

UNIVERSITE CATHOLIQUE DE LOUVAIN

Institut des Sciences du Travail

**MONOGRAPHS ON THE SITUATION OF SOCIAL PARTNERS
IN THE CANDIDATE COUNTRIES: SUMMARY (TEXTILE SECTOR)**

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The report has been produced as part of research into the institutional representativeness of social partners in the European Union, and the situation of trade unions and employers' associations in acceding and candidate countries. The research has been conducted by the Institut des Sciences du Travail (Catholic University of Louvain) at the request of the Employment and Social Affairs Directorate-General of the European Commission (Call for tenders No VT/2002/83).

The aim of the report has been to produce monographs that set out both brief descriptions of the way that social dialogue functions in acceding and candidate countries, and descriptions of the various workers' and employers' organisations involved in social dialogue at textile sectoral level.

Background

This research is located against a backdrop of the European Commission's promotion of social dialogue at Community level, and in the setting of enlargement of the European Union.

The issue of the representativeness of European organisations came to the fore in the context of the promotion of social dialogue. In a Communication¹ in 1993, the European Commission set out three criteria determining the access of employers' associations and trade unions to the consultation process established under Article 3 of the Social Policy Agreement, and in 1996, it adopted a consultation document² that sought to bring together the widest range of views on the measures to be employed in fostering and strengthening European social dialogue. At that point, given that the social partners at European level were, and still are, in the process of structuring themselves and accepting new applications for membership, the European Commission conducted a study on the representativeness of interprofessional and sectoral organisations in the European Union, and in a new Communication³ in 1998, announced the measures that it proposed taking in order to adapt and promote social dialogue at EU level. In it, the Commission reaffirmed the three criteria established by the 1993 Communication permitting European organisations to be recognised as representative for consultation purposes under Article 3 of the Social Policy Agreement. They were that the social partners should (1) *be related to specific sectors or categories and organised at European level*, (2) *consist of organisations which are themselves an integral and recognised part of the Member States' social partner structures, and with the capacity to negotiate agreements, and which are representative of several Member States*; (3) *and have adequate structures to ensure their effective participation in the consultation process*. Finally, in 2002, the Commission reaffirmed its support for a strengthening of social dialogue in its Communication *The European social dialogue, a force for innovation and change*⁴.

Against this background, it is clear that one of the main issues in the coming months, both for the Commission and for the European social partners, will be to prepare for the enlargement of the European Union and its impact on the process of social dialogue at Community level: *The Communication underlines the vital role and the weaknesses of social dialogue in the candidate countries. Much has been achieved over the past decade with the support of Community programmes and initiatives. However, a lot remains to be done to strengthen the capacities of social partners and involve them in the accession process*⁵. As far as the European Commission is concerned, *[o]nly with sufficiently robust national structures will the social partners be able to participate effectively in negotiations and other European social dialogue activities and also implement agreements at national level*⁶.

The development of social dialogue therefore forms part of the *acquis communautaire*: *The Treaty requires that social dialogue be promoted and gives additional powers to the social partners. The candidate countries are, therefore, invited to confirm that social dialogue is accorded the importance required and that the social partners are sufficiently developed in order to discharge their responsibilities at EU and national level, and to indicate whether they are consulted on legislative drafts relating to the taking over of the employment and social policy acquis... Therefore, the development not only of tripartite structures but also of autonomous, representative bipartite social dialogue is an important aspect for the future*

¹ COM(93) 600 final of 14 December 1993, Communication from the Commission concerning *the application of the Protocol on Social Policy*.

² COM(96) 448 final of 18 September 1996 concerning *the development of the social dialogue at Community level*.

³ COM(98) 322 final of 20 May 1998, Communication from the Commission, *Adapting and promoting the Social Dialogue at Community level*.

⁴ COM(2002) 341 final of 26 June 2002, Communication from the Commission, *The European social dialogue, a force for innovation and change*.

⁵ *Op cit.*

⁶ *Op cit.*

*involvement of the candidate countries' social partners in the social dialogue activities developed at European and national level*⁷.

Enlargement of the European Union is a major issue from a quantitative and qualitative point of view: *The quantitative leap is quite clear as soon as the number of partners rises. The delegations taking part in social dialogue will be enlarged, and that, as we know, does not facilitate dialogue. However, the leap is also qualitative in that the new entrants present the industrial relations systems they have inherited from their national histories. The role played by collective bargaining is vastly inferior to the traditions of which we are aware, for example, in Germany, Sweden or Italy. In particular, social dialogue does not exist in all countries at a sectoral level*⁸. By and large, most of the country studies are notable for strongly developed tripartism, but weakness at central bipartite level, in social dialogue at sectoral level, and at the level of organisations, particularly employers' associations.

This study may be seen as a tool to help understand these quantitative and qualitative factors. It will also make it possible to understand the various systems of industrial relations in different countries, and to introduce the actors involved in social dialogue.

The research process and methodological remarks

For the purposes of conducting this research, a network of university researchers was established for the 13 acceding and candidate countries. These researchers are independent both of the European Commission and of employers' and workers' organisations. Each researcher was tasked with producing a report on the basis of a common canvas, and a questionnaire dealing specifically with the realities of the acceding and candidate countries was drawn up for this purpose. The IST was responsible for coordinating and writing the summaries, and reaffirms its independence in respect of the political consequences and decisions that may flow from this study.

The research process that was developed involved not only the gathering of quantitative and qualitative information on the actors and the social dialogue in which they took part, but also *an active approach to constructing a consensus that forms an integral part of social dialogue itself*. For example, although the data collected do not in many cases make it possible to be wholly objective about the role played by organisations, the contacts that were made in the course of collecting the data and discussions with the various actors concerned will *form an integral part of a process of mutual recognition*⁹. It follows that the main sources used in the course of this study have been the social partners themselves.

From the point of view of delimiting the scope of the research, three criteria were defined *a priori* with a view to identifying the organisations to be included:

- organisations that negotiate at sectoral level;
- organisations that are members of recognised European organisations;
- emerging organisations that are not recognised, but which play roles at sectoral level.

The aim of incorporating these three criteria was both to target the organisations *that play a role in social dialogue at sectoral level* in each country, and to take account of the *evolving nature* of the various national situations.

Several methodological questions were raised on this point, and a number of choices were made, although some departed from previously established criteria in order to adapt to the national realities in each country.

The present study focuses on the sectoral level, but it should be noted that in some of the countries covered in the study, collective bargaining and signature of collective labour agreements take place only at the company level – despite the existence of trade union and employers' organisations at sectoral level. (The role of the latter is limited to providing support to the local players.) Collective agreements at the company level are in any case the majority. Other countries are characterised by the absence of sectoral organisations specific to the textile industry. Also noteworthy, the social dialogue is sometimes limited to just two organisations representing respectively employers and workers, whereas in other countries a plurality of organisations cater to companies and workers. As regards tripartite concertation at sectoral level, this form of

⁷ *Enlargement of the European Union. Guide to the negotiations. Chapter by chapter*, European Commission, DG Enlargement, June 2003.

⁸ Léonard E., Spineux A., *Les relations industrielles en Europe aujourd'hui*, Institut des Sciences du Travail, UCL, 2003 (unpublished).

⁹ *Reply to Call for tenders VT/2002/83. Studies on the representativeness of the social partners at sectoral level in the European Union and monographs on the situation of the social partners in the candidate countries*, Institut des Sciences du Travail, UCL, 2002.

negotiation is generally not anchored in the traditional practice of the social partners and governments. Where it exists, it is often practised indirectly, through the respective federations (intersectoral organisations).

The present configuration of industrial relations in these countries still bears the marks of the process of privatisation and deregulation, which they have rapidly had to assimilate. The changes brought about by these transformations require adaptation, which at times is still partly lacking. Thus, for example, multinational corporations established on their territory may be reluctant to accept the imposition of forms of social regulation or legislation. Conversely, in other countries, companies of this kind (multinational corporations and large enterprises), owing to their relatively large size, are a potential launching pad for the development of the social dialogue and the negotiation of collective agreements. Indeed, some of the candidate and accession countries are characterised by a significant number of small or very small (often family) enterprises, in which the imposition through legal instruments of social norms is not readily accepted and/or difficult to implement.

At the level of statistical data, great differences appear between countries. In some countries, owing to the shortfall of numerical data, a sufficiently precise image of the socio-economic situation and/or of the situation of the social partners cannot be provided, whereas other countries are able to produce comprehensive statistical data. In some cases, several statistical sources are available for the same country, but the data do not match. These different factors explain the difficulties that were at times encountered in elaborating the monographs.

Lastly, given that national situations are very changeable and evolve rapidly, it is important to stress that the aim of this study is to take "a snapshot" of the situation of organisations in 2003. Interviews with organisations took place, and the national reports were written, between June and September 2003.

Sectoral monographs on candidate countries

The sectoral monographs examine the situations in the 13 acceding and candidate countries, that is to say Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey.

Each monograph starts out with a delimitation and description of the scope of activities covered by the textile sector in the country concerned (wherever possible, based on the NACE classification). Next, after a brief description for each country of the macroeconomic situation (macroeconomic indicators) and of the labour market (principal indicators characterising the labour market), each national monograph outlines the principal characteristics of the mechanisms of the social dialogue. As regards tripartite concertation at the level of the textile sector in these countries, the following points are examined:

- The organisers and players involved in tripartite concertation.
- The links between this concertation and the bipartite social dialogue.
- The consultation / decision-making processes, such as they can be observed within these structures.
- The characteristics of the results obtained through these processes.
- The topics covered within the tripartite structures.
- The existence of informal procedures.

The autonomous (bipartite) social dialogue is described under the following headings:

- The players in the social dialogue.
- The different levels of the social dialogue and the links between them.
- The characteristics of the agreements concluded by the organisations (duration, procedures for extending validity, etc.)
- The topics covered within the framework of collective bargaining.
- The coverage rate of collective agreements.
- The obstacles that may hamper development of the social dialogue.

Next, all trade union and employers' organisations participating in the social dialogue at the level of the textile sector are described under the following headings:

- Institutional and organisational characteristics (juridical status, structure, decision-making process, historical overview, financing, services).
- Elements of representativeness (number of represented affiliates, types of members).

- Elements of recognition of the organisation (participation in tripartite structures, entitlement to sign a collective agreement, participation in the social dialogue).

Content

Delimitation of the sector

In the acceding countries and the candidate countries, the textiles sector can be defined according to NACE classification, i.e. by sub-sections DB 17 (manufacture of textiles) and DB 18 (manufacture of clothing and furs). However, in several of these countries (Bulgaria, Czech Republic, Malta, Romania, Slovakia, Slovenia), sub-section DC 19 (manufacture of leather and leather products) has to be included in the textiles sector. The trade union and/or employers' organisations tend to be structured such that their scope of activity includes the companies falling under sub-section DC 19. This sub-section is thus combined with social dialogue in the textiles sector. It is also noteworthy that in certain countries, such as Latvia and Malta for example, it is hard to distinguish which companies belong solely to the textiles sector as the trade union and/or employers' organisations indiscriminately cover all companies within the sector of light industry.

Tripartitism

Overall, tripartitism does not play an important role in the textiles sector of the acceding and candidate countries. In fact, in the majority of cases, it simply does not exist. At best, tripartitism is limited to mere consultation with generally no results of any legal force. Moreover, the cross-sectoral organisations to which the textiles sector organisations belong are often the ones to do the bargaining. The textiles sector organisations are occasionally invited to join the discussions when a specific subject that concerns them is being addressed. Finally, the State in the different countries does not particularly encourage the introduction of tripartite dialogue in the textiles sector. This lack of interest results notably from the privatisation of various State enterprises in light of economic reform.

In **Bulgaria**, while there is officially a legal framework for tripartitism, it is never put to use. In fact, since the textiles sector was privatised, the State has withdrawn from the Tripartite Board.

In **Cyprus**, there is tripartite dialogue that can lead to the signing of an agreement. Any subjects may be addressed, however there is particular attention for those subjects that could not be resolved at bipartite level. The main participants are the Ministry of Labour and Social Insurance, the Employers and Industrialists Federation (OEV), the Cyprus Chamber of Commerce and Industry (KEVE), the Cyprus Clothing Industries Association and the two main trade unions (Cyprus Industrial, Commercial, Press-Printing and General Services Workers Trade Union - PEO and Cyprus Industrial Workers Federation - SEK).

In **the Czech Republic**, there is no structure for tripartite dialogue on textiles. However, informal meetings are organised on an irregular basis between State representatives, employers and trade unions within the framework of a working group stemming from ministerial departments (the Ministry of Trade and Industry and the Ministry of Labour and Social Welfare).

In **Estonia**, the players in the textiles sector do not meet for tripartite dialogue even if they do meet within the scope of the Vocational Council of Light Industry or of the Work Environment Council of the Ministry of Social Welfare.

In **Latvia**, tripartite dialogue is not organised specifically for the textiles sector, however when a sector-specific subject is addressed within the National Board for Tripartite Cooperation, the Latvian Industrial Workers' Trade Union takes part as a consultant thanks to its membership in the Free Trade Unions' Federation of Latvia.

As is the case in most of the other countries, there is no specific structure in **Lithuania** for tripartite dialogue in the textiles sector. Nevertheless, the social partners take part in discussions at national level through their cross-sectoral representatives on the Tripartite Board.

There is no tripartite dialogue in the textiles sector in **Malta**.

In 2000, a tripartite structure bringing together trade unions, employers and ministerial representatives was introduced in **Poland** with a view to dealing with the crisis in the textiles sector. This tripartite group has produced analyses and proposals, and works to promote the sector through cooperation and lobbying. Thus far, the group has not produced any collective agreements.

In **Romania**, tripartite dialogue exists, both formally (with the signing of agreements) and informally. In both cases, the Employers' Federation in the Light Industry Branch (FEPAIUS) participates, as do other employer organisations and their trade union counterparts at sub-sector level, as well as representatives of Ministries and national agencies.

Slovakia's system is similar to that of Lithuania and Latvia. The social partners, through their membership in a cross-sectoral organisation (Federation of the Employers' Associations of the Slovak Republic - AZZaZ SR and the Confederation of Trade Unions of the Slovak Republic - KOZ SR), participate indirectly in national tripartite structures.

In **Slovenia**, according to employers' representatives, there are certain forms of tripartite dialogue in the textiles sector, but this is more the exception than the rule.

Finally, in **Turkey**, tripartite dialogue does not yet exist for the textiles sector.

Bipartite social dialogue and the social partners

Generally speaking, bipartite social dialogue has been introduced in the textiles sector in all countries, with varying modes of implementation and levels of bargaining. A distinction must be made between the bargaining level at sectoral level strictly speaking and the corporate level, as well as in terms of whether or not it is possible to reach collective agreements at these levels. The participants in this social dialogue are employers' and trade union organisations that are either specific to the textiles sector or cover several economic sectors at the same time.

At corporate level, it is sometimes just the company's own local trade unions that negotiate and sign agreements directly with the employer or the manager. The latter, like worker representatives, are eligible for assistance (advice, legal aid, training, etc.) in carrying out their duties from any sectoral or cross-sectoral organisations to which they may belong. The vast majority of agreements reached in the textiles sector are at corporate level.

The contents of collective agreements mainly concern salaries and working conditions. The rate of coverage of collective agreements varies greatly from one country to the next. Generally speaking, an agreement signed at corporate level must at least respect the contents of the corresponding sectoral agreement, if there is one. The rules for extending a collective agreement to non-unionised workers vary from one country to the next, as does the procedure of extension towards all companies in the sector or in a specific sub-sector.

There are several levels of obstacles to the development of sectoral social dialogue. For example, in some countries, the virtual absence of employers' organisations is the main obstacle to the development of social dialogue at sectoral level (Latvia, Malta); while in others it is the large number of small companies (Romania, Slovakia) or the considerable role of the unofficial economy (Turkey). In other countries, the obstacles can stem from a question of tradition (Malta), a lack of State interest (Romania), the inefficiency of instruments controlling the implementation of agreements (the Czech Republic) or the low membership rate in representative organisations (Estonia, Turkey).

As regards the social partners, the situation also varies greatly from country to country. In some countries, there are only two social partners active in the textiles sector (in Slovenia, for example) or one social representative for each sub-sector (in Bulgaria, for example), while in other countries there is a certain level of competition between organisations (in Turkey or Romania, for example). As mentioned above, some countries do not have employers' organisations. The rate of coverage of the organisations is also highly diversified. In Bulgaria, for example, the different employers' organisations do not exceed 2.62% in terms of corporate density within the sector, whereas in Slovenia the rate is 100% as membership is mandatory. Let us also note that it is still possible to have a high level of employee density within a sector despite a low rate of coverage of companies covered by employers' organisations, as is the case, for example, in Cyprus and Romania. The same type of observation (on the richness of the situations) can be made with regard to trade union organisations (except for the fact that membership in a trade union is always voluntary).

For each country studied, we have compiled a summary of their specificities in terms of social dialogue and social partners:

In **Bulgaria**, the long practice of social dialogue between the social partners has borne its fruits in the textiles sector. Moreover, the social players recognise their respective areas of competency. Only those organisations belonging to a recognised national cross-sectoral structure have the right to sign collective agreements at the level of the sector as a whole. At corporate level, all local trade union organisations have this power. There is a procedure for extending collective agreements, however it has never been used before. Finally, let us note that the employers' organisations in the textiles sector are actually divided into five sub-sectors, while there are only two trade union organisations covering all the sub-sectors in the textiles sector.

In **Cyprus**, both the social partners and the government encourage social dialogue dynamics. Collective bargaining takes place at three levels: enterprise, "higher than enterprise" and the sector as a whole. However, the conclusion of collective agreements is generally limited to sectoral level. There is no official procedure in place for extending the scope of application of collective agreements, but in actual fact, the employers tend to extend the scope of these agreements in their companies to non-unionised workers. The same logic applies to companies that do not belong to an employers' organisation. Finally, the high rate of coverage of collective agreements in Cyprus is noteworthy: 70% of companies and workers are covered by such agreements.

In the **Czech Republic**, officially speaking, bipartite social dialogue takes place at both sectoral and corporate level, however in reality, the latter is more developed than the former. For the time being, there is only one sectoral collective agreement (with an employee rate of coverage of 93%), while there are several corporate collective agreements (with an employee rate of coverage of 41.7%). There is no conflict between employers and trade union organisations when it comes to bargaining and signing collective agreements.

In **Estonia**, collective bargaining is the most highly developed at corporate level. The main reason for this is the position of the employers' organisation. The latter considers that the low rate of coverage of the social partners does not provide a sufficiently solid basis for concluding such collective agreements. Nevertheless, the trade union organisation continues to encourage the process of dialogue with their counterpart, notably on the basis of a document drawn up in 1993, which has been the subject of continuous discussion ever since. The difficulties in obtaining any significant results arise notably from the difference in how the two organisations operate. While the trade union leaders can negotiate on behalf of their members without having any specific mandate, the employers' representatives have to ask their members for special permission ahead of time before entering into any negotiations.

In **Latvia**, the absence of an employers' organisation for the textiles sector is a stumbling block to the conclusion of any collective agreements at sectoral level. Consequently, the conclusion of collective agreements is limited to corporate level only. Given the employees' fear of revealing the existence of trade union activity to their employers, there are very few members. The sectoral trade union organisation's role is thus to provide assistance (advice, training, etc.) to members who are not covered by a collective agreement in their relations with their employers.

In **Lithuania**, as in several other countries, social dialogue is developing at corporate level, despite the fact that the social partners have expressed their interest in promoting it at sectoral level. It is interesting to note that the authorities do not particularly encourage this type of dialogue, even if the new Labour Code tends to favour this route for the resolution of conflicts. At the same time, conflicts between the social partners occasionally emerge as regards their mutual recognition.

In **Malta**, only the corporate level is concerned by collective bargaining and agreements, with a high rate of coverage amongst companies (85%). Neither the trade union organisations nor the employers seem particularly interested in developing this dialogue at sectoral level. This can be explained by the lack of employers' organisations and by the limited size of the sector. Indeed, this sector's share in the Maltese economy, having been subjected to competition from other countries, is on the wane. In light of this evolution, the number of collective agreements is also going down.

In **Poland**, bipartite social dialogue at sectoral level is developing with difficulty. This is due to both the low rate of trade union membership, and to the lack of employers' organisations representing small companies. However, a series of initiatives have been taken, such as, for example, the "Round Table of Social Dialogue for European Integration", which launched the Association of the Representative Organisations of the Social Partners for autonomous dialogue in light industry. At corporate level, carrying out collective bargaining and reaching collective agreements is possible, with these applying to all workers. There are two trade union organisations of equal importance and two employers' organisations that are active in the textiles sector.

In **Romania**, the various levels are subject to collective agreements. At sectoral level, the players taking part in this dialogue are, on the one hand, the employers' organisation (FEPAIUS), and, on the other hand, the various trade union organisations

representing each sub-sector in the textile sector. Moreover, in each sub-sector, the respective trade unions and employers can reach agreements for their sub-sector. All social partners consider the promotion of social dialogue as important, viewing it as a positive instrument for the economic development of their sector.

In **Slovakia**, there are two sectoral collective agreements ("higher-level collective agreement" - HLCA), as well as several collective agreements at corporate level. The total rate of coverage of employees is around 56%. The sole trade union organisation active in the sector boasts a relatively high rate of worker coverage, ranging from 55 to 66% depending on the sub-sector.

In **Slovenia**, unlike in other countries, social dialogue is the most highly developed at sectoral level. The contents of sectoral collective agreements must always respect the general collective agreement in force for the private industry sector, of which the textiles sector is part. The sectoral agreement was signed in the mid-1990s and is still in force. Since that time, the text has only been amended once. The sole employers' organisation is not particularly in favour of collective bargaining given what they consider to be their trade union counterpart's lack of flexibility (in terms of claims). However, they do recognise that social dialogue is quite intense given the skill of the trade union leaders and their strength in terms of number of members. In fact, both social partners respect one another and are capable of reaching compromises.

In **Turkey**, collective bargaining is practiced at three levels: enterprise, "higher than enterprise" and sector. The rate of coverage of these collective agreements is of the order of 26%. This being said, this figure was established solely on the basis of workers with a labour contract (around 520,000 workers). In reality, according to another source, the number of workers is estimated at 2.5 million, which would drastically reduce the rate of coverage of these collective agreements.