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Mobility of Labour: Blessing or Curse?

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



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Summary of the Trade Union Standpoints

- The trade unions in the Baltic Sea region have a positive view on migration and the free movement of labour
- The Baltic Sea region should be a model for the rest of Europe in terms of sustainable labour markets and labour policies
- Decent working conditions, wages, social security and stability should be seen as one aspect of the competitiveness of the whole Baltic Sea region
- Collective agreements based on social dialogue, collective bargaining and tripartite cooperation (government, employers and employees) is the platform for sustainable labour markets
- The social dimension is one part of sustainable economic development
- Race to the top instead of to the bottom: Nobody wins if working conditions are worsened in order to even out the differences between the old and the new EU countries, EEA or third countries
- The trade unions support the country of work principle: Equal working conditions and pay for equal work in the same country
- Labour migration is to be based on high standards and equal conditions for all foreign and domestic labour
- The key ILO conventions and international labour standards should be a basis for a decent Baltic Sea labour market
- Institutionalization of the social dialogue as a tool for the achievement of sustainable and competitive labour market in the region
- Labour markets statistics should be improved in the Baltic Sea region
- Strengthen the social partners and social dialogue in the Baltic Sea region
 - *National or EU projects for capacity building of the social partners*
 - *Transnational advisory bodies/forum for social dialogue in the Baltic Sea region in connection with the Council of Baltic Sea States (CBSS)*
- Social dialogue is a way to develop labour markets, safe-guard workers' rights and reduce social discrimination
 - *International framework agreements with multinational companies*
 - *Agreements on national level*
 - *Activity and cooperation of social partners at local level*
- A clear definition of Self-employment is needed in the EU system to combat the growing trend of bogus self-employment and the dumping of protection that follows with this trend
- Illegal work is a problem in a society when some employers try to benefit from hiding profit and exploiting employees. Such activity should be considered as a crime
- Trade unions from the Baltic Sea region welcome the fact that European Trade Union Confederation and European Parliament are looking at ways to re-establish an adequate balance between fundamental social rights and economic freedoms
 - *Adoption of a Social Progress Protocol to be attached to the Treaties*
 - *A possible clarification of the Posted Workers Directive*



1 Introduction: Trade Unions' Contribution to the Discussion

The Baltic Sea Trade Union Network (BASTUN) represents 22 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.

Policies and actions 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 is prepared by the BASTUN Working Group on the Mobility of Labour and approved by the members of the network. It 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 or joint actions are prepared in regarding the Baltic Sea region. It defines trade union standpoints reflecting the analysis. The paper should be seen as trade unions' joint contribution to the Baltic Sea Labour Network project and a wider discussion on mobility of labour in the Baltic Sea region.

2 Overview of the Situation

2.1 Coordinated labour markets and liberal 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 EEA (Norway, Iceland) and 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 by coordinated labour markets, and the new EU member states being characterized by liberal labour markets. Even though differences between countries within the groups exist, there is a clear difference between the coordinated labour markets and liberal labour markets in terms of standards of living, labour market models and policies, social and working conditions, as well as industrial relations and traditions.

In the coordinated labour markets 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 coordinated labour markets the role of the social partners is significant in ensuring symmetry and equal treatment in the labour market, in the liberal labour markets their role is rather weak. The organisation density and the significance of collective agreements in the liberal labour markets is considerably lower than in the coordinated market economies, 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.

2.2 Excessive Migration in the Baltic Sea Region¹

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 about 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. The number of legal Polish citizens staying abroad for at least two months has tripled after the accession in 2004 to 540 000 in early 2007. 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, Moldova and even China as a result of labour shortages in these countries. Unregulated immigration is also a problem in Russia. While official figure of immigration is this year 1.3 million, the real number is estimated to be around 5 million. According to the Russian trade union confederation FNPR illegal migrants are easily exploited. They do not pay taxes or are entitled to social security. Even though the increasing influx is noted, it is highly problematic that there is no accurate information on exact numbers of workers coming from the non EU countries.

In contrast to the Baltic States, some of the Nordic countries have experienced a considerable and increasing labour influx from the new member states. Norway has been the most popular destination country.

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. However, 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 official statistics. Many migrants move abroad without reporting to the authorities. For instance, the accurate number of Polish workers in Norway is estimated to be 100 000-150 000, which is much higher than the official number.

¹ The figures presented in this chapter are based on different studies and should be considered as rough estimations.



Thus, one problem is to track the trends and fluctuations when there is no direct instrument for this purpose and with more and more open borders in European Union nobody really has a comprehensive view of the total migration. Statistics should be improved.

2.3 Migration between Russia and Baltic Sea states

In regard to Russian migration process in the frame of the Baltic Sea region it looks considerably smaller in comparison with Southern and Eastern neighbors of Russia.

At the same time, when analyzing migration to Russia from the Baltic Sea countries one should note that it has changed radically during the last 10 years. For example, today a larger part labor migration from Latvia and Lithuania is directed to the EU countries than to Russia.

In 1997, 5700 people from Latvia, 1800 people from Lithuania and 3500 people from Estonia came to Russia, but these figures shrank to 900, 500 and 500 respectively in 2007. Migration from these countries to Russia was connected with such factors as search of suitable work and discrimination of the Russian speaking population.

Migration from Germany to Russia has been stable in last 10 years. Every year from 2400 to 3200 people were coming to Russia. A small number of migration from Finland is estimated at the level 140 - 172 people every year.

For these years migration from Russia had its own peculiarities. A number of migrants were sent to Germany in 1997: about 48000 people. It was caused by return of the German population to its ethnic motherland and to a lesser extent – with economic migration of Russians. The situation with migrants to Germany became stable at the level of 6500 – 8200 people in 2007; and migration became more dependent of the economic situation.

Flows of migrants to Latvia, Lithuania and Estonia have been reduced by 2, 3.5 and 2.5 times respectively. Every year about 700 - 960 people go to Finland from Russia. The highest level of border exchange of labor force between Finland and Karelia has been ceased. Lately, economic migration between Russia and Finland has been connected with a border trade.

According to an expert estimation about 13000 Russian citizens are at present working in Norway. A new draft law is under discussion now in the Parliament of the country which will make easier the procedure of working immigration. In the first place new legislation will refer to the border regions of Russia and Norway.

2.4 Positive outcomes of mobility of labour

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.

In the new EU countries the increased emigration has also positive 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.



People migrate 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

3 Identifications of Common Challenges

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 coordinated labour markets and the liberal labour markets are the reason behind the increased migration flows. Newly started economical crisis certainly brings changes to this.

3.1 Negative Chain Reaction: Race to the Bottom

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 may cause a negative chain reaction within the Baltic Sea region. Excessive emigration from the liberal labour markets to the coordinated labour markets leaves the labour markets vulnerable in terms of a competent and sufficiently large workforce. The result of labour shortages may increase the influx of workers from third 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 liberal market economies will face a critical point in their economic and social development caused by the excessive emigration.



3.2 Imbalance between Economic Freedoms and Rights

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, Vaxholm-Laval, Luxemburg 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.

3.3 Dumping working conditions and wages

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 the migration from third countries similar problems in terms of social dumping may occur in the new EU countries.

Recruitment agencies are often used as channels for social dumping. Recruited foreign workers do not always have social security or accident insurance from the country they are working in. The salaries are often lower than the usual level in the working country and health and safety regulations are badly followed. As they do not belong to local trade unions it is difficult to get help in case of disputes.

One way of passing regulations is to appoint a worker as a self-employed person. This group is also outside of negotiations and collective agreements. Often it is the case that workers have been forced from contract labour to become self-employed. A clear definition of Self-employment is needed in the EU system to combat the growing trend of bogus self-employment and the dumping of protection that follows with this trend.

3.4 Informal Employment

According ILO informal economy definition is: "All economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements". Unfortunately, shadow structures still take a significant place in economical relations in the Baltic Sea region.

Informal employment is a problem in a society when some employers try to benefit from hiding profit and exploiting employees. Such activity should be considered as a crime. The authorities, together with the social partners, should strengthen their work against the black economy.

The basis of the means to fight unofficial work must be created by two pillars: sanctions and prevention. They are not interchanging each other but supplementing each other.



Social dialogue can be an essential tool for whitening the black economy. Trade unions and employers organizations should cooperate by making the cases of illegal work and enterprises using illegal work public. Secondly, trade unions and employer organizations should consider ways to include workers in the informal economy in collective agreements.

3.5 Demographic imbalances, Brain Drain, Labour shortages

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.

According to studies, migration is aggravating or easing 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.

3.6 Weak Corporate Social Responsibility

Along with the migration flow from new EU member states to old EU member states and to Norway, a trend of investments and relocations from old EU member states to new EU member states has taken place. These cross border investments influence indirectly labour markets in the Baltic Sea region. The key question is whether companies are behaving responsibly in terms of employees.

The definition of corporate social responsibility (CSR) is based on a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders, as well as the environment.

The Nordic model of industrial relations is based on social responsibility making use of tripartite collaboration, collective bargaining and creating generally close relations between the employees and management. Therefore, it is interesting to examine how companies from the Nordic countries operate in countries that are experiencing a high degree of foreign direct investments and relatively low wage-levels in the Baltic Sea region.

Unfortunately different studies suggest that model of social responsibility is not exported along with investments and relocations and in terms of management of subsidiaries. In fact, when a Nordic company transfers its operations to the south-east area of the Baltic Sea region, the company values and practices may change considerably.

In the report *CSR in the Baltic Sea region* it is stated that the corporate social responsibility is often seen only as a tool for good publicity. The Fafo case study: *The Norwegian model of industrial relations – not for export?* suggests that most enterprises do not employ an explicit policy to transfer the Norwegian model of industrial relations. In slogan among the management seemed to be “When in Rome, do as the Romans do”.



There are over 400 Nordic manufacturing or construction companies operating in the Baltic countries. Only 10 % of these have accepted the terms of the general collective agreements and agreed to be bound by them.² Assumedly, the situation is similar in non-Nordic companies in these countries.

Obviously, the behaviour patterns of companies affect the labour markets of the Baltic Sea region. It is therefore reasonable to ask why the Nordic companies do not market their well-established, socially responsible and successful labour market model on the other side of the Baltic Sea. Quite often the behaviour is contradictory with their self defined codes of conduct.

4 The Trade Union Standpoints: Path Forward?

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. Collective agreements based on social dialogue, collective bargaining and tripartite cooperation (government, employers and employees) is the platform for sustainable labour markets.

In order to achieve the decent working conditions and labour markets for all, the following introduces suggestions on political actions, policies, legislations and cooperation models between social partners.

4.1 Social Dimension: One Aspect of Competitiveness

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.

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.

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.

4.2 Race to the Top instead of to the Bottom

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

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.



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 coordinated labour markets should be able to maintain their labour market models and conditions, while labour markets in the liberal labour markets should be developed to make them more attractive to workers.

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.

4.3 Country of Work Principle

The free movement of workers is an EU principle that is supported by trade unions; however, it must include the dimension of workers' rights as well. The trade unions support the country of work principle, which means equal working conditions and pay for equal work in the same place. In other words, employees follow the collective agreements of the country where they are stationed.

The Viking, Laval, Rüffert and Luxembourg cases placed migrants and the domestic labour force, as well as local and foreign businesses, in some cases, 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 collective agreements.

4.4 The key ILO conventions and international labour standards as a basis for the decent Baltic Sea labour market

The International Labour Organization (ILO) has a system of international labour standards. The standards are aimed at promoting opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and dignity. ILO 'Declaration on fundamental principles and rights at work' was adopted in 1998, is a political commitment by ILO Member States to respect, promote, and enforce the core labour rights: freedom of association and right to collective bargaining; elimination of forced labour; abolition of child labour; anti-discrimination.

All the Baltic Sea countries are members in ILO. As regard to wages, labour market policies, social and working conditions as well as industrial relations and traditions in the region the ILO conventions is a good basis for further development.

In fact, as can be seen in the figures below, all the countries in the region have ratified the eight ILO core conventions, which indicate that governments find the tripartite system and the social partners relevant and important players in finding solutions to the challenges.

For all the states in question it should be self-evident that there is no violation of these conventions or international labour standards in the context of the mobility of labour.



Fig. 1: Ratification of fundamental ILO Conventions of the Baltic Sea countries.

| ILO Convention | no. | Year | DEN | FIN | NOR | SWE | GER |
|---|------------|-------------|------------|------------|------------|------------|------------|
| Forced Labour | 29 | 1929 | 1932 | 1936 | 1932 | 1931 | 1956 |
| Freedom of Association | 87 | 1948 | 1951 | 1950 | 1949 | 1949 | 1957 |
| Right to Organize | 98 | 1949 | 1955 | 1951 | 1955 | 1950 | 1956 |
| Equal Remuneration | 100 | 1951 | 1960 | 1963 | 1959 | 1962 | 1956 |
| Abolition of Forced Labour | 105 | 1957 | 1958 | 1960 | 1958 | 1958 | 1959 |
| Non-Discrimination | 111 | 1958 | 1960 | 1970 | 1959 | 1962 | 1961 |
| Minimum Age | 138 | 1973 | 1997 | 1976 | 1980 | 1990 | 1976 |
| Worst Forms - Child Labour | 182 | 1999 | 2000 | 2000 | 2000 | 2001 | 2002 |
| Labour Clauses (Public) | 94 | | 1955 | 1951 | 1996 | | |
| Ratified Conventions that are in force | | | 62 | 81 | 90 | 76 | 73 |

| ILO Convention | no. | Year | EST | LAT | LIT | RUS | POL |
|---|------------|-------------|------------|------------|------------|------------|------------|
| Forced Labour | 29 | 1929 | 1996 | 2006 | 1994 | 1956 | 1958 |
| Freedom of Association | 87 | 1948 | 1994 | 1992 | 1994 | 1956 | 1957 |
| Right to Organize | 98 | 1949 | 1994 | 1992 | 1994 | 1956 | 1957 |
| Equal Remuneration | 100 | 1951 | 1996 | 1992 | 1994 | 1956 | 1954 |
| Abolition of Forced Labour | 105 | 1957 | 1996 | 1992 | 1994 | 1998 | 1958 |
| Non-Discrimination | 111 | 1958 | 2005 | 1992 | 1994 | 1961 | 1961 |
| Minimum Age | 138 | 1973 | 2007 | 2006 | 1998 | 1979 | 1978 |
| Worst Forms - Child Labour | 182 | 1999 | 2001 | 2006 | 2003 | 2003 | 2002 |
| Labour Clauses (Public) | 94 | 1952 | | | | | |
| Ratified Conventions that are in force | | | 32 | 46 | 40 | 53 | 81 |

Source - ILO: List of ratifications by Convention and by country as of 31 December 2006.

4.5 Cooperation between Social Partners

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. This is in line with the principles guiding other international bodies like for instance the European Union (EESC) and OECD (TUAC, BIAC), where listening to and dialoguing with the social partners is a natural part of the decision making process.

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 in the Baltic Sea region, especially in the liberal labour markets. As trade unions' role is to help to ensure that Baltic Sea economy is sustainable and balanced by an effective social dimension it would be important that a similar institutionalized advisory role would be given to the trade unions as to the business organisations in terms of labour market and social issues.

There are plenty of different solutions in terms of safe-guarding workers' rights in terms of mobility of labour. Social partners can negotiate international framework agreements with multinational companies, agree on national actions or be active and cooperate at local level.

4.5.1 International Framework agreements (IFA)

International Framework Agreements (IFAs) are negotiated between transnational enterprises (TNEs) and Global Union Federations (GUFs). They are a global instrument with the purpose of ensuring the international labour standards in all of the target company's locations. At least 60 IFAs has been signed. Some companies from the Baltic Sea Countries (Sweden, Norway, Germany, Denmark and Russia) have a framework agreement.

Trade unions see the international framework agreements as a tool to safeguard workers' rights in terms of mobility of labour. For transnational companies IFAs offer an advanced component of corporate social responsibility, superior to unilateral codes of conducts that inevitably suffer from lack of credibility. Trade unions welcome all multinational companies from the Baltic Sea region to negotiate international framework agreements. However, it is important to point out that they set minimum standards that can be reinforced by national collective agreements and legislation.

4.5.2 Danish National Agreement between Social Partners as a Solution

One way to deal with challenges regarding mobility of labour is national agreements. The Laval ruling was seen as a potential threat to the Danish unions' right to use industrial action against foreign service-providers. In this way, the Laval ruling indirectly challenged the Danish labour market model. For this reason Danish employer and employee organisations made a common analysis of the possibilities for adjusting Danish legislation to the Laval ruling without compromising the central importance of the Danish negotiation-based labour market model.

The Danish social partners found a tenable solution, which makes it continually possible to preserve the Danish negotiation-based labour market model, which involves the right to industrial action and collective agreements – including foreign companies with operations in Denmark. It will still be possible to launch industrial conflicts as a consequence of disagreements, which is essential in order to avoid social dumping.

The effect of the national solution in Denmark will be an amendment of the Government Act on the stationing of foreign workers (which implements the EU Posting of Workers Directive in Denmark). The amendment includes the right to industrial action based on unequivocal pay claims. If the social partners cannot reach an agreement, the Industrial Court will decide on a compromise just like any other case on decisions on the legal acceptance of a conflict.



4.5.2 Norwegian Trade Union Activity and Cooperation between Social Partners as a Solution

Oslo Construction Workers' Union (2100 active members) had many discussions regarding the expansion of the European Union in 2003-2004. The board of the union made two important decisions: 1) it was decided it was a union not for Norwegian workers, but for workers in Norway. The natural outcome of this would be to try to organise the foreign workers expected to show up in large numbers, following the expansion 1st of May 2004. 2) It voted in favour of generalising parts of the tariff agreement made between the Building Trades Employers Association and the union Fellesforbundet (160 000 members), the most important part being its minimum wage and regulations of travelling, board and lodging expenses, as well as the regulations for lunch and rest rooms and accommodation. This was first applied to the Oslo region in 2006, followed up by the rest of Norway the following year.

Since then, the union has been active in organising Polish, Baltic and German workers, as well as workers from all corners of the world. The union has hired organisers speaking Russian, Lithuanian, Polish, Latvian, Rumanian, Bosnian-Serbo-Croatian, Bulgarian and Slovakian-Czech. It has produced information material in all these languages, which is being distributed through the ombudsmen and the shop stewards of the union. In 2007–2008 these efforts resulted in a huge growth of the membership, as well as a shift in the composition of the members. In the summer of 2008, more than half of the membership is probably born in other countries than Norway, and more than a third is of Polish origin. Apart from assisting these members in many dozens of workplace conflicts each year, the union has also organised free Norwegian classes, information meetings about the tax system and social rights, as well as working on establishing a shop steward school for foreign members.

This work has not been limited to Oslo, and results have been achieved on a national level as well. The most important achievements are connected to the sharp increase since the 1990s of temporary agencies and subcontracting of work. This development has meant that especially foreign workers have been subject to precarious forms of labour, thus making the building industry more vulnerable to social dumping.

Fellesforbundet and LO (Norwegian TUC, 850 000 members) has succeeded in signing a tariff agreement with the largest temporary agency in Norway, Adecco, and is currently negotiating a central agreement for the temporary agency industry as such. Apart from this, 20 building workers unions from all over Norway are currently campaigning for a law that will make the principal contractors responsible for wages, overtime compensation and holiday money among their subcontractors. Such a liability for the subcontractors obligations towards their workers, already in place in several European countries, would make it easier for the (mostly foreign) workers to get what they are entitled to according to the generalised tariff agreement, as well as imposing a higher level of self discipline upon the industry.

The organising experience from Oslo can be summed up in four general conclusions: 1) the importance of welcoming the foreign workers, explaining them that the unions are open also for foreigners (most workers believe the opposite to be the case). 2) The importance of working independent from the government and the inspection authorities (workers no longer run away when they hear that the union come to visit; they approach the ombudsmen to talk to them instead). So far, Fellesforbundet has not thrown out a single worker from a Norwegian workplace, and haven't blocked any workplaces on behalf of unorganised



workers, instead preferring to focus on long term organising work. 3) Explaining the difference between the democratic, independent and non-bureaucratic union structures of Norway, and the kind of unions known from the experience in Eastern and Central Europe with State Socialist union structures. 4) Expanding the role of the traditional trade union, providing foreign workers with information about their rights and duties, helping out with language and organising skills, etc., and integrating the foreign workers into the ordinary union structures (including being part of the board of the union.)

4.6 EU Legislation

EU gives chance to influence the negative and the positive results of mobility of labour. The most important pieces of EU legislation concerning free movement of labour are the directive on mutual recognition of qualifications, regulation 1612 on free movement of workers, directive on the right of citizens of the Union and their family members to move and reside freely, regulation 883 on the coordination of social security systems, directive on safeguarding the supplementary pension rights of employed and self-employed persons moving and posting of workers directive. In practice, the directive on services is also of importance in this area.

These pieces of legislation require continuously improvement and updating. Practical cases and problems at the national and grass root level and the decisions of the Court of Justice have an effect on EU legislation in question. Posting of workers directive and the recent decisions of the Court of Justice are examples that must be discussed.

As the European parliament observes in its recent resolution on the challenges to collective agreements in the EU, the ECJ rulings in Rüffert, Laval and Viking cases demonstrate that it is necessary to clarify that economic freedoms, as established in the Treaties, should be interpreted in such a way as not to infringe upon the exercise of fundamental social rights, including the right to negotiate, conclude and enforce collective agreements and to take collective action. It must also be made clear that the posting of workers directive and other directives do not prohibit Member States and social partners from demanding more favourable conditions than those laid down in legislation.

Another major field of work is the proper implementation of legislation linked to the free movement. Two major directives in this field – on the free movement of services and mutual recognition of qualifications - are in the phase of implementation.

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.

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