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### **IndustriAll European Trade Union position on the Commission's discussion note: Tripartite exchange of views on wage developments**

The European Commission recently published a discussion note for the meeting of the EMCO (Employment Committee of the European Union). This discussion note sets out how wage developments in Europe can be monitored but also influenced in a tripartite body.

IndustriAll European Trade Union is not opposed to the gathering of information on wages at the European level as such. We also welcome the fact that the Commission recognizes "the essential role of the social partners at its level, taking into consideration the diversity of national systems".

We nevertheless are very worried by this discussion note because it contains a number of issues which are clearly, and totally, unacceptable to trade unions. And the remaining question is: what is the purpose of this exercise?

1. It seems to be the overall intention of the Commission to interfere with national wage policies and wage determination. An intention which is confirmed by the following quote from the discussion note: *"To monitor the effect of wage-setting systems, in particular indexation mechanisms, and if necessary to amend them, respecting national consultation practices, in order to better reflect productivity developments and support job creation. It is important that minimum wage levels strike the right balance between employment creation and adequate income."*

We do NOT agree with this overall intention of the Commission. For us the only valid position can be:

**Social partners – trade unions and employers associations – must negotiate wage increases autonomously without the interference of a governmental institution- any governmental institution - at any level whatsoever.**

2. At the same time, there are other issues mentioned in the discussion note that are also unacceptable to us: for improving competitiveness the Commission sets out a number of demands: "to modernize wage-setting systems", "to enhance flexibility in wage determination, such as easing the conditions for firms to opt out of higher-level collective bargaining agreements and the review of sectoral wage agreements".

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### **These are all instruments which would undermine the role of trade unions in collective bargaining and at the same time lower the wages!**

Up to now the Commission has been in favour of decentralization of collective bargaining and even promoted it. But the ongoing austerity measures have also already led to direct interventions in wages and wage setting. Examples of this can be seen in many Southern European countries: wages freezes and wage cuts, especially in the public sector, and direct intervention in minimum wages (Greece), etc. As a consequence real wages have decreased in Greece, Italy, Portugal and Spain and deflationary tendencies and recession have been boosted.

For us it is clear that this has to stop - continuing efforts in this direction are completely unacceptable.

The “tripartite exchange” has therefore to be seen in the context of the Commission’s Economic Governance. Within the framework of this new coordination, the Commission sets out recommendations for the economic policy of the EU Member States in an annual cycle – the European Semester. These recommendations also include wage policy.

In nearly all documents recently published concerning economic issues (e.g. “Labour Market Developments in Europe 2012”, “Towards a job-rich recovery” or the Annual Growth Survey 2013”), the Commission underlines and demands wage intervention mechanisms and - especially in the ECOFIN document “Labour Market Developments in Europe 2012 - the reduction of the wage-setting power of trade unions.

IndustriAll Europe therefore wants to underline the following principles:

- It is the prerogative of the national social partners to decide at what level collective bargaining takes place.
- Social partners – trade unions and employers’ associations – must negotiate wage increases autonomously without the interference of any governmental institution, at any level whatsoever.
- Creating an extra tripartite forum for an exchange of views on wage developments is not necessary. A suitable forum already exists that, with some adaptation, can discuss wage policy in Europe: the Macro-Economic Social Dialogue with the participation of the European Central Bank.
- Collective bargaining on core issues, such as wages and working time, today take place between the social partners, trade unions and employers’ organisations and/or employers, at the national level. In our view, this is not a European issue.
- National trade unions can and do coordinate their collective bargaining policy at European level, but this is their decision and it is not the same thing as a wage-setting policy at European level, influenced by the Commission.

## Press Release

- We, as industriAll European Trade Union, do not have a mandate to discuss wage setting with the Commission at European level, nor do we give the ETUC a mandate to do this on our behalf.
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