almost impossible in special cases.

Employees with flexible working time according to the need of the employers’ business are needed.

In fact, working time is characterised to a large degree by state regulations. Here, a relaxation of, for example, the maximum working time in a day and in a week, with the possibility to compensate those hours spread over the year, and a relaxation of the ban on Sunday and holiday working would be desirable. A flexible approach to peak demand or lower order levels must be assured.

**Conclusion 2**

There is a need for more flexible employment agreements which reflect the needs of business. This will encourage the creation of new jobs and prevent the current disadvantaging of special cases.

The Green Paper does recognise the need for more flexibility, but limits this recognition to a reference to the social dialogue. The high level of charges as an obstacle to contracts of employment is mentioned in footnote 7. Nor can the analysis on page 6, which states that a certain level of deregulation has taken place since the 90s, be confirmed in the case of Germany.

On the various questions posed in the Green Paper in detail:

1. **What would you consider to be the priorities for a meaningful labour law reform agenda?**

Fundamentally, ahead of all other considerations, the principle must be that the security of employment of employees and their protection must not run contrary to competitiveness and growth and the resultant creation of new employment. Flexibility in labour legislation is required as a matter of urgency. Both employers and
employees need more freedom of movement. Fewer protective measures would lay
the foundation for more employment. For employers, the conclusion of a contract
of employment must loose the spectre of being a hard-to-calculate risk which can
later be corrected only with great effort and at a high cost.

In this respect, we refer to the fact that much is written in the Green Paper about
flexibility, but another significant factor is largely overlooked: the responsibility of
those involved, whether employed or self-employed, for their own actions. It must
be ensured that this responsibility is not limited by an excess of regulation, but in-
stead is strengthened, not least with the objective of promoting the frequently-
mentioned transitions between various forms of contracts.

In Germany, clearly structured, understandable and uniformly codified national la-
bour legislation must be seen as the central point in any meaningful reform of the
law. This would already be a contribution to more legal security. But in addition to
the mere bringing together of the relevant laws into a code of employment legisla-
tion, the opportunity for reform must be grasped in order to generate a positive ef-
fect on and more flexibility in the employment market. Thus reform must not con-
centrate simply on the Employment Protection Act by raising of thresholds and ex-
tending of waiting periods, but also greater flexibility through making the time-
limitation of contracts of employment easier by allowing limitation for no reason,
even if there has been prior employment, and the introduction of enterprise-based
operational alliances for jobs into collective contract law. These are, however, all
national issues. The problems in Germany at present with labour law are often
caused by excessive responses to directives. Here, we could name, for example, the
legal right to part-time working, the implementation of anti-discrimination direc-
tives in the German General Equal Treatment Act and the stricter duty of informa-
tion than is contained in the directive on the transfer of undertakings and the conse-
quences thereof.

There are already EU directives on working time and time-limited contracts of em-
ployment. Greater flexibility of working time through wider working time corridors
and the continuation of opt-out options in the working time directive are essential.

We do not believe that an EU directive on the protection of employment – even in
the form of a minimum level of harmonisation – is desirable or meaningful. The
regulations and conditions in the Member States differ too widely.
2. Can the adaptation of labour law and collective agreements contribute to improved flexibility and employment security and a reduction in labour market segmentation? If yes, then how?

Only fundamental changes to the law and changes in the understanding of flexible employment models can be expected to bring about a simultaneous stabilisation of the security of employment and a reduction of the so-called segmentation of the employment market. These employment models must truly provide enterprises with the opportunity to adapt to constant progress, ever-increasing competition and personnel requirements in line with changing levels of demand. The legal preference for the appropriate types of employment contract which allow enterprises to react to market conditions is precisely what makes it unnecessary to move towards other “lower value” types of contract with inadequate levels of social protection. It must be mentioned here, however, that part-time and time-limited contracts, for example, should not be classed among the lower value types of contract as they allow reaction to the requirements of the market and personnel levels as well as serving the interests of employees. Orders placed with the self-employed also do not fall into this classification, even those placed with the so-called economically dependent with only one customer or any other self-employed worker.

Changes in collective bargaining legislation would also not be sufficient, in our opinion, except if they relate to clauses that would allow individual or operational variations. There must be more room for individual variations in collective bargaining – with the agreement of employee representatives. Generally binding collective agreements which have the same effect, in fact, as binding legislation should be subject to strict restrictions and be made only when the need for them can be justified. Legal regulations must be as widely applicable as possible and not relate only to collective bargaining aspects. Even in the absence of a binding collective agreement with a company, individual contractual variations must be allowed.

3. Do existing regulations, whether in the form of law and/or collective agreements, hinder or stimulate enterprises and employees seeking to avail of opportunities to increase productivity and adjust to the introduction of new technologies and changes linked to international competition? How can improvements be made in the quality of regulations affecting SMEs, while preserving their objectives?

In Germany, the applicable legislation and case law have a restrictive effect on the employment market. Too many and over-complex regulations lead to increased insecurity for enterprises. It is frequently necessary to take legal advice before an ad-
advertisement can be placed or an employee terminated. More than 40% of business people in Germany see labour law as a burden on their companies. This was shown in a survey conducted by the DIHK early in 2006. Bureaucracy, strict regulations and a complicated system of protection against unfair dismissal make employers hold back from hiring new employees. This flood of regulation causes concern not only to existing businesses, but deters many potential founders of new enterprises from starting up in business. Instead of a culture of promoting independence and enterprise, the opposite effect is achieved.

4. **How might recruitment under permanent and temporary contracts be facilitated, whether by law or collective agreement, so as to allow for more flexibility within the framework of these contracts while ensuring adequate standards of employment security and social protection at the same time?**

Limited contracts of employment have proved themselves in Germany. They turn into permanent employment in many cases. The co-existence of limitations for good cause and for no reason can be seen as positive. The prolongation of limited contracts can lead to problems in practice, in particular because of the wide-ranging legal decisions in this area and the strict regulations. By easing them, German legislators could make a contribution to increasing the number of limited contracts.

EU directive 1999/70/EC on limited contracts of employment prohibits discrimination against time-limited employees and obliges the Member States to prevent abuse through chained contracts of employment. The Member States have been given further room for manoeuvre. There is no reason at present to tighten this directive further. Instead, German legislators should free German time-limitation legislation from restrictions that go beyond the directive. To prevent chained contracts, it would be enough to prescribe, in cases of limitation for no reason, a period of six months between employments with the same employer. At present, the prohibition is life-long.

5. **Would it be useful to consider a combination of more flexible employment protection legislation and well-designed assistance to the unemployed, both in the form of income compensation (i.e. passive labour market policies) and active labour market policies?**

There are certainly good examples in neighbouring European countries of how a change of system can lead to higher employment. The interaction of labour legislation and social benefits cannot be determined at the European level, however. It depends on the structure of the social systems, taxation law and the structure of the
society itself. Thus, it should be left to the Member States to adapt these to their local conditions. Regulation at the European level is to be rejected emphatically.

At the national level, however, flexibilisation of protection against unfair dismissal is one of the primary concerns of enterprises. Flexible laws against unfair dismissal are necessary in order for enterprises to be able to adapt their outputs to the level of demand in the market in the short-term and for the short-term. Such flexible adaptation would not only improve the chances of economic growth of enterprises, but also the chances of people looking for work to find it. The anxiety about the protection of employees against unfair dismissal leads to reluctance to hire new employees and instead to meet increased demand with overtime and time-limited employees.

But the flexibilisation of the protection against unfair dismissal should not lead to the restriction or even prohibition of certain types of employment or self-employment. It must not be forgotten that there are industries whose economic stability is the result of the practices of out-sourcing and sub-contracting. The construction industry is one example. Construction companies who compete for public tenders, for example, can seldom provide all the services required themselves. They therefore depend on the collaboration of companies to which they sub-contract certain jobs in order to be awarded the overall contract. A restriction on the ability to sub-contract would lead in such a case to an economic disadvantage for the construction company. There are also no reasons for special protection being afforded to sub-contractors, as they are truly independent and operate as entrepreneurs in the market on their own account. They are not, in fact, employees who require special protection.

6. **What role might law and/or collective agreements negotiated between the social partners play in promoting access to training and transitions between different contractual forms for upward mobility over the course of a fully active working life?**

In Germany, our experience with the duty of a training operation to employ apprentices after completion of their apprenticeships and with the definition of strict levels of pay during training when regulated by collective agreements has been poor. This has had a negative effect on the creation of new training places. Because enterprises can rarely foresee, when they conclude an apprenticeship contract, what the economic situation will be at the end of the apprenticeship, they tend to exercise caution. Training a greater number of apprentices than the enterprise itself can employ on the grounds of social responsibility has therefore become practically infeasible.
It is difficult to explain among colleges why apprentices are taken over as employees and the employment agreement with other employers have to be terminated therefore. Under the motto of “training before employment”, the effort must, therefore, be in the direction of deregulation. The occupational training systems in the Member States are also very different. In our opinion, there is no need for harmonisation at the European level in relation to the promotion of access to training and the regulation of this question should therefore be left to national legislators.
7. Is greater clarity needed in Member States’ legal definitions of employment and self-employment to facilitate *bona fide* transitions from employment to self-employment and *vice versa*?

No greater clarity is required in the legal definitions applying in the Member States.

In Germany, legal decisions and guidelines issued by the social security providers in the catalogue of occupational groups have made it clearly identifiable in each individual case which category the activity falls into and so whether it is a case of employment or self-employment. This is the only way in which individual cases can be properly considered and it would be hindered by the imposition of a specific number of criteria to be fulfilled.

For the other EU Member States, our survey of November 14, 2005 has shown that each EU Member States has found, within the framework of its national law, a precise solution for the classification and definition of employment and self-employment, sometimes in the form of a legal definition and sometimes as a result of legal decisions in the Member States.

The following are further reasons for accepting national definition of the terms.

- There are different employment relationships in each of the EU Member States and different types of self-employment which cannot be caught under a single Europe-wide definition.
- If a Europe-wide definition was introduced, nevertheless, this could lead to the disadvantaging of certain occupational groups in various countries, such as the different types of sales representatives in France who are each subject to different labour and social legislation.
- If the variety of types of employment and self-employment in Europe was taken into account in the definition, through the introduction of a catalogue of criteria, say, there is a risk that the definition would become diluted.
- The definitions of employment and self-employment are of great significance not only for labour law, but for social security and taxation law as well. Social security and taxation legislation are both structured very differently in each EU Member States and are linked very closely to the national definitions of employment and self-employment. A Europe-wide definition of the terms could conflict with other regulations.
- The definition in terms of a catalogue of criteria would lead to uncertainty among employers. Experience in Germany with the implementation of such criteria has
shown that whole areas of business have transferred to the larger undertakings and the smallest enterprises have been driven into insolvency.

In the end, genuine transitions cannot be regulated by law. Classification must be made on a case-by-case basis in the individual Member States. There is no need either for regulation of a direct transition or for the introduction of a third category. Such a regulation would tend to hinder activity rather than create the conditions for a seamless transition to employment and would represent a burden on the employment market.

Finaly, European legislators lack the competence to make such a regulation under the principle of subsidiarity (see also section 2).

8. **Is there a need for a “floor of rights” dealing with the working conditions of all workers regardless of the form of their work contract? What, in your view, would be the impact of such minimum requirements on job creation as well as on the protection of workers?**

In no way should minimum requirements for all contracts for the provision of personal services by economically independent self-employed worker be prescribed. Dependency in the form of a contract of employment is not desired by either party in such cases, for a variety of reasons. If employee protection law was extended to cover the self-employed, service contracts would be awarded only to larger independent organisations and the existence of small enterprises and the self-employed destroyed. Precisely those branches of industry, such as project work, which require independent forms of employment would find their freedom of negotiation curtailed and replaced with employment protection laws and economic burdens for which there are no good reasons. Minimum requirements for all forms of employment would contribute neither to more flexibility nor to greater security of employment and should be rejected totally.

A basic stock of regulations at the European level which regulate the conditions of employment of all workers, regardless of the form of their contracts also carries the following risks.

- The application of technically inappropriate regulations: conditions of employment which are appropriate to one form of employment may prove to be inappropriate or even obstacles to another. Which regulations are appropriate often depends on the industry.
- The application of systematically inappropriate regulations: As already mentioned, there are various systems of employment within the EU which, to be consistent, must all be reflected in the basic stock of protective legislation. There would be a risk that, in this way, elements of foreign legal systems may be introduced into the law of another country. Legal uncertainty rather than certainty could be one consequence of this.

The general extension of protective measures to the self-employed would be technically inappropriate and have a negative effect on the economic development of enterprises and thus on the creation of jobs. Frequently, enterprises will decide to work first with an independent contractor in time of rising order levels. They want to be able to react to the new economic challenge without any further obligation to the contractor. If the protective measures allow, for example, the payment of a specific sum of money if the contract is terminated, as in the case of the entitlement of commercial agents to compensation for lost commissions, SMEs in particular may be prevented from working with an independent contractor because of the lack of financial resources. As a result, they cannot then meet the new economic challenge and thus cannot enjoy the growth that would have led to the creation of new jobs.

Because the Commission makes reference to the commercial agents directive, it must be mentioned that, for example, their entitlement to compensation for lost commissions does not result from economic dependence, but from another reason: the payment of compensation on termination of the agency contract has its basis in the fact that the sum is paid for a customer base with which the principal will continue to do business in which the commercial agent will not participate, although the agent created the customer base and it forms the basis of the agent’s activities. The customer base represents the true value of the agency.

If the Commission recognises the commercial agent directive as affording sufficient protection, we cannot see why there is any need whatsoever for any further regulation of commercial agents. Thus, consequentially, commercial agents must be explicitly excluded from any future regulations.

Furthermore, stricter regulations would lead to only to an apparent protection but a real burden on the smallest enterprises and a competitive disadvantage for Europe in the global market. Customers could be persuaded by this to place such orders outside of Europe.

There are also clear legal relationships between customer and contractor throughout the sub-contracting chain. Thus, there is also no need for further regulation in
this respect. On the contrary: if the lead contractor’s liability is extended as far as the last link in the chain, this would represent a liability that the contractor cannot control, as there is no contractual agreement between these first and last links.

9. Do you think the responsibilities of the various parties within multiple employment relationships should be clarified to determine who is accountable for compliance with employment rights? Would subsidiary liability be an effective and feasible way to establish that responsibility in the case of subcontractors? If not, do you see other ways to ensure adequate protection of workers in “three-way relationships”?

As a rule, legal clarifications which serve to make legal relationships more transparent and to codify legal decisions in the area as law are to be welcomed. But German law is already so clear on the matter of multi-sided employment relationships that there is no need for further clarification here. The temporary agency worker or time-limited employee is unequivocally an employee, has a contract of employment with the direct employer and exercises functions in the user enterprise which, in its turn, must fulfil certain duties as the employer, such as safety at work. To this extent, the employee is adequately protected and no further protective regulations are required. On the contrary: the protective mechanisms under German law and their practical application, not least as a result of EU regulations, already form a permanent burden on enterprises. If stricter measures are to be applied here at all, then they must, in the interests of common competitive conditions throughout the European market, be concerned primarily with raising the requirements to the levels of protection enjoyed in Germany. The EU Commission must take this into consideration in the revision of the directive of conditions of employment of temporary agency workers begun in 2002 and on which no agreement has been reached so far.

10. Is there a need to clarify the employment status of temporary agency workers?

We do not think it is necessary to clarify the status of temporary agency workers. This may not be the case in other Member States, however.

11. How could minimum requirements concerning the organization of working time be modified in order to provide greater flexibility for both employers and employees, while ensuring a high standard of protection of workers’ health and safety? What aspects of the organization of working time should be tackled as a matter of priority by the Community?
There have been considerable problems in the past with the existing working time directive 2003/88/EC. It is said that 23 of the 25 Member States contravene the applicable working time regulations, which indicates that it is not practicable. EU labour ministers have not, however, been able to agree to changes in the directive at a meeting of the Employees Council.

Labour regulations must allow enterprises the greatest possible flexibility to determine working time in line with operational needs. They must not prevent enterprises from finding creative, tailor-made solutions. It is a fact that the greatest possible degree of flexibility benefits both employees and employers. Flexible working time is essential, especially in relation to the work-family balance. That is why the existing opt-out regulations, with individual agreements to exceed the upper limit of 48 hours, must be retained and the period for the calculation of average weekly working time extended to 24 months and not be subject to collective agreement. The Commission found an acceptable solution on the basis of the European Court decision on stand-by time. The amended definition in the European Parliament is far less flexible than the proposal of the European Commission. According to the Parliament, stand-by service counts fully as working time. This will cause difficulties particularly in those sectors where it is necessary to provide stand-by cover, even though employees do not work all of the time. In the calculation of stand-by time to working time, a differentiation must also be made between working time and payment as working time. It must be possible to vary from the full rate of pay for purely stand-by time.

12. How can the employment rights of workers operating in a transnational context, including in particular frontier workers, be assured throughout the Community? Do you see a need for more convergent definitions of ‘worker’ in EU Directives in the interests of ensuring that these workers can exercise their employment rights, regardless of the Member State where they work? Or do you believe that Member States should retain their discretion in this matter?

Because of increasing internationalisation, a more uniform definition would be welcome. But this must recognise that a change in the definition of the term will have an effect on all aspects of labour law nationally and that they all must be revised and adapted. An EU definition of employee must, therefore, represent only a minimum standard. There should not be a catalogue of criteria.

A definition in line with that proposed for discussion in relation to a code of German labour law by Professors Henssler and Preis in August 2006 (§ 2 paragraph 1 in conjunction with § 1 paragraph 2):
An employee is a natural person who is obliged through a contract of employment to perform the agreed work in an organisation created by the employer in accordance with instructions from the employer.

Such a definition would ensure that, in the overall consideration of individual cases, the particular conditions in the relevant Member States are taken into consideration. This minimum standard definition would also make it easier than at present to prevent abuse.

In conjunction with the directive on the posting of workers and its implementation in national legislation, it would guarantee that, for employees who work transnationally, the working and employment regulations of the EU Member States in which the work is performed apply.
13. **Do you think it is necessary to reinforce administrative co-operation between the relevant authorities to boost their effectiveness in enforcing Community labour law? Do you see a role for social partners in such cooperation?**

The creation of further bodies or administrative units is to be rejected in order to prevent bureaucracy and expense. Effective controls are an important point in the combating of illegal working. Regulations to ease the exchange of information may be useful to that end.

We reject an expansion of the roles of the social partners. Collective agreements are becoming less important, especially in Germany, so that ever-more enterprises are no longer represented by the social partners because of lack of membership. Thus the social partners are losing the legitimisation to agree regulations binding on all parties. Here clear laws are what are required.

14. **Do you consider that further initiatives are needed at an EU level to support action by the Member States to combat undeclared work?**

The promotion of the exchange of information between Member States can be of assistance. Illegal working must be fought at every opportunity.

**Summary**

In summary, it is essential that the introduction of further European regulations in the field of labour law must be subject to the principle of subsidiarity, so that standardised EU regulations are introduced only where there is a need to serve the interests of the trans-national labour market and where they represent only minimum standards which allow Member States the widest possible freedom of action.

Until now, EU directives have been concerned with only individual areas. This Green Paper would raise a whole series of questions right across the field of labour legislation. We should, therefore, remain with the regulation of individual conditions of employment. Existing and any future directives must be examined for consistency and the prevention or removal of bureaucratic burdens.
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signed Wolfgang Bohle, lawyer  

National Association for German Commercial Agencies and Distributors (CDH)  
signed Kerstin Berchem, lawyer  

German Franchise Association (DFV)  
signed Torben Leif Brodersen  

German Association of Chambers of Industry and Commerce (DIHK)  
signed Hildegard Reppelmund, lawyer  

Verband der Privaten Bausparkassen e. V. (VdPB)  
signed Dr Gernot Rößler, lawyer  

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Federal Association of Insurance Intermediaries (BVK)  

is the representative and the employers’ association of self-employed insurance agents and businessmen working for building and loan associations. Since 1901 the association supports the causes of this professional group. At the moment there are 13,500 self-employed entrepreneurs who are members of it. Among them are commercial agents representing one or several companies as well as brokers.  

As most member companies have employees, the BVK also conducts wage negotiations with the trade unions. As the employers’ association for the insurance mediation trade it concluded a general agreement on conditions of employment with the German Employees’ Trade Union as well as with the Trade, Banks and Insurances Trade Union (now ver.di).  

In the whole insurance industry there are approx. 75,000 full-time and approx. 315,000 part-time commercial agents representing one company (“single-tied agents”). Altogether, they account for a market share of just under 60 % in premium income negotiated (insurance portfolio).  

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The German Direct Selling Association (BDD)
has represented the interests of the direct selling industry in the private consumer goods and services since 1967. Direct selling is the marketing of consumer potentials directly to consumers, in a face-to-face manner, generally in their homes or the homes of others, at there work place and other places away from permanent retail location. Direct selling typically occurs through explanation or demonstration of the products by salespersons referred to as Direct sellers. In 2006 the member companies of different sectors of industry achieved a domestic turnover of approx. 2.2 billion € incl. VAT with about 200,000 self-employed full-time and part-time sales representatives.

Until end of year 2006 the BDD was member of FEDSA (Federation of Direct Selling Associations) with its headquarters in Brussels.

As from February 2007 on the BDD, along with the national direct selling associations of Austria, Belgium, Switzerland and 10 European wide operating direct selling companies is member of association Direct Selling Europe (DSE), the recently founded new representation of the direct selling industry in Europe.

2005 direct selling generated a turnover of more than 8 billion € (excl. VAT) in the EU member states. Almost 4 million people were working outside the office on a self-employed basis.

In the study “Socio-Economic Impact of the Direct Selling Industry in the European Union”, which was implemented by PriceWaterhouse-Coopers (PWC) and submitted in spring 2000, it is ascertained that the direct selling economy in the EU provides 3.8 million jobs directly and indirectly and that between 70% and 85% of the distributed products are manufactured in the EU. The tax revenue in the EU produced by the direct selling economy is over 40 billion € according to PWC calculations. According to further conclusions of the study, the typical sales representative is female, self-employed and in part-time employment. The reasons for becoming self-employed in direct selling are various: (extra-) income, flexibility in choice of working hours, low costs, low risk. Over 90% of the interviewed sales representatives stated their satisfaction with self-employment.
The National Association of German Commercial Agencies and Distribution (CDH)

represents more than 60,000 commercial agencies of all industrial sectors as an umbrella organisation. Among them are commercial agencies as market partners of industry and trade. These are independent companies which mediate products among industrial companies, between industry and trade or between wholesale trade and retail trade. CDH is furthermore open to other companies operating in distribution on a self-employed basis. Distributors, commercial agencies, sales agents, firms of consulting engineers, franchisees etc. are also members of CDH. The commercial agencies annually act as a go-between for goods with a value of approx. 178 billion € including the agents’ own turnover of about 5 billion € annually. Commercial mediation is an economic sector with a medium-sized structure. About 23 per cent of all commercial agencies are run as one-person-companies; the owner takes over all functions. About 68 per cent of all commercial agencies have 1 to 6 employees. About 9 per cent employ more than 6 staff members.

CDH is the umbrella organization of the 13 regional associations all over Germany. The federation has a long tradition, it was established in 1902. It is organized in federal technical federations that look after the interests of the commercial agencies specifically related to individual lines. CDH is represented in many national and international organizations as well as committees, such as “EuroCommerce” situated in Brussels/Belgium. It is a member of the International Union of Commercial Agents and Brokers (IUCAB) situated in Amsterdam/Netherlands.
German Franchise Association (DFV)

The Deutsche Franchise-Verband e.V., founded in 1978, promotes the co-operative sales and distribution system “Franchising” in Germany. Its responsibilities, in particular, include looking after the interests of the franchise industry. The “official”, i.e. the exact definition of the term franchising, the determination of the rights and duties of franchisors and franchisees, and the ethic code that binds members and associate members, serves as the basis for our work. Thus a uniform presence of respectable franchising is established which enables the control of dishonest or unfair systems. The DFV represents the quality association of franchise-systems in Germany. Furthermore, it sees itself as representative of the whole franchise-branch, as it also offers support for potential and already existing franchisees. Currently, approximately 250 members belong to the Deutsche Franchise-Verband e.V.

The German Association of Chambers of Industry and Commerce (DIHK)

represents the general interests of trade and industry as the umbrella organization of all German Chambers of Industry and Commerce. At present there are 3.5 million companies in Germany which by act of law and in the whole of Germany are members of a IHK (Chamber of Industry and Commerce). All sectors of industry are represented here, especially the different lines of distribution, but also the other economic sectors of economically dependent businessmen. Due to its capability of organising the matters of the companies and to balance them, the DIHK is not only the representative of trade and industry with respect to German politics and the general public, but also the contact for the European Commission. On this level the DIHK co-operates closely with the other European Chambers, particularly with the European Chamber organisation “Eurochambres”.