



European Network of Public Employment Services Ad hoc request

Remuneration of Open-Market Traineeships in EU-27

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Abstract

The working conditions of trainees have been a subject of public debate in the European Union in recent years. Concerns have been raised not only about the learning quality but also about unfair or lacking remuneration of traineeships, especially if traineeships are performed in the “open market”, i.e. outside of formal curricular or supervision by a third entity. In order to better inform the public debate, this study provides a condensed overview of remuneration policies for open-market traineeships in EU-27. An overview table for all 27 Member States, together with accompanying country profiles, serves as the basis for a typology of policy regimes regarding the remuneration of open-market traineeships. All Member States have been assigned to one of five policy regimes based on three analytical dimensions. Whereas some Member States adopted specific regulation on the remuneration of open-market traineeships, the legal framework in other Member States is ambiguous. Traineeship-specific legislation mostly regulates remuneration below the national minimum wage. For some Member States without traineeship-specific legislation, it is not clear whether open-market traineeships are considered regular employment and are, thus, covered by the national minimum wage. To extend the knowledge base on remuneration policies and their application in practice, the last section proposes multiple options for further research.

Table of Contents

LIST OF TABLES	5
LIST OF FIGURES	5
OVERVIEW OF OPEN-MARKET TRAINEESHIP REMUNERATION	6
Summary Table	9
Country Profiles	15
AT: Austria	15
BE: Belgium	15
BG: Bulgaria	16
CY: Cyprus.....	16
CZ: Czechia	16
DE: Germany	16
DK: Denmark	16
EE: Estonia	17
EL: Greece	17
ES: Spain	17
FI: Finland	17
FR: France	18
HR: Croatia.....	18
HU: Hungary	18
IE: Ireland	18
IT: Italy.....	18
LT: Lithuania	19
LU: Luxembourg	19
LV: Latvia	20
MT: Malta	20
NL: The Netherlands	20
PL: Poland	21
PT: Portugal	21
RO: Romania.....	21
SE: Sweden	22
SI: Slovenia	22
SK: Slovakia	22
SYNTHESIS AND TYPOLOGY OF POLICY REGIMES.....	24
METHODOLOGY FOR FURTHER RESEARCH.....	29
REFERENCES	31

List of Tables

Table 1. Open-Market Traineeship Remuneration in EU-27.....	10
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List of Figures

Figure 1. Three Dimensions of Remuneration of Open-Market Traineeships.....	24
Figure 2. Map of Policy Regimes	26

Overview of Open-Market Traineeship Remuneration

In recent years, significant effort has been made to improve the working conditions of trainees in the European Union (EU). For example, the Council Recommendation on the Quality Framework for Traineeships (QFT)¹, adopted in 2014, aims to improve the quality of traineeships and combat abusive traineeship practices. However, there is still room for improvement. In addition, regulation on traineeships varies significantly between Member States. This is especially apparent for so called “open-market traineeships”. Concerns have been raised not only about insufficient learning quality and precarious working conditions for these traineeships, but also about unfair remuneration practices. As a consequence, this study exclusively focuses on the analysis of remuneration policies for open-market traineeships in the EU.

Scope of the Report

Traineeships are, generally, not to be confused with other forms of work-based learning, such as apprenticeships. Usually, apprenticeships are part of formal education and training schemes, bring together company-based learning with learning in an education or training institution, and lead to a nationally recognised qualification (Hadjivassiliou et al., 2012, pp. 50–53). Traineeships, as defined in the Qualification Framework for Traineeships (QFT), “are understood as a limited period of work practice, whether paid or not, which includes a learning and training component, undertaken in order to gain practical and professional experience with a view to improving employability and facilitating transition to regular employment” (Council of the European Union, 2014, p. 3).

Four major concepts of traineeships can be distinguished (European Commission, 2018, p. 4):

- Traineeships within educational curricula
- Traineeships as a mandatory part of professional training
- Traineeships as part of active labour market policies (ALMP)
- Open-market traineeships

Based on this conceptional framework, the focus of this report lies on open-market traineeships. Open-market traineeships, in conjunction with QFT, are defined as non-mandatory, bilateral, and private agreements between a trainee and an employer (European Commission, 2016). They are without any formal connection to education or training. Their many beneficiaries are students, graduates, or employees seeking practical training on the job, but also employers can benefit.

To achieve conceptional clarity, curricular traineeships during secondary or tertiary education, mandatory traineeships for specific professions, and ALMP traineeship schemes for unemployed persons are only considered in a very limited scope for the construction of country profiles. They are explicitly exempted from the provided summary table as well as from the drafted policy regimes.

¹ [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014H0327\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014H0327(01)&from=EN)

Applied Methodology

This study was conducted as a desk research. Its principal sources are individual assessments by national experts, which have been provided to the author by the European Commission, and publicly available information in English and German.

The main sources of expert assessments are:

- Independent reports of experts on the European Employment Policy Observatory (EEPO) on the implementation of the QFT (all MS; 2016)
- Independent reports of experts of the European Centre of Expertise (ECE) on traineeship schemes and their misuse in selected countries (BE, DE, DK, FI, IT, PL, PT; unpublished, 2018)
- A short survey of Country Desk Officers in DG Employment, Social Affairs and Inclusion (all MS; unpublished, 2021)

The main sources of publicly available information are:

- A follow-up study on the implementation of the QFT, published as a Commission Staff Working Document including country fiches based on the aforementioned EEPO-reports (European Commission, 2016)
- The European Job Mobility Portal (EURES)²
- The European Youth Wiki³
- A comparative study conducted for the International Labour Organisation (ILO) on the regulation of traineeships (Stewart et al., 2018)
- Research on traineeship legislation conducted at Paul Valery University in Montpellier (Kaczmarek, 2018)

Furthermore, relevant academic research on traineeship remuneration in general and for particular Member States as well as selected publications before 2014 have been reviewed. Lastly, an independent web search was conducted on each Member State by the author.

Even though the available information is generally extensive, the assessment for most Member States is — by study design — limited to secondary sources. As a consequence, this study cannot substitute individual legal judgement for each Member State. This is in large part due to the fact that regulation on open-market traineeships is lacking or ambiguous for the majority of Member States. In these cases, it has to be assessed to what extent open-market traineeships are covered by general labour law. This requires country-specific legal expertise and is beyond the scope of this study. This study serves as a preliminary overview and provides an outlook for further research based on new primary data or country-specific legal assessments.

This report does not provide information on the implementation or enforcement of the regulations in place.

² <https://ec.europa.eu/eures/> (last accessed on 29 March 2021)

³ <https://national-policies.eacea.ec.europa.eu/youthwiki/> (last accessed on 29 March 2021)

Structure of the Report

The report consists of four sections which can be consulted independently. A Summary Table provides a condensed comparative overview of remuneration policies for all Member States. Information in each table column has been categorised as effectively as possible. Country Profiles for each Member State accompany the summary table, providing additional country-specific information where available. Based on the collected information, a SYNTHESIS AND TYPOLOGY OF POLICY REGIMES has been drafted, assigning each Member State to one of five remuneration regimes. Lastly, the section on METHODOLOGY FOR FURTHER RESEARCH provides an outlook of possible ways forward in analysing the situation of open-market traineeships.

Summary Table

Table 1 provides an overview of remuneration for open-market traineeships in EU-27. The table can be read as a column-wise comparison of each dimension across all Member States. If possible, the available information has been condensed into parsimonious categories. The associated hyperlinks lead to the Member State profile.

It is important to note that each row focuses on what the author considers the dominant form of open-market traineeships according to each Member State's regulation. This does not necessarily imply quantitative dominance, as this information is not available. For example, exemptions for pupils, volunteer work, freelance contracts, or special regulation for recent graduates have been excluded in order to reduce complexity. Furthermore, non-compliance with regulation and informal practices cannot be considered, as this information is not coherently available.

To provide an approximation of the labour market position of potential trainees from a supply and demand perspective, information about the youth unemployment rate (15 to 29 years) for 2019 according to Eurostat has been added as contextual information. Member States have been categorised as having low (at least two percentage points below EU-27 average), medium (within two percentage points of EU-27 average), or high (at least two percentage points above EU-27 average) youth unemployment.

Table 1. Open-Market Traineeship Remuneration in EU-27

Country	Is there a general obligation to pay trainees?	Is remuneration connected to a (statutory) minimum wage?	How is the level of pay regulated? ⁴	Do employers contribute to social security? ⁵	Are there exemptions that allow unpaid traineeships?	Are there legal instruments to ensure and enforce remuneration?	What is the economic context for youth / potential trainees? ⁶
<u>AT</u>	No	No, but collective agreements generally important	Collective and bilateral agreements	No, contributions not mandatory	N/A	Yes, social insurance audits investigate abuse of traineeships as replacement for employment	Low youth unemployment
<u>BE</u>	Yes; based on traineeship-specific law	Yes, national minimum wage and apprenticeship allowance (depending on region)	Depending on region: half of the minimum wage, or maximum allowance for apprenticeships	Yes, regular contributions (as for employees)	No	Yes, traineeship agreements have to be approved by a public entity	Low youth unemployment
<u>BG</u>	Yes; based on general labour law	Yes, national minimum wage	Full minimum wage	Yes, regular contributions (as for employees)	No	Yes, traineeship contracts have to be registered at the National Revenue Agency	Low youth unemployment

⁴ “Bilateral agreements” refer to individual agreements between a potential trainee and a potential employer.

⁵ For some Member States the situation is ambiguous and depends on if and how a traineeship is remunerated.

⁶ Member States have been categorised as having low (at least two percentage points below EU-27 average), medium (within two percentage points of EU-27 average), or high (at least two percentage points above EU-27 average) youth unemployment in 2019 (15- to 29-year-olds).

Remuneration of Open-Market Traineeships in EU-27

Country	Is there a general obligation to pay trainees?	Is remuneration connected to a (statutory) minimum wage?	How is the level of pay regulated? ⁴	Do employers contribute to social security? ⁵	Are there exemptions that allow unpaid traineeships?	Are there legal instruments to ensure and enforce remuneration?	What is the economic context for youth / potential trainees? ⁶
						and National State Security Institute	
<u>CY</u>	No	No	Mostly bilateral agreements	No, contributions not mandatory	N/A	N/A	Medium youth unemployment
<u>CZ</u>	Yes; based on general labour law	Yes, national minimum wage	Full minimum wage	Yes, regular contributions (as for employees)	No specific information available	No specific information available	Low youth unemployment
<u>DE</u>	Yes, if longer than 3 months; based on general labour law	Yes, national minimum wage	Full minimum wage	Yes, regular contributions (as for employees)	Traineeships up to 3 months	Yes, as part of minimum wage audits	Low youth unemployment
<u>DK</u>	No	No	Mostly bilateral agreements	No, contributions not mandatory	N/A	N/A	Low youth unemployment
<u>EE</u>	No	No	Mostly bilateral agreements	No, contributions not mandatory	N/A	N/A	Low youth unemployment
<u>EL</u>	Yes; based on general labour law	Yes, national minimum wage	Full minimum wage	Yes, regular contributions (as for employees)	No	No specific information available	High youth unemployment
<u>ES</u>	Yes; based on traineeship-specific law	Yes, national minimum wage (labour contracts) or social assistance	Calculated according to reference; in conjunction with	Yes, regular contributions (as for employees)	No specific information available	No specific information available	High youth unemployment

Remuneration of Open-Market Traineeships in EU-27

Country	Is there a general obligation to pay trainees?	Is remuneration connected to a (statutory) minimum wage?	How is the level of pay regulated? ⁴	Do employers contribute to social security? ⁵	Are there exemptions that allow unpaid traineeships?	Are there legal instruments to ensure and enforce remuneration?	What is the economic context for youth / potential trainees? ⁶
		indicator (non-labour contracts)	collective agreements				
FI	No	No, but collective agreements generally important	Collective and bilateral agreements	No, contributions not mandatory	N/A	N/A	Medium youth unemployment
FR	Open-market traineeships prohibited by law						
HR	No	No	Mostly bilateral agreements	No, contributions not mandatory	N/A	N/A	Medium youth unemployment
HU	Yes; based on general labour law	Yes, national minimum wage	Full minimum wage	Yes, regular contributions (as for employees)	No	No specific information available	Low youth unemployment
IE	Yes; based on general labour law	Yes, national minimum wage	Full minimum wage	Yes, regular contributions (as for employees)	No	No specific information available	Low youth unemployment
IT	Yes; based on State-Region-Agreement	Yes, national guidelines on traineeships	300 EUR minimum allowance; higher in some regions	Yes, but only accident insurance has to be provided by employer	No	Yes, labour inspection investigates abuse of traineeships as replacement for employment	High youth unemployment

Remuneration of Open-Market Traineeships in EU-27

Country	Is there a general obligation to pay trainees?	Is remuneration connected to a (statutory) minimum wage?	How is the level of pay regulated? ⁴	Do employers contribute to social security? ⁵	Are there exemptions that allow unpaid traineeships?	Are there legal instruments to ensure and enforce remuneration?	What is the economic context for youth / potential trainees? ⁶
<u>LT</u>	No, not for "Voluntary Practice" (16-29 years)	No	Generally unpaid	No, but mandatory health insurance and social insurance against accidents at work and occupational diseases by state funds	N/A	No specific information available	Low youth unemployment
<u>LU</u>	Yes, if longer than 4 weeks; based on general labour law	Yes, national minimum wage	Mostly below minimum wage	Yes, regular contributions (as for employees)	Traineeships up to 4 weeks	No specific information available	Medium youth unemployment
<u>LV</u>	Open-market traineeships prohibited by law						
<u>MT</u>	No	No	Mostly bilateral agreements	No, contributions not mandatory	N/A	N/A	Low youth unemployment
<u>NL</u>	Yes; based on general labour law	Yes, national minimum wage	Full minimum wage	Yes, regular contributions (as for employees)	No specific information available	No specific information available	Low youth unemployment
<u>PL</u>	No	No	Mostly bilateral agreements	No, contributions not mandatory	N/A	N/A	Low youth unemployment
<u>PT</u>	Yes; based on traineeship-specific law	Yes, social assistance indicator	Calculated according to reference; below minimum wage	Yes, regular contributions (as for employees)	No	No specific information available	Medium youth unemployment

Remuneration of Open-Market Traineeships in EU-27

Country	Is there a general obligation to pay trainees?	Is remuneration connected to a (statutory) minimum wage?	How is the level of pay regulated? ⁴	Do employers contribute to social security? ⁵	Are there exemptions that allow unpaid traineeships?	Are there legal instruments to ensure and enforce remuneration?	What is the economic context for youth / potential trainees? ⁶
<u>RO</u>	Yes; based on traineeship-specific law	Yes, national minimum wage	Full minimum wage	Yes, regular contributions (as for employees)	No	Yes, traineeship contracts have to be registered electronically at the respective labour authority	Medium youth unemployment
<u>SE</u>	No	No, but collective agreements generally important	Collective and bilateral agreements	No, contributions not mandatory	N/A	N/A	Medium youth unemployment
<u>SI</u>	Yes, if not exempted by sector-specific law or agreement; based on traineeship-specific law	Yes, national minimum wage and customary salary of job position	70% of customary salary; at least national minimum wage	Yes, regular contributions (as for employees)	Sector-specific laws and agreements can allow voluntary (unpaid) traineeships	No specific information available	Low youth unemployment
<u>SK</u>	Yes; based on general labour law	Yes, national minimum wage	Full minimum wage	Yes, regular contributions (as for employees)	No	No specific information available	Low youth unemployment

Country Profiles

In this section, the information provided in Table 1 is transformed into country profiles. Furthermore, relevant country-specific information not included in the table is provided to better contextualise the situation on traineeship remuneration.

Every Member State has been assigned to one of, in total, five identified policy regimes on the remuneration of open-market traineeships. These policy regimes, as well as the dimensions they are based on, are described in more detail in the following section (SYNTHESIS AND TYPOLOGY OF POLICY REGIMES).

AT: Austria

Austria has no legal definition of traineeships and no national minimum wage legislation. Therefore, it can be assigned to "Regime [v.]: Remuneration not obligatory; no minimum wage". In general, there can be only two forms of contracts: training/educational relationships and employment relationships. Within the framework of employment-related relationships, the existing labour and social law regulations, including collective bargaining and company agreements, have to be applied. In this case, open-market traineeships have to be paid if collective and company agreements provide for it. However, exemptions are possible depending on the specific legal definition (e.g. educational relationships). The decision on the contractual form of the traineeship has to be made for each case separately. Criteria for employment-related relationships are, for example, the embeddedness of trainees into the regular working process, pre-set working time, an assigned workplace, ongoing supervision by the employer, etc. If these criteria do not predominate, but the essential content of the contract is the imparting of knowledge and skills, it is a training relationship and, therefore, does not have to be remunerated. Hence, remuneration of open-market traineeships is not strictly mandatory. Social insurance audits within the framework of the law against wage and social dumping ("Lohn- und Sozialdumping Bekämpfungsgesetz") investigate the abuse of traineeships as replacement for employment.

BE: Belgium

In Belgium, remuneration of open-market traineeships is obligatory. It can be assigned to "Regime [ii.]: Special regulation concerning remuneration". Belgium has a complex legal structure because traineeships are regulated by regional authorities (Walloon Region, Flemish Region, and Brussels). However, this particularly concerns educational traineeships and ALMP programmes. Open-market traineeships are legally regulated through the professional immersion agreement ("convention d'immersion professionnelle"), which guarantees half of the national minimum wage in the Flemish Community or the maximum learning allowance for apprenticeship contracts in the Walloon Community. The agreement has to specify the objectives of the traineeship as well as the specific tasks of the trainee. Additionally, the employer has to obtain prior permission by the public body officially responsible for professional training. Otherwise, the labour relationship is a regular employment contract, in this case minimum wage applies. Although unpaid (or underpaid) traineeships are not allowed by the legal framework, they evolved through hiring practices in specific sectors. According to the European Youth Forum (2017), unpaid open-market traineeships exist in practice, but should actually be classified as either professional immersion traineeships or regular paid contract positions.

BG: Bulgaria

In Bulgaria, open-market traineeships are legally regulated in the labour code. They are, however, restricted to specific target groups. Therefore, Bulgaria can be assigned to "Regime [iii.]: Remuneration linked to minimum wage; with some exemptions". Since 2014, open-market traineeships require a traineeship employment contract (TEC), including the supervision of a mentor. Only unemployed youth up to 29 years with at least secondary education and without any professional experience on a graduated profession or specialty are entitled to a traineeship contract. Remuneration is determined by bilateral agreement but cannot be lower than the national minimum wage. Trainees are also entitled to the same rights as people working under employment contracts, including occupational safety, trade union membership, and collective bargaining. TEC is a fixed-term contract for a period of no less than 6 and no more than 12 months.

CY: Cyprus

Whereas mandatory traineeships in some professions are highly regulated, Cyprus has no legislation for open-market traineeships and no national minimum wage. Being mostly unregulated, Cyprus can be assigned to "Regime [v.]: Remuneration not obligatory; no minimum wage". Cyprus, however, claims that open-market traineeships are not common. Remuneration of open-market traineeships is solely based on bilateral agreements. Likewise, there are no specific regulations on insurance and social protection. Additional contributions by the employer are not mandatory.

CZ: Czechia

In Czechia, open-market traineeships are not legally defined nor regulated with specific rights and obligations for trainees and employers. However, traineeships can be conducted through a general employment contract ("agreement on work"), specified in the Labour Code. This agreement, limited to six months, ensures that rights, obligations, and working conditions of the trainee are governed by Labour Law. Given this contractual form, traineeships are considered regular employment, for which the national minimum wage applies. Thus, Czechia can be assigned to "Regime [iv.]: Minimum wage generally applies to *employment-related* traineeships; depending on individual working conditions". Different sources provide different assessments to what extent the "agreement on work" is applied in practice.

DE: Germany

Germany has exempted some forms of traineeships from its national minimum wage. It can, therefore, be assigned to "Regime [iii.]: Remuneration linked to minimum wage; with some exemptions". Traineeship remuneration is determined by the national minimum wage and trainees are covered by regular social security systems. German customs authority, commissioned to enforce compliance to minimum wage legislation, is also responsible for the enforcement of adequate remuneration and social security coverage for traineeships. Exemptions are made for shorter non-mandatory traineeships up to three months and for trainees under 18 years old. Especially shorter traineeships are common and can be without remuneration or other benefits. Generally, both shorter and longer traineeships are widely used by students and employers as part of the transition from (tertiary) education to the labour market.

DK: Denmark

In Denmark, open-market traineeships are not regulated by law. Since trainees are not considered regular employees, there is no need for an employment contract and no

obligation to remunerate. Furthermore, Denmark has no national minimum wage. It can, thus, be assigned to “Regime [v.]: Remuneration not obligatory; no minimum wage”. The level of pay is solely based on bilateral agreements. However, the employer has an obligation to cover all paid (and unpaid) employees with an insurance towards work-related accidents as well as general requirements of the working environment.

EE: Estonia

Estonia can be assigned to “Regime [iv.]: Minimum wage generally applies to *employment-related* traineeships; depending on individual working conditions”. Whereas educational traineeships are strictly regulated by law (particularly in higher education and the vocational education system), there is no specific regulation for open-market traineeships. Although the national minimum wage can apply to open-market traineeships, they seem to not be considered regular employment in general and, therefore, do not require remuneration. However, if traineeships are paid by bilateral agreement, labour law protection is provided. In case of unpaid traineeships there is no labour law protection, only general law applies.

EL: Greece

In Greece, open-market traineeships are not specifically regulated, but they are covered by general labour law. Generally, traineeships are considered regular employment. Subsequently, trainees should have the same rights as regular employees, including health insurance and entitlement to the national minimum wage. Otherwise, there is no general obligation to remunerate open-market traineeships. From a legal perspective, Greece can be assigned to “Regime [iv.]: Minimum wage generally applies to *employment-related* traineeships; depending on individual working conditions”. Although Greek legislation is clear, some sources mention cases of misuse, e.g. employers using traineeships as a form of free labour.

ES: Spain

In Spain, open-market traineeships are regulated either as “labour traineeships”, based on a (regular) labour contract, or as “non-labour traineeships”, based on a written agreement. Remuneration is mandatory for both forms but refers to different indicators. On the one hand, traineeships with labour contracts – limited to graduates under 30 years of age with a diploma (university, vocational training) – have to be paid. Remuneration must be proportional to an equivalent position; guaranteeing at least 60 percent of its salary during the first year and 75 percent during the second year. Remuneration cannot be lower than the national minimum wage and full social security coverage is guaranteed. On the other hand, non-labour traineeships require only a written agreement between the employer and the trainee, in which duration and working time have to be declared. The duration of the traineeship has to be between three and nine months. These traineeships must offer a remuneration of at least 80 percent of IPREM (Public Income Indicator of Multiple Effects) as well as social security coverage. Therefore, Spain can be assigned to “Regime [ii.]: Special regulation concerning remuneration”.

FI: Finland

Finland has no specific legal definition of open-market traineeships. Traineeships without a third (educational) institution require an employment contract which has to contain duration, work contents, and remuneration. For these employment contracts, general labour law applies. In addition to general labour law, many sectors in Finland are covered by collective agreements, which include sector-specific minimum wages. Because not all

employment contracts in Finland are covered by collective agreements, remuneration is not obligatory for all trainees. Therefore, Finland can be assigned to "Regime [v.]: Remuneration not obligatory; no minimum wage". Furthermore, different sources mention that open-market traineeships only play a minor role in Finland.

FR: France

In France, traineeships outside of academic curricula, formal education, or vocational courses are forbidden. Therefore, France can be assigned to "Regime [i.]: Unpaid open-market traineeships prohibited". Youth seeking practical experience would have to conclude a regular employment contract, including entitlement to the national minimum wage. On the other hand, traineeships within educational curricula are very common; remuneration depends on the specific program.

HR: Croatia

Croatia has not adopted regulation on traineeships outside of educational settings or ALMP programmes. For open-market traineeships, there are no specific regulations regarding duration and remuneration. Given that open-market traineeships are based on a regular employment relationship, the national minimum wage should, in general, apply. Hence, Croatia can be assigned to "Regime [iv.]: Minimum wage generally applies to *employment-related* traineeships; depending on individual working conditions". However, various sources suggest open-market traineeships are often not considered regular employment and, thus, are not remunerated.

HU: Hungary

In Hungary, open-market traineeships are not directly regulated by law. Non-mandatory traineeships without the involvement of an educational institution are considered regular employment. Hence, the national minimum wage and regular social coverage should be applied. Hungary can be assigned to "Regime [iv.]: Minimum wage generally applies to *employment-related* traineeships; depending on individual working conditions". It should be noted that, in practice, "informal" employment relationships also exist.

IE: Ireland

Ireland includes trainees (as regular employees) in its national minimum wage legislation and can, thus, be assigned to "Regime [iv.] Minimum wage generally applies to *employment-related* traineeships; depending on individual working conditions". By law, any individual agreement with another person to do or to perform any work or service for that person or any third person is considered an employment contract. If the legislation does not foresee an explicit exemption for traineeships (like, for example, the employment of close relatives, registered apprenticeships, and volunteers), the national minimum wage applies. According to the Workplace Relations Commission, the national minimum wage explicitly applies to work experience placements, work trials, and traineeships (mostly called internships in Ireland). As regular employees, trainees 20 years and older are entitled to, at least, the full minimum wage. Younger trainees only receive a fraction of the national minimum wage (19 years old: 90 percent; 18 years old: 80 percent; under 18 years old: 70 percent). Any failure to pay the national minimum wage is punishable by law and can be reported to the Workplace Relations Commission.

IT: Italy

Italy has no legal definition of open-market traineeships nor a national minimum wage but has adopted national guidelines by a State-Region-Agreement which cover a minimum

allowance for trainees. Therefore, Italy can be assigned to “Regime [ii.]: Special regulation concerning remuneration”. The regulatory framework is complex because non-curricular traineeships fall under the competency of the Regions and Autonomous Provinces. In 2013, the federal government together with the Regions and Autonomous Provinces adopted national guidelines which set minimum standards for traineeships (updated in 2017). These guidelines explicitly cover trilateral agreements, involving a promoting entity (Public Employment Services, universities and schools, authorized agencies, etc.) in addition to the trainee and her/his employer. Based on the expertise on traineeship misuse by a national expert, the national guidelines also apply to bilateral agreements in the open-market scenario.

The minimum requirements set by the State-Region-Agreement include, among others, a minimum allowance of 300 EUR gross per month. This minimum allowance, as well as other minimum requirements, can be increased by the Regions and Autonomous Provinces. The minimum allowance was increased up to 600 EUR gross per month in some regions. Among the other minimum requirements for (open-market) traineeships, the employer has to provide accident insurance for the trainee. Even though minimum standards are set by the national guidelines, trainees do not receive regular social security coverage because a traineeship is not considered employment. The National Labour Inspectorate, however, increasingly investigates abuses of traineeships as replacement for regular employment.

LT: Lithuania

Lithuania adopted legislation which allows unpaid open-market traineeships under certain conditions and with additional social security coverage. Because Lithuania’s regulation explicitly covers traineeship remuneration, it can be assigned to “Regime [ii.]: Special regulation concerning remuneration”, even though remuneration can be zero. The respective legal instrument, called “Voluntary Practice” (VP), came into effect on 1 January 2015. VP explicitly allows unpaid traineeships, which can be concluded by bilateral agreement between a young person and an employer. Only youth aged 16 to 29 years can participate in VP. For older trainees, Lithuania’s national minimum wage applies. Furthermore, VP is limited to a maximum of two months and can only be conducted three times per person, each time with a different employer. In each calendar year, VP can only be performed up to two months. Employers, on the other hand, can only sign a limited number of VP agreements at the same time (up to 10 percent of the workforce).

Even though trainees performing VP are usually not remunerated, they are covered by compulsory health insurance and social insurance against accidents at work and occupational diseases. This is a significant distinction from most unpaid traineeships in other Member States: If a traineeship is unpaid, employers usually do not have to provide additional social security coverage or social security coverage is not clearly regulated. In these scenarios, unpaid trainees are, if at all, only covered by publicly funded schemes (e.g., universal health care in some Member States). Coverage for VP trainees is provided by state funds, which requires the employer to register the trainee.

LU: Luxembourg

Luxembourg has adopted legislation to regulate remuneration of open-market traineeships in 2020. Because remuneration is connected to the national minimum wage, Luxembourg can be assigned to “Regime [iii.]: Remuneration linked to minimum wage; with some exemptions”. Exemptions from the national minimum wage are made for traineeships for the acquisition of professional experience. These traineeships can be concluded bilaterally between pupils, students, or recent graduates and an employer. The trainee, either, (i) has to be enrolled in an educational institution, (ii) has to have graduated from secondary

school, or (iii) has to have graduated from higher education with a bachelor's degree. In case of recent graduation (ii. or iii.), the traineeship has to be performed within twelve months of graduation. Furthermore, the traineeship cannot exceed six months within a 24 months period at the same company.

Remuneration is not obligatory for traineeships lasting up to four weeks. Remuneration for traineeships above 4 and up to 12 weeks has to be at least 40 percent of the minimum wage for unskilled employees. For traineeships above 12 and up to 26 weeks, remuneration cannot be lower than 75 percent of the minimum wage for unskilled employees. If the trainee graduated with a bachelor's degree, s/he is entitled to the full minimum wage for skilled employees. Employers can only sign a limited number of traineeship contracts at the same time (up to 10 percent of the workforce). Generally, open-market trainees are entitled to the same social security coverage as regular employees. In case the combined traineeship duration for one calendar year does not exceed three months for the same person, only accident insurance has to be provided.

LV: Latvia

Latvia has no formal definition of open-market traineeships and, generally, considers unpaid open-market traineeships as undeclared work. Youth seeking practical experience would have to conclude a regular employment contract, including entitlement to the national minimum wage. Latvia can, thus, be assigned to "Regime [i.]: Unpaid open-market traineeships prohibited". ALMP traineeships and practical training as part of formal education are, however, regulated. For ALMP traineeships, compensation is calculated based on unemployment benefits.

MT: Malta

Malta has no formal definition of open-market traineeships and claims that bilaterally arranged traineeships are rare. In general, traineeships are not considered a form of employment. If, as an exception to this general rule, a traineeship can be considered (regular) employment, the national minimum wage should be applied. In consequence, Malta can be assigned to "Regime [iv.]: Minimum wage generally applies to *employment-related* traineeships; depending on individual working conditions". While the legal framework for open-market traineeships is rather vague and its practical relevance might be limited, Malta has a more specific framework for ALMP traineeships (i.e., "Jobsplus"). As part of the Jobsplus program, ALMP trainees receive an allowance.

NL: The Netherlands

The Netherlands do not have a formal definition of open-market traineeships. Open-market traineeships are covered by general labour law and seem to, generally, be considered employment. As there is also a national minimum wage in the Netherlands, it can be assigned to "Regime [iv.]: Minimum wage generally applies to *employment-related* traineeships; depending on individual working conditions". Youth seeking practical learning experiences outside formal education, would have to conclude a regular (employment) contract with a company or organisation with the same rights and social security coverage as employees, including remuneration according to the national minimum wage legislation. Although the legal framework seems rather clear on treating trainees as regular employees, there are reports of unpaid traineeships in practice. Whether the national minimum wage really applies to all open-market traineeships seems to be unclear and can depend on the actual working conditions of the trainee.

PL: Poland

Poland has no formal legislation on open-market traineeships. In general, traineeships seem to not be considered a form of employment. Poland's national minimum wage, thus, only applies in a limited way to open-market traineeships and Poland can be assigned to "Regime [iv.]: Minimum wage generally applies to *employment-related* traineeships; depending on individual working conditions". In 2017, however, the Social Dialogue, representing trade unions and employers, adopted a non-binding resolution with recommendations for open-market traineeships. According to this resolution, trainees should be remunerated proportionate to employees with the same duties and they should be entitled to the same protective rights, including social security coverage. It is unclear to what extent open-market traineeships in Poland de facto comply with these recommendations. Because the Social Dialogue adopted the resolution as a response to increasing public concern regarding the quality of traineeships, compliance with the recommendations on remuneration might still be low (based on a country expertise on traineeship misuse in Poland from 2018). One reason for this might be the lack of monitoring and enforcement by a third entity.

In contrast to the aforementioned open-market traineeships, there is a legal basis for so-called "graduate internships" by graduates from secondary school (maximum duration: three months). For these traineeships there clearly is no obligation for remuneration. On the contrary, remuneration cannot exceed double the national minimum wage. Furthermore, "graduate internships" do not constitute an employment contract and provide no social security coverage. Apart from the maximum duration and the anticipated trainee target group (usually younger for "graduate internships"), the regulatory distinction from regular open-market traineeships is not clear.

PT: Portugal

Portugal has adopted specific regulation on open-market traineeships, differentiating open-market traineeships from other forms of traineeships, and can be assigned to "Regime [ii.]: Special regulation concerning remuneration". Generally, traineeships are not considered regular employment. Hence, Portugal's national minimum wage does not apply. Remuneration of open-market traineeships is nonetheless obligatory and bound to an indicator for social assistance, called *Indexante dos Apoios Sociais* (IAS). The IAS is regularly increased but below the national minimum wage. Social security coverage for the trainee has to be provided by the employer.

Because remuneration for open-market traineeships is below the national minimum wage, the respective Portuguese decree has strict rules on a traineeship's learning objectives and its maximum duration of one year. Otherwise, employers could disguise regular employment contracts as traineeships. In case of misuse (e.g. if the traineeship continues beyond one year), the trainee is entitled to a regular employment contract and remuneration according to the national minimum wage. According to a country expertise on traineeship misuse in Portugal from 2018, however, the enforcement of these rules seems to be low.

RO: Romania

Romania has adopted comprehensive legislation on traineeships in recent years. For this study, a distinction has to be made between traineeships by recent (university) graduates and traineeships by students prior to graduation. In Romania, the term "traineeship" is more exclusively used for university graduates who conclude a special training contract with an employer. Traineeships prior to graduation are usually called "internships". For this

study, traineeships after graduation are considered the dominant form of open-market traineeships in Romania. These graduate traineeships have to be remunerated according to the national minimum wage and are under social security coverage because they are considered a form of employment, or, more specifically, a supplemental agreement to a regular employment contract. Therefore, Romania can be assigned to "Regime [iii.]: Remuneration linked to minimum wage; with some exemptions". Among other requirements, traineeships cannot exceed six months. Trainees have to be supervised by a mentor, benefit from a program of activities/training, and receive a formal evaluation upon completion. Employers can apply for (limited) funding from public funds. According to law, traineeship contracts have to be registered with the respective labour authorities. Public information regarding the level of enforcement is, however, limited.

SE: Sweden

Sweden has no specific legislation on open-market traineeships and no national minimum wage. Even though trainees are considered regular employees, there is, thus, no legislative obligation for the remuneration of open-market traineeships. In consequence, Sweden can be assigned to "Regime [v.]: Remuneration not obligatory; no minimum wage". Collective bargaining agreements, however, are of importance in many sectors. Because trainees are generally protected by Swedish labour law, sector-specific collective agreements and associated sector-specific minimum wages (might) also cover open-market trainees. This includes regular social security coverage. All in all, unpaid open-market traineeships are possible, but their practical relevance might vary between sectors and could, generally, be low.

SI: Slovenia

Slovenia has adopted specific legislation on open-market traineeships as part of its general labour law. While open-market traineeships have to, generally, be concluded by an employment contract, exemptions for unpaid traineeships can be made by sector-specific laws or collective agreements. Hence, Slovenia can be assigned to "Regime [ii.]: Special regulation concerning remuneration". It should be noted, however, that the Slovenian legislation on traineeships seems to be mostly focused on traineeship schemes and comprehensive training programs (i.e., mandatory professional training). Sector-specific exemptions for unpaid traineeships, for example, exist for traineeships in education, law, public administration, and health. It is not clear to what extent these exemptions also cover open-market traineeships, which are usually shorter and less formalized than mandatory professional training. If not exempted, traineeships have to be concluded by an employment contract. For these employment contracts, Slovenia's national minimum wage applies. In consequence, open-market traineeships have to be, generally, remunerated. They are also covered by regular social security coverage.

SK: Slovakia

Slovakia has no formal legislation on open-market traineeships. In general, the legal system does not seem to offer many possibilities for licit unpaid traineeships. From this, one can conclude a general obligation to remunerate traineeships. Because Slovakia has a national minimum wage, it can be assigned to "Regime [iv.]: Minimum wage generally applies to *employment-related* traineeships; depending on individual working conditions". It should be noted, however, that open-market traineeships might be possible under certain conditions (e.g., agreement on voluntary service or help-out between relatives) and that they seem to be rare in Slovakia. Since the legal situation is rather unclear, together with lower practical relevance of open-market traineeships in general,

enforcement of remuneration seems to be low. Different from open-market traineeships, so called "graduate practice" (as the main ALMP traineeship scheme) is clearly regulated. Graduate practice is limited to registered jobseekers under 26 years who have completed initial education within two years and have not had a regular employment. These limited work placements are not based on an employment contract, but on an agreement between the labour office and an employer. The trainee is paid an allowance by the labour office, which is based on a social assistance indicator.

Synthesis and Typology of Policy Regimes

This section provides a comparative overview of remuneration of open-market traineeships in EU-27. By considering the collected information for all Member States as well as existing literature, the author drafted a typology of policy regimes which serves as an analytical framework. This typology is limited by the available information and could be subject to subsequent modification and extension. It relies on existing classifications, most notably on the implementation of the QFT (European Commission, 2016) and academic research on traineeship remuneration (Owens and Stewart, 2016; Stewart et al., 2018; Rosin, 2017).

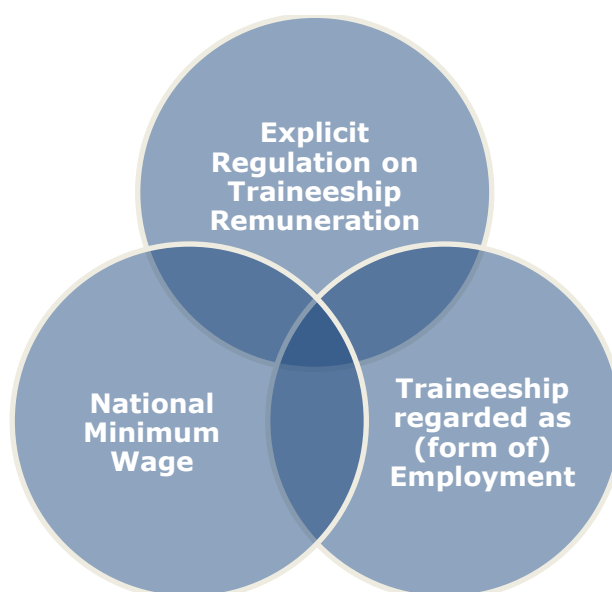


Figure 1. Three Dimensions of Remuneration of Open-Market Traineeships

Three analytical dimensions form the typology's foundation (see Figure 1). **Explicit regulation on remuneration of open-market traineeships** is intuitively relevant, as such regulation (legal acts, specific provisions, or mandatory guidelines) directly affects remuneration. Because the majority of Member States does not have special traineeship regulation in place, **existing minimum wage legislation** has to be considered as well. 21 out of 27 Member States have adopted statutory minimum wages for labour contracts to prevent exploitation. Generally, minimum wages constitute a non-negotiable base salary which is deemed appropriate for all employees, mostly irrespective of acquired qualifications and with zero to few exemptions. Some Member States exempt some forms of traineeships or some groups of persons from their minimum wage. Others define some fraction of the minimum wage as a basis for traineeship remuneration. Most Member States with minimum wages, however, do not explicitly address open-market trainees in their respective minimum wage legislation.

For Member States without clear regulation of open-market traineeships, this raises the question of **whether open-market traineeships can be regarded as (some form of) employment and, thus, if general labour law applies to them**. To answer this question, there are essentially two ways of reasoning: (a) Learning is considered the main objective, linking traineeships to education instead of productive labour (remuneration optional), versus (b) trainees act as subordinates of an employer, entitling them to the

same general protective rights as regular employees (remuneration obligatory, including minimum wages). In contrast to ALMP traineeships and curricular traineeships, open-market traineeships are not under supervision by an independent third entity and can vary with regard to learning objectives and degree of subordination. For many Member States the application of general labour laws has to be judged individually, which is beyond the scope of this report. Only few Member States generally prohibit open-market traineeships, limiting traineeships to educational setups involving a third entity.

Based on the aforementioned dimensions and collected information, the **27 Member States have been assigned to five policy regimes, concerning the remuneration of open-market traineeships:**

- i. Unpaid open-market traineeships prohibited (strictly regulated) (2 MS):
FR, LV
- ii. Special regulation concerning remuneration (regulated) (6 MS):
BE, ES, IT, LT, PT, SI
- iii. Remuneration linked to minimum wage; with some exemptions (regulated) (4 MS):
BG, DE, LU, RO
- iv. Minimum wage generally applies to *employment-related* traineeships; depending on individual working conditions (regulation partly ambiguous) (10 MS):
Group **(a)**: CZ, EL, HU, IE, NL, SK; Group **(b)**: EE, HR, MT, PL
- v. Remuneration not obligatory; no minimum wage (no regulation) (5 MS):
AT, CY, DK, FI, SE

These regimes must be seen as **ideal types**. They are **limited by the available information** and **simplified for analytical purposes**. There is significant overlap between the considered dimensions as well as between open-market traineeships and other forms of traineeships, especially curricular traineeships. Furthermore, the study, by design, cannot substitute country-specific assessments of (legal) texts in each Member State's respective administrative language. This is particularly relevant for regimes [iv.] and [v.] where a legal judgment on the application of general labour laws has to be made. Possible ways of overcoming these limitations are addressed in the following section on **METHODOLOGY FOR FURTHER RESEARCH**.

Each regime is circumscribed hereinafter. For details on each Member State, please refer to the section on **Country Profiles**. Furthermore, the typology of policy regimes has been visualised as a map to provide a geographical overview (see Figure 2, next page). A definitive geographical pattern is not apparent.

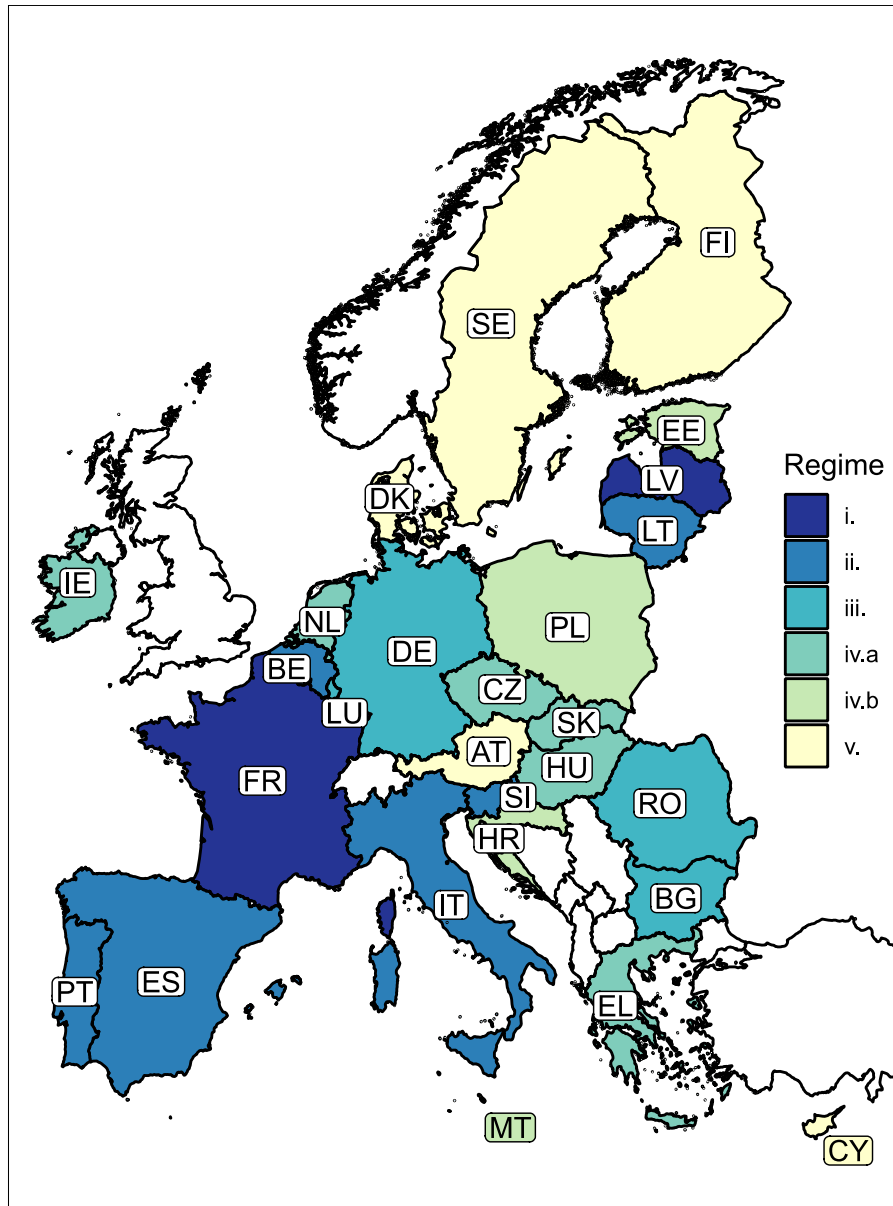


Figure 2. Map of Policy Regimes

Regime [i.]: Unpaid open-market traineeships prohibited (strictly regulated)

Member States: FR, LV

Open-market traineeships, as defined in this report, are not allowed by law in FR and LV. Regulation for both Member States is very strict on remuneration policies.

In both Member States, traineeships need to involve a third entity for concluding a traineeship contract. These traineeships are limited to formal education and ALMP measures. A bilateral agreement between a potential trainee and an employer constitutes an employment relationship which has to be remunerated according to the respective national minimum wage.

According to prior evaluation of the QFT, IT could be assigned to regime [i.] (European Commission, 2016, p. 48). The author decided against this classification because there is clear indication from a country expertise on traineeship misuse in 2018 (unpublished ECE-

report by national expert) that traineeships can be concluded bilaterally, without a promoting entity. Furthermore, there seems to be no Italian legislation which explicitly prohibits open-market traineeships.

Regime [ii.]: Special regulation concerning remuneration (regulated)

Member States: BE, ES, IT, LT, PT, SI

BE, ES, IT, LT, PT, and SI have adopted specific regulation which allows assessment of remuneration for open-market traineeships. Remuneration is not always obligatory.

Instead of their respective minimum wages, ES and PT (partly) apply an indicator for determining the minimum remuneration of open-market traineeships based on social assistance. Accordingly, open-market traineeships are (usually) remunerated below minimum wage but cannot be unpaid in ES and PT.

Legislation in SI, by default, does not allow unpaid open-market traineeships. Sector-specific exemptions can, however, be made by collective agreements. It is not clear if these exemptions apply to open-market traineeships or if they are only relevant for mandatory professional training in certain sectors.

In BE and IT, traineeship regulation differs by region. IT has adopted a national State-Region-Agreement which requires a minimum allowance of EUR 300 for non-curricular traineeships. The Autonomous Regions, responsible for the adoption of legislation, can further increase this minimum requirement. As discussed for regime [i.] before, the author assumes that this regulation applies to bilateral agreements in the open-market case. BE has adopted a legal instrument called “professional immersion agreement” for open-market traineeships. The level of pay as well as the application and enforcement can, however, vary significantly by region.

Different from the other Member States under regime [ii.], the dominant form of open-market traineeship in LT, called “Voluntary Practice”, can be without any remuneration. Voluntary Practice came into effect in 2015 and allows unpaid traineeships for youth between 16 and 29 years by bilateral agreement and under certain conditions.

Regime [iii.]: Remuneration linked to minimum wage; with some exemptions (regulated)

Member States: BG, DE, LU, RO

BG, DE, LU, and RO have linked the remuneration of open-market traineeships to their respective minimum wages, but made noteworthy exemptions.

BG and RO adopted comprehensive legislation for open-market traineeships of recent (university) graduates. In both Member States, these traineeships are limited to a specific target group, entering the labour market without professional experience. They have a fixed duration of 6 to 12 months. In addition to other traineeship-specific rights (e.g., explicit mentorship and formal evaluation), trainees are entitled to receive the full minimum wage because the traineeship agreement is considered a supplement to a regular employment contract.

DE and LU exempt shorter open-market traineeships between four weeks and three months from their respective minimum wages. In DE trainees 18 years and older are entitled to receive the full minimum wage, if the traineeship lasts at least three months. LU differentiates the minimum remuneration by duration and educational background. Only graduates of higher education receive full minimum wage. All other trainees receive between 40 and 75 percent of the minimum wage for unskilled employees, depending on the traineeship’s duration.

Regime [iv.]: Minimum wage generally applies to *employment-related* traineeships; depending on individual working conditions (regulation partly ambiguous)

Member States: Group **(a)**: CZ, EL, HU, IE, NL, SK; Group **(b)**: EE, HR, MT, PL

CZ, EE, EL, HR, HU, IE, MT, NL, PL, and SK apply general labour laws to open-market traineeships, if they consider traineeships as (some form of) employment. This includes national minimum wages, which all Member States under this regime have. Different from the regimes [i.], [ii.], and [iii.], the assessment of whether traineeships are *employment-related* is partly ambiguous or has to be decided individually.

For most Member States under this regime the available information and regulation lacks clarity. Nonetheless, two prevailing views are common:

Group (a): CZ, EL, HU, IE, NL, and SK seem to, as a general rule, consider open-market traineeships as employment, and thus apply their respective minimum wages for open-market traineeships. HU claims that open-market traineeships are not of practical significance. However, there are (anecdotal) reports of unpaid traineeships for most Member States in this group. Whether these reports can be considered cases of misuse, and are thus compliance-related, or showcase exemptions or regulatory loopholes, and are thus legislation-related, is beyond the scope of this report.

Group (b): EE, HR, MT, and PL seem to, as a general rule, not consider open-market traineeships as employment, and thus do not apply their respective minimum wages for open-market traineeships. HR and MT claim that open-market traineeships are not of practical significance. For all four Member States in this group unpaid open-market traineeships seem to be possible and remuneration is bilaterally negotiated.

Regime [v.]: Remuneration not obligatory; no minimum wage (no regulation)

Member States: AT, CY, DK, FI, SE

AT, CY, DK, FI, and SE have neither adopted statutory minimum wages nor specific regulation on open-market traineeships. Generally, unpaid open-market traineeships seem to be possible, even though their practical relevance differs and can be low.

In AT, FI, and SE collective bargaining agreements cover many sectors. Since all three Member States seem to apply general labour laws for open-market traineeships, these agreements potentially also cover trainees. However, collective agreements do not cover all sectors and employers. At least theoretically, not all open-market traineeships are thus covered by this form of "soft law". All three Member States are not considered to prohibit unpaid open-market traineeships. FI claims that open-market traineeships are not of practical significance.

In CY and DK open-market traineeships are by and large unregulated. This includes remuneration, which has to be bilaterally negotiated between trainee and employer. CY claims that open-market traineeships are not of practical significance.

Methodology for Further Research

The present study serves as an overview of traineeship remuneration policies in EU-27. It mostly relies on secondary sources and was carried out as desk research. As a consequence, the study's scope and detail are necessarily limited. To overcome these limitations and to better inform the public debate, it can be extended in several ways. A spectrum of possible extensions is circumscribed hereinafter.

One key question for further research on the remuneration of open-market traineeships concerns the application and enforcement of general or traineeship-specific law. Essentially, this means raising the question how theory (remuneration policies) is put into practice (de facto remuneration). This is important for two reasons: **Firstly, the legal framework for open-market traineeships is ambiguous in some Member States.** Whether a traineeship has to be considered regular employment can, for example, depend on various factors (i.e., degree of subordination, training components, etc.) and might leave significant room for interpretation. **Secondly, even if the legal framework is rather clear, informal or illicit practices might have evolved over time.** Because open-market traineeships, by definition, do not involve an independent third entity, the bargaining power of youth can be low. This, in turn, raises the question if and how existing legislation on open-market traineeships is enforced. Both scenarios – legal ambiguity and informal/illicit practices – might be considered cases of misuse.

To gain insight into remuneration practices, one will have to gather empirical evidence. In general, two (complementing) approaches seem to be promising:

(1) Survey (potential) trainees, asking for their first-hand experience

(2) Consult (national) experts, asking for their synthesised assessment

Depending on the available budget and the desired outcomes, both approaches have advantages and disadvantages. Furthermore, the level of detail and the scope of both approaches can be adjusted according to the available resources.

Surveying youth, in general, and past trainees, more specifically, can provide an unbiased view on the status quo of open-market traineeships in the whole EU or selected Member States. Because reliable statistics on traineeships are generally sparse, a comparative international survey can help identifying the (potentially varying) relevance of (unpaid) open-market traineeships. Conducting an international survey, however, can be costly and its validity depends on a thorough sampling design. Some exemplifying options are (decreasing by cost):

- Conducting a representative cross-country telephone survey among youth, based on the methodology for the Flash Eurobarometer 378 from 2013 (TNS Political and Social, 2013)
- Integrating a short module on traineeship experience into an existing cross-country survey, e.g., the European Social Survey or the EU Labour Force Survey
- Conducting an explorative web survey among youth, distributed through institutional multipliers (e.g., universities, social partners) or social media

Consulting national experts can provide more nuanced assessments, taking into account the country-specific policy context. Because traineeship regulation is, for many Member States, embedded into general labour law or educational law, policy experts can identify regulatory loopholes and suggest modifications or best practices. Expert assessments, however, can only partly cover remuneration practices and do not allow

quantifying the relevance of unpaid traineeships, as this data is rarely, if ever, available. Some exemplifying options are (decreasing by cost):

- Consulting national experts for all Member States on remuneration policies and traineeship misuse, using a semi-standardized report structure, and condensing all acquired information into an overarching report
- Extending the already available ECE-reports on traineeship misuse for seven Member States to further Member States, for example selecting Member States without specific traineeship legislation
- Conducting multiple expert interviews for all Member States covering different relevant parties involved (e.g., unions, employers, and researchers) to confirm and extend the information from secondary sources, especially focusing on the application and enforcement of legislation in practice

Depending on the desired outcome, **all approaches can be implemented for a sub-sample of Member States**. The typology of policy regimes, provided as part of this report, can inform this selection. For example, this could be done by selecting one or two Member States for each regime or by focusing on Member States without traineeship-specific regulation.

In addition to research on the practical application and enforcement of existing regulation, **specialised expertise by legal scholars on the application of general labour law for open-market traineeships** might be useful. Specialised legal assessments could, potentially on a per-country basis, provide information on the conditions under which open-market traineeships can or cannot be covered by existing legislation. Different from policy assessments, a specialised legal assessment can serve as a basis for (smaller) legal modifications to cover open-market traineeships by general labour law, which some Member States might be more easily able to implement themselves.

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