# Executive summary: Industrial Relations in Europe 2014

Every two years the services of the Commission's Employment, Social Affairs and Inclusion DG present an edition of *Industrial Relations in Europe*, which provides an overview of major trends and developments in the collective relationships between workers, employers and their respective representatives, including the tripartite dimension where public authorities at different levels are involved. This 2014 edition is the eighth in the series.

An industrial relations system based on social dialogue is the cornerstone of the competitive social market economy that inspires the European social model. *Industrial Relations in Europe 2012* concluded that the impact of the sovereign debt crisis and the budget consolidation pursued in a wide range of European countries put social dialogue under strain in various ways. This edition reaffirms the conclusion that industrial relations in Europe continue to change, but it also raises the question about which changes are temporary and which are likely to be permanent. The jury is still out on the shape that post-crisis social dialogue will take. Industrial relations in Europe are at a crossroads.

As recognised by the Treaty on the Functioning of the EU and the Charter of Fundamental Rights, the diversity of national systems shapes the system of industrial relations in the EU. There is no superior 'model' of industrial relations which would set the standard for all Member States. Many of the changes observed during the crisis are part of longer-term trends in industrial relations in response to a rapidly changing socioeconomic environment. They include a slow but steady decline in the percentage of workers whose wages are set by collective agreement, and the decentralisation of bargaining structures from national or sectoral multi-employer negotiations to individual firms or workplaces.

The completion of EMU in the late 1990s had a profound impact on labour markets and industrial relations systems in the EU. Under a unified monetary policy, labour markets became an important channel of adjustment to asymmetric shocks in the euro area. There is evidence that preparation for the requirements of EMU (the 'Maastricht criteria') was a major factor in the emergence of social pacts between social partners and governments in many EU Member States, some of which (e.g. Portugal, Spain, Ireland and Italy) did not have a tradition of such bargained corporatism.

However, once EMU was in place, and until the recent crisis, changes in national industrial relations systems still followed a country-specific pattern, largely driven by each country's traditions and practices in social dialogue as well as by the changing global economy. In most cases, the process of change gave the participants in social dialogue enough time and scope to gradually adapt to the changing socioeconomic and institutional context. In some countries, the social partners managed the decentralisation of collective bargaining by setting up coordination mechanisms between company and sector level.

The recent crisis has exposed flaws in the original design of EMU, which — while they did not cause the crisis — in part explain the severe impact of the external shocks on many EU Member States. The crisis also precipitated breaks in the speed and intensity of changes in industrial relations, as external constraints grew more important and the need to promote rapid change in framework conditions to boost potential growth became more urgent. Compared to the years before the crisis, industrial relations have changed in different ways, faster and more frequently.

The European Union introduced a comprehensive package of measures to improve European economic governance and strengthen the coordination of economic, budgetary and employment policies across all Member States. The European Semester operates in a circular manner starting with the Annual Growth Survey, setting out the broad EU economic policies, the national reform programmes presented by the Member States, the Commission proposals to the Council on country-specific recommendations, and the Commission assessment of the actions taken at national level in response to these recommendations including through Commission opinions on draft budgetary plans. The new governance framework has influenced social dialogue at national level. At European level, it has led to discussions about the level to which social partners should be involved in European macroeconomic governance and the extent to which national wage (bargaining) developments — a core issue of national industrial relations systems — should be raised at EU level.

A number of country-specific recommendations addressed certain aspects of national wage-setting systems and therefore touched upon a core component of national industrial relations. The goal was to point to the need for greater flexibility in wage adjustment in countries with large internal or external imbalances, and so support adjustment processes. Decentralisation of collective bargaining was seen as a measure to better align wages with productivity at local and firm level.

In Member States receiving financial stability support, the need to implement reforms very quickly (including changes to wage-setting systems) to stabilise the fiscal and economic situation left little scope or time for consulting national social partners and/or consensus-building. The Commission continually stressed the importance of social dialogue and of respect for national circumstances and practices. Still, the crisis situation combined with certain industrial relations traditions was an unfavourable setting for social dialogue, leading to increasing conflict between the social partners and between trade unions and public authorities. The quality of social dialogue therefore became a key subject for discussion. Recent attention to the social dimension of EMU, stressing the need to restart collaborative social dialogue at EU and national level, seems to provide new prospects for industrial relations under EMU. This has been backed up by renewed emphasis on the dual role of wage developments, not only as a factor of competitiveness, but also in supporting demand and reducing inequality, especially at the lower end of income distribution.

While the past two years raised concerns about the state of industrial relations in Europe, the evidence of the most successful EU Member States suggests that well-structured social dialogue contributes to coping with complex socio-economic changes required in a modern economy. As in previous years, the verdict is unambiguous: countries with strong social dialogue institutions are among the EU's best performing and most competitive economies, with a better and more resilient social situation than most. These examples point to the viability of a 'high road' to international competitiveness that harnesses the problem-solving potential of social dialogue. Such a strategy is based not only on the cost of labour but also on non-wage factors in competitiveness, such as the quality and reliability of goods and services and a trained and educated workforce. The present report documents concrete examples of the social partners' contributions to social and economic progress, such as their efforts to help overcome the unacceptably high levels of youth unemployment. This reaffirms the importance of social dialogue as a cornerstone of Europe's social model and of the competitive social market economy.

*Industrial Relations in Europe 2014* concludes that the challenge is to find the right mix of continuity and change in industrial relations systems in order to adapt to the context of EMU and a fast-changing globalised world. In countries with weak industrial relations institutions, social partner organisations and social dialogue structures need to be strengthened and their capacity to anticipate the necessary changes increased. Continued analysis of the evolution of national industrial relations systems, such as done through the present report, is therefore required.

With the most acute phase of the crisis over, as Europe charts a course back to growth, the effect of the crisis on industrial relations so far can be assessed in the context of Europe's evolving EMU. This is the task that *Industrial Relations in Europe 2014* has set for itself. Chapter 1 provides an overview of the principal quantitative trends in industrial relations indicators across the EU. It includes an update on two topical issues reported on in the 2012 report: recent social dialogue developments in the Member States of Central and Eastern Europe, and trends in the public sector. Chapter 2 looks in more detail at wage-setting institutions, some of which have been transformed in the last decade. The chapter also highlights some basic empirical evidence of recent developments in collective wages and productivity. Chapter 3 focuses on the industrial relations systems of the five countries having received some form of financial stability support — Greece, Ireland, Portugal, Spain and Cyprus — and examines the interplay between external and internal constraints in the profound transformation of social dialogue in each country. Chapter 4 analyses the challenges faced by the social partners in trying to address the issue of youth unemployment, highlighting the main policy positions, action and initiatives undertaken by the social partners at national and EU level. The report concludes with a round-up of developments and responses in European-level social dialogue (Chapter 5) and a description of the principal developments in European labour law (Chapter 6).The first four chapters are based on drafts by external contributors. The final two chapters are written by Commission services.

## Chapter 1: Developments in European industrial relations

This chapter investigates the main changes in industrial relations actors and processes both before and during the crisis. In particular, it attempts to say how far recent developments in industrial relations are a continuation of long-term trends, or whether they were prompted or precipitated by the crisis.

Overall, the structure and composition of social partner organisations have been relatively stable in the last few years, but this is in itself a striking development. In most countries, the long-term trend of steadily declining union density slowed significantly in the first years of the crisis as employment and trade union membership both fell in roughly similar proportions. Whether this development will continue as employment recovers is not clear. The long-term stability in the density of employers' organisations continued.

By contrast, in the crisis years there were profound changes in industrial relations processes. Collective bargaining structures were further decentralised and collective bargaining coverage fell in many countries — in some southern European countries to unprecedented levels.

Both decentralisation and the decline in bargaining coverage were clearly visible trends even before the crisis. They are part of wider long-term changes in societies and economies, chief among which is the increasingly global nature of competition. What has changed since the crisis is the speed and degree of the changes that have occurred. There are two main reasons for this. First, stricter regulations and changing practices made it increasingly difficult to extend collective agreements to a wider share of employees. Second, the effects of new regulations in several countries on the (non-) continuation of collective agreements upon expiry, combined with economic uncertainty, reduced collective bargaining coverage through delays in negotiations leading to stalemates. In addition, new clauses in collective bargaining systems increasingly enable companies to opt out of higher-level collective agreements, accelerating the trend towards decentralisation.

The chapter argues that these changes were responses to both internal and external factors. Some national actors took initiatives which were then adapted to fit a changing socio-economic context. Where dialogue among the social partners was difficult, there was external pressure leading governments to act in response to recommendations from the Commission, the European Council and other international organisations. In countries with a financial assistance programme, the national authorities negotiated with the European Commission, the European Central Bank and the International Monetary Fund on structural reforms to be implemented, including in the labour markets, as part of a comprehensive set of policies to help rebalance the economy and increase growth potential. Many aspects of the policies included in the conditions set for financial assistance, including regarding industrial relations systems, were not set out in detail but left to the discretion of the countries receiving financial assistance.

While internal change explains the long-term transformation of national industrial relations systems, external pressures explain the recent and profound changes that mark a significant shift from past trends. Neither is independent of the other, however, since they are both responses to changes and trends in the international economic system and in society. Moreover, power relations and institutional factors shape the relationship between the two levels. While industrial relations changed throughout the EU, the scale and speed of change varied significantly between Member States, particularly after 2008.

## Chapter 2: The evolution of the crisis - developments in wage-bargaining systems

Collective bargaining is a key feature of industrial relations systems, as the main instrument used by employers and trade unions to jointly regulate the employment relationship. For workers, collective bargaining protects them by setting comprehensive minimum standards and by limiting managers' prerogative to decide unilaterally on employee tasks and work organisation. For employers, collective bargaining represents a useful way of saving transaction costs by applying uniform standards to the workforce, and of reducing industrial conflict. Multi-employer bargaining reduces the scope for competition on labour costs, which can be valuable when bargaining covers all the main domestic competitors in a certain sector, especially those with limited exposure to global competition.

However, as competition has become increasingly global in nature, multi-employer national wage bargaining is less able to protect against competition on labour costs. Between workers and employers, bargaining represents a primary factor in the conflict over how to distribute the added value produced by economic activities. For individual workers, wage bargaining offers some degree of protection against labour market fluctuations, while collectively for workers it constitutes a way to express solidarity with other workers in the same branch by setting wage floors which apply to different groups of workers with different productivity levels. However, because it maintains wage levels above the level that would prevail without collective intervention, it encourages the segmentation of labour markets, as employers may resort to alternative forms of employment not covered by the collectively agreed conditions.

This chapter examines the different wage-setting institutions in the EU and analyses whether collective wage bargaining has experienced a significant transformation in the latest decade. As emphasised in chapter 1, the economic crisis accelerated the long-term tendency to decentralise wage-bargaining institutions, especially by allowing more derogations to sectoral standards in lower-level agreements. However, although national patterns vary, decentralisation in many cases is still embedded in coordinated collective bargaining systems. In a context of decentralised bargaining, coordination enables social partners to consider macroeconomic objectives and the possible spill-over effects of wage developments. The chapter provides an overview of initiatives to coordinate wage bargaining across national borders.

Government intervention in wage-bargaining institutions has increased in recent years, as adjustments in the labour market and in wage patterns became increasingly important in the context of an internationalised economy and especially of EMU. Governments played the key role in shaping changes to wage-setting mechanisms, as part of wider reforms to economic policy and labour market institutions in response to the crisis and global economic change. Autonomous, bipartite decisions by social partners played a much smaller role. While EU policy tools such as the country-specific recommendations also suggested reforms to collective wage-setting institutions, it was national governments that drove the transformation (with the notable exception of countries receiving financial stability support, where national authorities gave commitments on reform under the EU/IMF programme; see chapter 3). This is not so surprising, given that the EU's powers in labour market matters are limited and respect for the diversity of national industrial relations systems is enshrined in the Treaty on the Functioning of the EU.

The chapter finds that the economic crisis had a clear impact on collective real wages. In most cases, real wage trends substantially slowed down and sometimes turned negative. Only in a handful of cases did wages maintain a significant rate of growth or accelerate. The highest collective wage growth was found in eastern and central European countries, where a process of catching up with 'European wages' may be in place, although differences remain large. The chapter also finds a high correlation between collective wage growth and productivity trends in the pre-crisis period, although real wage increases were often below productivity gains. By contrast, in the recent period, real collective wage growth more often exceeded productivity increases, partly as a result of an unexpectedly low inflation that has not been taken into account in bargaining. As a result, collective bargaining was able to protect employees' incomes to some extent by containing the impact of the crisis on wage levels. A number of research results have now shown that the crisis put significant pressure on wages, with wage restraint contributing greatly to redressing macroeconomic imbalances and restoring competitiveness.

## Chapter 3: Industrial relations in Member States receiving financial stability support

Starting in 2010, first Greece and then Ireland faced a severe debt and fiscal crisis. In 2011, the debt crisis spread to Portugal, with Spain's and Cyprus' financial sectors affected in the course of 2012. While all these countries experienced weak economic growth and increasing unemployment, Ireland, Spain and Cyprus were also experiencing a banking crisis. To address these acute challenges, all five countries have implemented far-reaching structural reforms and fiscal consolidation programmes. The rationale is that reining in the sources of debt and deficit, and so restoring stability in the banking sector and market confidence creates the conditions for a return to growth and employment creation.

In Cyprus, Greece, Ireland and Portugal governments were priced out of international bond markets and had to request financial loans to fund their public sector and to recapitalise financial institutions. As a condition of the loans, national governments gave official commitments to international lenders, represented by the European Commission, the European Central Bank and the International Monetary Fund, that they would carry out policy reforms. Spain received a specific form of temporary financial assistance from the European Stability Mechanism (ESM) to repair its financial sector, and the government's reforms were monitored by the European Commission.

Before the crisis, the five countries concerned had a fairly stable collective bargaining system, mostly at central or sector level except for Cyprus. Tripartite social pacts were a key characteristic of industrial relations reform in all of them apart from Greece, before the Eurozone crisis. Nonetheless, for different reasons, none of the five countries effectively managed to internalise and adapt to the need for increased adjustment capacity in the context of the EMU and loss of exchange rate flexibility. Despite active attempts at aligning wages more closely with productivity and at making labour markets more flexible all of these countries experienced deterioration in the real exchange rates and growing divergences in the capital and current account.

The crisis-induced reform programmes introduced wide-ranging changes in many areas to restore the potential for growth and jobs and enhance fairness. The industrial relations system itself, or at least some of its elements, were seen as part of the problem to be addressed in response to the crisis. Regaining price competitiveness was considered essential to sustained recovery of the economy and of employment. The effect on national industrial relations institutions was significant: sectoral collective bargaining, tripartite cooperation mechanisms, wage setting institutions and rules governing industrial conflict were all subject to reforms. The Memoranda of Understanding (MoU) agreed between the governments of Greece, Ireland, Portugal and Cyprus and the EU/IMF all refer to the explicit need for consultations with the social partners in the implementation of the national reform programmes, and some make explicit reference to tripartite agreements. However, even if the European Commission continually stressed the importance of social dialogue and of respect for national circumstances and practices, the practical result was an unfavourable setting for social dialogue, leading to increasing conflict between the social partners and between trade unions and public authorities. This was illustrated by complaints to the International Labour Organisation (ILO) and the Council of Europe and by the European Parliament's very critical assessment of respect for social rights under the EU/IMF programmes.

The rationale for reform is to give firms more scope to adjust to changes in economic conditions, allowing better alignment between wages and (firm-level) productivity and therefore strengthening price competitiveness and promoting labour reallocation. In practice, this meant a shift to decentralised bargaining, at company level. However, none of these countries have established works councils or inclusive negotiating systems at company level so, in practice, decentralisation of wage setting often weakened collective bargaining systems, at least in the short term. This effect is borne out by the steep decline in collective bargaining coverage in the countries under study between 2008 and 2013 (see chapter 1).

The impact of regulatory changes on wage levels and competitiveness in the countries under analysis will have to be closely monitored. Unless social dialogue structures are adjusted to combine decentralised bargaining with sufficient coordination mechanisms at higher levels, there is a risk that labour market regulation through social dialogue and tripartite governance will become seriously weakened, with a return to excessive legislative intervention in wage setting, characteristic of the early period of industrialisation. This could reduce the potential for labour market institutions to mediate conflict, distribute income, and build alliances among interest groups.

Beyond changes to the wage-setting mechanisms, governments in the countries under study carried out a range of wider labour market reforms in response to the crisis. These included reducing the minimum wage, relaxing employment protection legislation and cutting (or freezing) wages and jobs in the public sector (see *Industrial Relations in Europe 2012*, European Commission 2013). In countries receiving financial assistance, the Commission and other international organisations have pushed for social dialogue on the key policy choices facing them. The countries themselves are ultimately responsible for involving social partners in the formulation and implementation of reforms. This was not always successful, nor was it always possible: enacting urgent measures aimed at restoring competitiveness and growth, as well as stabilising financial markets, was often given a priority over finding consensus with social partners.

The frequent lack of effective social dialogue departed from a tradition of social pacts and tripartite cooperation between government and social partners. With the exception of Portugal, for labour market reforms, and Ireland, for public sector changes, the crisis therefore appears to have weakened existing institutions for tripartite consultation. As a result, the role of (unilateral) state action in industrial relations has increased considerably since 2010, and social dialogue played a significantly less prominent role in the design of structural reforms and fiscal consolidation plans than it did in the first phase of the crisis in 2008 and 2009 (see *Industrial Relations in Europe 2010*, European Commission 2011).

As countries are slowly exiting the crisis, some governments have recently started to refocus on institutions for social dialogue and tripartite cooperation in order to promote consensus with social partners on the most pressing labour market challenges and to promote stability and peace. For instance, Greece has reactivated the employment council and the social protection council, both of which are tripartite. Authorisation of collective dismissals in Greece is now referred to the tripartite supreme labour council for an opinion. The Portuguese Government has made efforts to maintain a permanent channel of communication with the social partners and set up a tripartite Centre for Labour Relations. In Cyprus, tripartite partners emphasised the important role of the Labour Advisory Board. However, it is clear that the crisis has fundamentally altered industrial relations systems in the five countries. However, given that social dialogue is still considered vital to addressing labour market challenges, wage setting and competitiveness issues, it remains to be seen in the future whether the countries' collective bargaining structures will regain strength, or whether they have been weakened in the longer run. The answer to this question may vary considerably from country to country.

## Chapter 4: Industrial relations and youth employment

Youth employment and the problems that young people have in making the transition from education into the labour market are some of the most pressing social policy issues of our time and one that will reverberate down the generations unless action is taken. This chapter aims to illustrate the current state of the labour market in relation to the employment rate and unemployment rate of young people. In particular, it examines the challenges that the social partners face in trying to improve access to the labour market for young people. It also aims to set out the main policy positions, actions and initiatives undertaken by the social partners.

Although youth unemployment is a structural problem for the EU, it is clear that the crisis has exacerbated an already difficult unemployment situation for young people. According to the figures from Eurostat, which refer to December 2014, the unemployment rate among the under-25s in the 28 countries of the EU was 21.4 %, more than twice as high as the 9.9 % recorded for the working population as a whole. Youth unemployment is particularly high in countries such as Spain (51.4 %), Greece (50.6 % in October 2014), Croatia (44.8 % in the fourth quarter of 2014) and Italy (42.0 %). By contrast, the rate in Germany and Austria is 7.2 % and 9.0 % respectively.

While EU-level policymakers can provide a framework within which stakeholders can try to take mitigating action, the social partners can use the structures at their disposal, such as social dialogue and collective bargaining, to try to make a difference. Indeed, they have been given an opportunity to do this under the Youth Guarantee, which encourages a partnership approach to national implementation. The extent to which social partners are involved in contributing to the development of policies and their implementation is, however, variable, and the impact is difficult to measure.

The EU-level cross-sector and sectoral social partners have made agreements and recommendations for their member federations and other stakeholders and have encouraged debate and showcased good practice. This includes the EU cross-industry social partners' framework of actions on youth employment, concluded in June 2013.

The reach and impact of EU-level measures at national level and the extent to which they can foster dialogue and collective bargaining in Member States depend on the strength of social dialogue and collective bargaining traditions, the relationship between the social partners and, crucially, the extent to which state backing and funding is available. It is probably too early as yet to assess whether any of the social partners' actions and initiatives have been able to make a real difference, particularly as there is a recognised lag between economic and labour market developments. Nevertheless, the EU's overall youth unemployment rate started decreasing in the final quarter of 2013. It is, of course, difficult to say whether targeted action has contributed to this decrease, or whether it owes more to the economic recovery which is now making itself felt in some Member States.

There is no easy solution to the complex problem of youth unemployment, composed as it is of many interlocking issues that require coordinated action from different types of stakeholders, such as education providers, vocational training organisations, those involved in matching skills demands to supply, and labour market policymakers. Therefore, beyond the action that social partners can take through individual or bipartite action, at all levels they also have a central role to play in addressing the youth employment challenge in cooperation with a wider array of stakeholders.

## Chapter 5: European social dialogue developments 2012-2014

This chapter provides an overview of developments in European social dialogue from September 2012 to December 2014, with a focus on the outcomes of EU-level industrial relations.

In recent years, European social dialogue has taken place in a very challenging socioeconomic context: since 2008, Europe has experienced a crisis, with high unemployment, growing disparities between Member States, and major concern for social cohesion. As was shown in *Industrial Relations in Europe 2012* (European Commission 2013), the second phase of the crisis, in particular, put national industrial relations systems under severe strain. Moreover, there is much less confidence in the process of European integration, particularly in the countries under assistance. The last two years' developments in European social dialogue need to be considered in this context.

The strain on social dialogue felt in several Member States has left clear marks at EU level, too. The number of agreements resulting from EU sectoral social dialogue appears to have stopped rising, at least temporarily. Moreover, major questions have been raised about the uneven implementation of autonomous agreements at national level. There are still substantial differences between national industrial relations systems, especially in collective bargaining coverage, and these affect national social partners' capacity to implement such agreements effectively. On this point, Chapter 1 showed that recent developments in national industrial relations systems — particularly in Member States where they were quite weak even before the crisis — are not very promising.

Nonetheless, European social dialogue has continued to show signs of resilience. Important steps have been taken to strengthen social concertation in new processes such as the European Semester. European social partners at cross-industry level addressed the challenge of youth unemployment and made steady progress in developing a joint in-depth employment analysis. The creation of two new sectoral social dialogue committees, and steady progress in a test phase for a third sector, show that employers and trade unions are still interested in engaging at European level. Through joint opinions and declarations, the two sides of industry continued to provide valuable input and expertise in Commission initiatives and policy processes at national level. Through tools and joint projects, European social partners share expertise and best practice to build capacity at European and national level.

European social dialogue currently stands at a crossroads. The key Treaty provisions on social dialogue were introduced at a time when employment and social legislation was the major instrument of EU action that concerned the social partners. The last decade has seen different developments: First, since 2000, policy coordination has become an increasingly important instrument of EU action in social policy. This has prompted new developments in EU social dialogue (now incorporated into the Treaty) to promote concertation between EU institutions and social partners, such as the Employment Committee (EMCO), the Social Protection Committee (SPC) and, at the highest level, the Tripartite Social Summit. Second, the more recent introduction of new forms of macroeconomic governance through the European Semester also touches upon core questions of employment and social policy, raising questions about the most appropriate way of involving social partners in the EU-level discussion. Building on the gradual shift towards more EU-level tripartite concertation, a consensus has emerged on the need to further strengthen the involvement of social partners in EU governance and to reinforce existing fora of social dialogue. As a result, during the past two years the Commission put forward proposals on strengthening the role of social partners in EU macroeconomic governance and the European Semester, and on revising the Council Decision on the Tripartite Social Summit to bring it into line with the institutional changes of the Lisbon Treaty, especially the creation of the post of permanent President of the European Council.

The cross-industry social partners clearly differ in their views on the causes of the crisis, the appropriate policy responses to it, the fiscal consolidation programmes, the macroeconomic policy mix and the contents of structural reforms. Views clearly differ, too, in the regulatory field, as shown by the failure of the social partners to agree on a revision of the Working Time Directive and their entrenched opposing views on the need for further social regulation at EU level. Employers are increasingly pointing to competitiveness challenges and the need to reduce labour costs, simplify labour legislation and increase external flexibility. Unions emphasise the non-labour-cost aspects of competitiveness, the positive role of wages in aggregate demand and the relevance of improving the quality of work and investment in skills. These divergences have been reflected in a number of debates between workers, employers and public authorities across Europe. In some Member States, these debates have led to agreements which have contributed to shaping policy reforms. In other Member States, and at EU level, however, the trend has been towards increasing conflict and tensions.

Despite these efforts to promote the role of social partners, as mandated by the Treaty, the turbulence of the crisis is having a noticeable effect on the relationship between the social partners and the Commission, as well as with other EU institutions. Trust would seem to have been at a premium recently, with a number of contentious issues causing conflict in settings like the Tripartite Social Summit. This includes discussions on macroeconomic adjustment programmes, country-specific recommendations, alleged interference with collective bargaining at the national level, the focus of the Commission's regulatory fitness programme, the Commission's strategic framework for health and safety, and the Commission's assessment of EU-level social partner agreements where the signatories have requested implementation by Council directives.

Under the political programme of President Juncker, with its focus on social dialogue, the Commission has started to work on relaunching and strengthening the dialogue with social partners.

## Chapter 6: Review of European labour legislation 2012–2014

This chapter provides a comprehensive overview of the developments in labour law at EU level during the past two years, including health and safety at work. These developments in European labour legislation came against the backdrop of the crisis, which significantly worsened the employment situation and reduced living and working standards in particular as regards vulnerable categories of people. In response, and in line with the Europe 2020 strategy for smart, sustainable and inclusive growth, the Commission continued to work to improve job quality and working conditions as well as the functioning of the labour market.

In May 2014, the European Parliament and Council adopted an Enforcement Directive, aimed at improving the protection of posted workers while ensuring a level playing field in the single market.

Also in 2014, the Council agreed on a Directive on working time for mobile workers in inland waterway transport, which implements through EU legislation an own-initiative agreement between the European social partners in this sector. The agreement, reached in 2012, sets minimum rules on working time for passenger or cargo transport ships in inland navigation across the EU.

Following a Commission proposal, in March 2014 the Council adopted a Recommendation on a Quality Framework for

Traineeships, aimed at enabling trainees to acquire high-quality work experience under safe and fair conditions, and at increasing their chances of finding a good quality job. In April 2014, the Commission adopted its proposal for establishing a European Platform to enhance cooperation in the prevention and deterrence of undeclared work.

In the area of health and safety at work and following an evaluation of the European health and safety strategy (2007-2012) and a public consultation, in June 2014 the Commission presented a new EU Strategic Framework on health and safety at work 2014-2020. The framework aims to improve implementation of existing health and safety rules, to improve the prevention of work-related diseases, and to take account of the ageing of the EU's workforce.

Two directives on health and safety at work were adopted: the first concerns minimum requirements on the exposure of workers to electromagnetic fields and the second covers the alignment of five occupational health and safety Directives to the EU Regulation on the classification, labelling and packaging of chemical substances. In addition, the Commission adopted a Decision aligning the functioning of the Scientific Committee on Occupational Exposure Limits (SCOEL) with the Commission's rules on expert groups.

The Commission pursued further its work aiming at evaluating and reviewing the current EU labour law, in line with the Europe 2020 strategy and 'smart' regulation principles. In particular, it concluded the 'fitness check' on three information & consultation directives, and found that these directives are broadly fit for purpose, i.e. are relevant, effective, coherent and efficient. Work is under way on the review of the Working Time Directive, and on the ex-post evaluations of the Fixed-Term and Part-Time Work Directives and the Written Statement Directive. A comprehensive evaluation of 24 EU directives in the area of health and safety at work is ongoing, with results expected at the end of 2015.