



Mobility of Labour in the Baltic Sea Region: the Trade Union Standpoints

BSPC Working Group on Labour Market and Social Welfare

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1 Introduction

The Baltic Sea Trade Union Network (BASTUN) represents 21 trade union confederations and almost 12 million employees around the Baltic Sea region. The mobility of labour is a priority area for the network and internal work on the issue is ongoing.

BASTUN welcomes the BSPC initiative to raise the labour market and social welfare as one of its priorities. BASTUN would like to actively take part in the forthcoming preparation work of the Working Group on Labour Market and Social Welfare.

The policies and recommendations of the working group should be based on the conclusions drawn from a close analysis of the reasons behind the mobility of labour. It is important that the Baltic Sea area is examined as an entity in the European context, which includes several dimensions and various, sometimes contradictory, interests. The perspective should be transnational in order to understand the complexity and the internal reciprocal dependency of the region.

This paper describes some of the current trends and the social and political challenges regarding the increased cross-border flow of workers that should be taken into consideration when policies are prepared. It further defines some trade union standpoints reflecting the analysis.

2 Liberal and coordinated labour markets

The mobility of workers in the Baltic Sea area reflects political and social challenges related to migration in the wider European context. The region includes the old member states (the Nordic countries and Germany), the new EU member states (Estonia, Lithuania, Latvia, Poland), and also a third country dimension (Russia).

The EU member states in the Baltic Sea region can roughly be divided into two groups, the old EU member states being characterized as coordinated market economies (CME), and the new EU member states being characterized as liberal market economies (LME). Even though differences between countries within the groups exist, there is a clear difference between the CME and LME groups in terms of standards of living, labour market models and policies, social and working conditions, as well as industrial relations and traditions.

In the CMEs the basic principle is that collective agreements based on social dialogue, collective bargaining and tripartite cooperation (government, employers and employees) provide the platform for sustainable labour markets. The organisation density and the influence in the labour markets of the social partners balance each other. While in the CMEs the role of the social partners is significant in ensuring symmetry and equal treatment in the labour market, in the LMEs their role is rather weak. The organisation density and the significance of collective agreements in the LMEs is considerably lower than in the CMEs, leading to insufficient social dialogue at national as well as local level. Obviously, this indirectly influences labour markets with regard to labour conditions and regulations in these countries.

These differences delineate a platform from which to understand the current trends of the migration flows and political and social challenges in the Baltic Sea region.

3 The Challenges in the Baltic Sea region regarding the Mobility of Labour

A competent and sufficiently large work force is the basis for prosperity and crucial for countries or regions to survive in international competition. The competition to attract labour will be sharpened rather than reduced as an ageing population leads to demographic imbalances which will increase the need for workers.

The interest in working abroad has increased significantly in the Baltic Sea region since the EU enlargement in 2004. According to different studies the labour migration is strongly related to relative differences in wages, living conditions and career opportunities. The migrants are simply looking for a better life. The correlation between migration and the standard of living can also be verified by examining the migration within the Nordic countries in the last 30 years.

According to studies 300 000 citizens left Lithuania (3.5 million inhabitants) in 1990–2004. A further 48 000 left in 2005 and 32 000 in 2006. It is estimated that 30 000 have left Estonia (1.4 million inhabitants). Approximately 86 000 people from Latvia were working or studying in other EU countries in 2007. This amounts to approximately 9% of Latvia's labour force. Many people with higher education and qualification leave the new EU countries to work in low-skilled sectors in the old EU countries.

At the same time the Baltic States and Poland are experiencing an influx of workers from Russia, Belarus, Georgia, Ukraine and Moldova as a result of labour shortages in these countries.

In contrast to the Baltic States, the Nordic countries have experienced a considerable and increasing labour influx from the new member states. According to studies more than 150 000 citizens of the new member states had by July 2007 been granted first time work permits in the Nordic countries combined, and more than 75 000 permits had been renewed. In addition, there has been a significant influx of service providers and unregistered workers, who in several industries probably account for a number equal to or higher than the individual migrants.

The increasing labour mobility from Poland and the Baltic states has benefited the Nordic economies. The labour migration has removed labour bottlenecks and no significant

imbalances in the Nordic labour markets have been registered. This has been possible in a period of sustained economic boom and increasing scarcity of labour in the Nordic countries.

The challenges in the recipient countries have primarily been associated with the growth of service mobility and the posting of workers. There are examples of unreasonable low-wage competition and circumvention of regulations with regard to taxes, wage levels, working hours, residential conditions, etc.

The Viking-Rosella, Waxholm-Laval and Ruffert cases should be seen in this context. The cases have called into question the balance between freedoms and rights in the EU. In the light of these cases, the EU seems to prioritise the free movement of services at the expense of workers' rights. This may challenge the existing labour market systems in the recipient countries. It's necessary to find solutions that promotes a social Europe and the partners on the labour market can make important contributions in this context.

In the new EU countries the increased emigration has positive as well as negative outcomes. Working abroad increases the quality of life. The emigration to some extent stimulates the domestic labour market. Skills, experience, new knowledge and contacts can be effectively used in business. Furthermore, the earnings of the emigrants return partly to the home countries as remittances.

According to studies, migration is aggravating demographic problems because the proportion of the population of working age is diminishing. The migration of young and educated people may endanger the competence of the labour pool. Furthermore, the lack of labour causes inflation and wage growth which is not matched by a similar rise in productivity. All these factors may slow down economic growth leading to stagnation and, in the worst case, to a stronger outflow of labour and skills.

The migration from third countries may cause some tensions owing to changes in the proportions of different ethnic groups as well as to insufficient immigration and integration policies. It is also to be foreseen that similar problems in terms of social dumping may occur in the new EU countries.

People move because they want to achieve:

- Better wages
- Better working conditions
- Better worker rights' protection
- Better relations between employers and employees
- Social security and stability
- Better opportunities for education, career and employment

Positive aspects

- Increased employment
- Higher quality of life
- Stimulation of domestic labour market
- Earnings of migrants return partly to home country
- Skills, experience, new knowledge and contacts

Common challenges in terms of the mobility of labour

- Imbalance between freedoms and rights

- Dumping working conditions and wages
- Unregistered workers
- Unbalanced regional development
- Demographic imbalances
- Labour shortages
- Lack of workforce in specific professions and economic sectors
- Brain drain

4 The Analysis

The trade unions in the Baltic Sea region have a positive outlook on migration and the free movement of labour. 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. However, the description of the current situation above shows that there are several challenges that need to be taken into consideration in order to secure workers' rights, sustainable labour markets and economic growth.

The current migration processes, along with demographic changes, affect the whole Baltic Sea region. Even though the development has mainly been positive, it has raised issues such as the significant regional differences between old and new EU Member States and third countries as regards wages, labour market policies, social and working conditions as well as industrial relations and traditions. As people are looking for conditions for a better life, these relative differences between the CMEs and the LMEs are the reason behind the increased migration flows.

The situation gives some cause for concern. It can be seen that the mobility of labour based on the uneven standard of living and differences between labour markets causes a chain reaction within the Baltic Sea region. Excessive emigration from the LMEs to the CMEs leaves the labour markets vulnerable in terms of a competent and sufficiently large workforce. The result of labour shortages further increases the influx of workers from third countries.

At the same time 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.

Thus, there is a danger that the chain reaction of migration from one labour market to another will lead to a cumulative deterioration in the equality of labour conditions in the Baltic Sea region, unless workers' rights and the labour market models are safeguarded. In addition, it is reasonable to ask when the LMEs will face a critical point in their economic and social development caused by the excessive emigration.

It is clear that the Baltic Sea region needs a competent and sufficiently large workforce to survive in international competition. All the Baltic Sea states need a workforce and the common interest of the region is to maintain its attractiveness. The gap in terms of the standard of living between different country groups should not be widened as a result of migration. The competition for workers should not be based on the exploitation of workers or labour markets.

Since migration is related to relative differences in wages, living conditions and career opportunities, the imbalance in the migration suggests that the liberal labour markets cannot attract enough workers; this is unfavourable for these market economies in the long run.

5 The Trade Union Standpoints

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 for migrants, which 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 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. Nobody wins if the conditions are worsened in order to even out the differences between the old and the new EU countries or third countries. This means that the CMEs should be able to maintain their labour market models and conditions, while labour markets in the LMEs should be developed to make them more attractive to workers.

The free movement of workers is an EU principle that is to be supported; however, it must include the dimension of workers' rights as well. The trade unions support the country of work principle, which means that employees as well employers follow the regulations of the country where they are stationed. The ILO conventions should be taken into consideration and it should be ensured that there is no violation of these in the context of the mobility of labour.

The Laval and Rüffert cases placed migrants and the domestic labour force, as well as local and foreign businesses, in an unequal position. The trade unions follow the principle of equality. This means that the rights of individual workers must be protected regardless of their nationality. Labour migration is to be based on high standards and equal conditions for all foreign and domestic labour. It is important to point out that the same principle also protects employers from unfair competition by companies that do not follow the domestic regulations.

Since levelling up to high standards and equal conditions for all foreign and domestic labour is the best way to maintain the attractiveness and sustainability of the Baltic Sea region, it is important that the policies are prepared together with the social partners. Social dialogue is a way to develop labour markets and reduce social discrimination. In this connection, it is important to strengthen the social partners and social dialogue at national as well as transnational level, especially in the LMEs.

It is important in relation to migration to ensure that minimum conditions do not become the maximum conditions. There must be a possibility to negotiate better conditions individually or collectively.

- The Baltic Sea region as a model for the rest of Europe in terms of sustainable labour markets and labour policies
- A positive outlook on migration and the free movement of labour
- Collective agreements based on social dialogue, collective bargaining and tripartite cooperation (government, employers and employees) is the platform for sustainable labour markets

- Decent working conditions, wages, social security and stability should be seen as one aspect of the competitiveness of the whole Baltic Sea region
- Labour migration is to be based on high standards and equal conditions for all foreign and domestic labour
- The key ILO conventions as a basis for the common Baltic Sea labour market
- The rights of workers on an equal footing with EU freedoms
- Nobody wins if the conditions are worsened in order to even out the differences between the old and the new EU countries or third countries. No race to the bottom.
- Country of work principle
 - Equality between individual workers
 - Equality between nationalities
 - Equality between employers

6 Recommendations

In terms of the mobility of labour in the Baltic Sea region, the BSPC Working Group should take the following points into consideration:

- The working group should use the key ILO conventions as the basis for the BSPC resolution on the mobility of labour in the Baltic Sea region
- Find ways for the institutionalisation of social dialogue as a tool for the achievement of sustainable and competitive labour market in the region
- Find ways to strengthen the social partners and social dialogue in the Baltic Sea region
 - National or EU projects for capacity building of the social partners
 - Transnational body/forum for social dialogue in the Baltic Sea region
- Common regulations for subcontractors and manpower suppliers / temporary work agencies
- Raising awareness of the importance of the challenges arising from the mobility of labour in other international organisations in the Baltic Sea region

7 References

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