



BASTUN[™]
BAL TIC SEA TRADE UNION NETWORK

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To the European Commission

The Baltic Sea Strategy for Fair and Functional Labour Markets
Trade Union Standpoints on the Baltic Sea Strategy

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Summary of the Trade Union Standpoints

The Baltic Sea Strategy will be built upon four action-oriented objectives: to make the region environmentally sustainable, prosperous, accessible and attractive, and safe and secure.

The aim of the Baltic Sea Trade Union Network (BASTUN) is to make sure that the voice and views of the workers are also heard in the preparation of the Baltic Sea Strategy.

With regard to the Baltic Sea Strategy, the trade unions underline the following issues:

- The Baltic Sea Strategy should be instrumental in ensuring fair and well-functioning labour markets.
- The Baltic Sea Region should be a model for the rest of Europe in terms of sustainable labour markets and labour policies.
- The social dimension should be incorporated in all policy areas and included into the Baltic Sea Strategy.
- Competition in wages and working conditions provides no relative advantage, but can instead harm economies, societies, employers, employees and the environment.
- The quality of the labour markets should be levelled upwards rather than downwards in the integration process of the Baltic Sea Region.
- Clear and respected labour regulations help to avoid labour conflicts.
- Growth and competitiveness depend on several issues, including respect for core labour rights. Decent working conditions, wages, social security and stability should be seen as an important aspect of the competitiveness of the whole Baltic Sea Region.
- Social dumping can affect the willingness to move to work in another country negatively as well as the readiness of domestic workers to welcome labour from other countries.
- Social dialogue is a constructive element in building a European Social model. It should also be extended to EU-Russia relations, where it should be an important element.
- The Baltic Sea Labour Network (BSLN) is a joint project which brings together politicians, social partners and researchers across the Baltic Sea Region. The project aims at making the Baltic Sea Region a European model for interregional labour policy. The BSLN is a tool for implementation and it should be seen as a priority project in connection with the Baltic Sea Strategy.



Workers' Contribution to the Baltic Sea Strategy

In December last year the European Commission was invited by the European Council to draw up a Baltic Sea Strategy for the EU. This assignment is scheduled for completion by June 2009.

The Baltic Sea Trade Union Network (BASTUN)¹ represents 22 trade union confederations and almost 12 million members around the Baltic Sea region. It is our aim that the voice and views of the workers are heard in the preparation of the Baltic Sea Strategy.

The strategy will be built upon four action-oriented objectives: to make the region environmentally sustainable, prosperous, accessible and attractive, and safe and secure.

BASTUN joins many others in its desire for the Baltic Sea Region to be a successful and sustainable economic area. We want the Baltic Sea to be clean and healthy; we want safe seafaring and good transport connections in the area. It is important to focus on energy, safety, and science and innovation policies. The list of important issues is long.

The Baltic Sea Trade Union Network wants to emphasise that a Baltic Sea Strategy should, among other things, be instrumental in ensuring fair and well-functioning labour markets, which influence directly the above-mentioned objectives of making the region sustainable and prosperous.

Varying Labour Market Conditions

Labour market conditions vary greatly across the states of the Baltic Sea region. In the Nordic Countries and in Germany the social partners have a well established role in society. Collective agreements are negotiated and signed. These agreements are also reasonably well adhered to.

In Russia and in the new EU member states of the region, Estonia, Latvia, Lithuania and Poland, trade union density has collapsed since the early 1990's. It is currently only some 10 to 15 per cent in the new EU member states. In Russia the figure is around 60 per cent. Employer organisations are relatively weak as well. Thus, universal collective agreements are rare and the agreements that do exist are frequently breached in Russia, the Baltic States and Poland.

Social Dumping must be prevented

A lot of progress has been made in the Baltic Sea Region since the 1990's. Democracy has strengthened and the free movement of people and labour is widespread nowadays. The Baltic Sea connects people and economies. However, there are still some problems in the labour markets.

The increased mobility of labour has revealed some negative aspects of dumping in terms of working conditions, in particular with regard to the mobility of services and the posting of workers. This has exerted pressure on the existing labour market models in the recipient countries. Because of migration from third

¹ More information on BASTUN can be found on www.bastun.nu.



countries, similar problems in terms of social dumping may occur in the new EU countries. As long as cases of social dumping exist we must take up the problems and seek solutions.

A good example of social dumping is the dispute in Sweden over the Vaxholm school construction contract. A Latvian construction company by the name of Laval paid its workers lower wages than those which should have been paid on the basis of the Swedish collective agreement.

Recruitment agencies are often used as channels for social dumping. Recruited foreign workers are not always covered by social security or accident insurance in the country in which they are working. Their salaries are often below the usual level in the country in which they are working and health and safety regulations are badly followed. As they do not belong to local trade unions, it is difficult for them to obtain help in the case of disputes.

One way of by-passing regulations is to “hire” a worker as a self-employed person. This group also lies outside the scope of negotiations and collective agreements.

The Need for Genuine Corporate Social Responsibility

When a Nordic company transfers its operations to the area south of the Baltic Sea, the company’s values and practices may change considerably. Even if unionisation is not directly prohibited, the company may indicate that it would be better not to join a trade union.

There are over 400 Nordic manufacturing and construction companies operating in the Baltic countries. Only 10% of these have accepted the terms of general collective agreements and agreed to be bound by them.² Nordic companies do not market the well-established and successful labour market model on the other side of the Baltic Sea, even though the model has helped the Nordic countries to achieve the EU target for growth and competitiveness to a greater degree than in many other EU countries. Of course, the situation is the same as far as non-Nordic companies in these countries are concerned, but the example of the Nordic companies reflects the actual conditions in terms of social dialogue and collective agreements.

No one Benefits from Unfair Competition

The ruling by the European Court of Justice (ECJ) on the Laval and Viking cases will be interpreted in different ways by different actors. However, the trade union movement is in general of the opinion that the ECJ turned its back on a social Europe and prioritised the single market principle and the freedom of companies. Although the ECJ has acknowledged that the right of industrial action and the right to free bargaining constitute basic rights, there is no proper balance between the basic rights of the worker and the basic Community rights.

The ECJ did not base its ruling on the general conventions of the International Labour Organisation, ILO, nor on the monitoring procedure of the ILO. All the countries in the Baltic Sea Region have ratified the eight ILO core conventions, indicating that governments see the tripartite system and the social partners as relevant and important players in the search for solutions to today’s challenges.

² Sippola, Markku, *Social Dialogue in Nordic Manufacturing Companies in the Baltic States: A Work Organisation Approach*, Licentiate Thesis, Social Public Policy Department of Social Sciences and Philosophy, University of Jyväskylä, 2006.



In practice the imbalance between fundamental social rights and economic freedoms will lead to confusion in the labour market. Who will benefit from a situation which allows the application of accepted standards to be neglected?

Competing on the basis of poor terms and conditions of work will not, in the long run, benefit anyone. The ethical entrepreneur will suffer when competitors fail to honour collective agreements and safety regulations. Society will suffer as both revenue from taxation and general respect for the law decline. The worker will suffer as the terms and conditions of work become less generous and elements of insecurity increase. All this will also affect the employer. The employee who is treated fairly is always the best worker. Fair treatment will improve health and safety and thereby reduce levels of absence.

Social dumping can evidently impact negatively on the willingness to move to work in another country, and on the readiness of the receiving country to welcome workers from other nations.

Equal Treatment and Fairness in the Baltic Sea Labour Markets

Fairness and just treatment should be the underpinning principles of the Baltic Sea Strategy. In the trade unions' opinion, the Baltic Sea Region should be a model for the rest of Europe in terms of sustainable labour markets and labour policies. Collective agreements based on social dialogue, collective bargaining and tripartite cooperation (government, employers and employees) provide the platform for sustainable labour markets.

An effort should be made to create fair labour market standards in the Baltic Sea Region. The basis for this would be very simple: to respect the norms of each individual country, which means the same responsibilities, pay and benefits for the same work for everybody within the country. The strategy should encourage discussion and influence the climate of public opinion.

In the long run, competing on the basis of poor terms and conditions of work will not benefit anyone. The trade unions follow the principle of maximal prosperity and welfare for all in the Baltic Sea Region. This requires levelling the quality of the labour markets upwards, instead of a race to the bottom. We wish to cooperate with social partners and the EU in order to achieve fairness in the Baltic labour markets.

The Social Dimension and the Baltic Sea Strategy

The EU often highlights the importance of the social dimension at EU level, but fails to promote it determinedly. The social dimension should be incorporated into all policy areas and for this reason it must also be included into the Baltic Sea Strategy. Demonstrating its commitment to the social dimension might also give the EU fresh legitimacy in the eyes of the citizens.

The trade unions' standpoint is that the social dimension is one part of sustainable economic development. Socially sustainable labour markets make the Baltic Sea countries more attractive, and this will be an important advantage in the hard competition for the workforce in the future. Decent working conditions, wages, social security and stability should be seen as one aspect of the competitiveness of the whole Baltic Sea Region.



The social dimension means tripartite cooperation at all levels, effective bargaining systems, the freedom to join trade unions, clear and respected labour regulations and monitoring systems to prevent social dumping. One way to promote the social dimension is to improve social dialogue in the Baltic Sea Region.

Balance Between Fundamental Social Rights and Economic Freedoms

Like the European Trade Union Confederation (ETUC), the trade unions in the Baltic Sea Region call for the clarification of the relationship between fundamental rights and market freedoms. Trade unions from the Baltic Sea Region find it necessary to develop further the legislation in this area. The promotion of free movement, the elimination of problems of migrants and an adequate balance between fundamental social rights and economic freedoms are key elements in this context.

The Baltic Sea Strategy should therefore be based on two principles. Firstly, economic freedoms shall not take priority over fundamental rights and social progress. In the event of a dispute, fundamental rights shall prevail. Secondly, the economic freedoms laid down in the Treaty do not give enterprises the right to practise social dumping.

The Northern Dimension and EU-Russian Relations

The Baltic Sea is covered by the concept of the Northern Dimension. Iceland, Norway and Russia will also be connected to the Baltic Sea Strategy through the Northern Dimension. The inclusion of Russia is particularly important as otherwise the impact of any Baltic Sea Strategy will remain limited.

An important step in the process towards fair labour markets would be to include social dialogue into the relations between the Russian Federation and the European Union. Such a proposal was made in 2004 and renewed in 2006 by the European Trade Unions Confederation, ETUC, and the Federation of Independent Trade Unions of Russia, FNPR. The ETUC received a positive message from the EU in 2007 but no progress has been made since.

The Baltic Sea Labour Network – A European Model for Interregional Labour Policy

In order to make the Baltic Sea Region an attractive place to invest, work and live in, actors working on labour market issues came to the conclusion that the already existing interregional labour market in the BSR has more potential than is presently utilised.

The Baltic Sea Labour Network (BSLN) is a joint project which will bring together over a period of three years employers, trade unions, governments, politicians and academics on work linked to labour markets and labour policies in the Baltic Sea Region. The BSLN has 27 project partners from all the Baltic Sea States including Russia. The Baltic Sea Region Programme has granted 2.7 million Euros for the project. The BSLN should be seen as a priority project in connection with the Baltic Sea Strategy.

The interregional labour market is handled by national labour policy actors and stakeholders which are insufficiently organised at a transnational level. To realise the ‘Lisbon-Strategy’ – a strengthening of



economic growth, job creation and competitiveness – as well as the ‘Gothenburg-Agenda’, focusing on sustainable development, joint pan-Baltic strategies to organise the Baltic labour market dimension are required. Innovative concepts and solutions for the labour market are essential to ensure the global competitiveness of the BSR in future with innovative products and services.

Therefore, the BSLN aims at improving the management and harmonisation of the common labour market issues in the Baltic Sea Region based on joint transnational strategies. In particular, demographic changes and migration processes will be taken into account.

The BSLN objectives are (1) the enhancement of a broad awareness of the importance of labour market issues, (2) the development of the transnational dimension in labour market policies with the establishment of the ‘BSLN-Forum’, and finally (3) the establishment of joint innovative strategies, concepts and actions addressing mobility, demographic changes and qualifications. It is a joint task to develop and promote a ‘Pan-Baltic Labour Policy Agenda’ on labour market issues, which is in line with the ‘Northern Dimension policy aims’, the Lisbon- and the Gothenburg Agenda.

The BSLN activities will focus on the development, facilitation and sustainable implementation of a reliable and effective transnational network structure of relevant actors in order to improve socio-economic and regional coherence.

By working with politicians, social partners and researchers across the BSR and Europe, as well as by integrating established pan-Baltic political structures such as CBSS and BSPC, the project seeks to share all experiences in different national contexts. It leads to innovative solutions to common problems which result in the activation of the tremendous potential of labour market resources for the economy by securing high social standards. Finally, this beneficial environment is a precondition to attracting qualified workers to the BSR. In this way the region’s human resources will be enlarged and its capacity to develop innovative products and services increased.

