



Pay developments in the European Union

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Trends in Europe on pay

Average collective agreed

- Increase in Nominal Wages :
+ 5.6% (06) / + 7% (07)
- Slowdown in Real Wages:
+ 2.7% (06) / + 2.3% (07)



Trends in Europe on pay

- **Large and widening gap :15 pre-2004 MS / NMS**
 - ▶ continuing moderation in wage bargaining in EU15
 - ▶ upward trend from comparatively high base in the NMS
- **Euro Zone (⇒ SI from 2007)**
 - ▶ Above EU 15 in 06 / Slightly below in 07
 - ▶ Following the EU15 pré 04 trends



Trends in Europe on pay

	2002	2003	2004	2005	2006	2007
EU15 pre 04	3.3	3.0	3.0	2.8	2.9	3.1
NMS 10	6.5	5.9	5.6	6.8	8.5	10.5*



Trends in Europe on pay

But considerable differences within each group

- $\uparrow \gg$ EU15 average : EL , IE
- $\uparrow //$ EU15 : CY, ML, SI
- Double digit \uparrow : Baltic States, BG,RO



Trends in Europe on pay

- Overall picture **real pay rises // nominal increases**
 - ▶ Moderation in EU15/much higher rise in NMS
- Average wage Increase
 - ▶ 2006: NMS = 6.5 X EU15
 - ▶ 2007: NMS = 25 X EU15



Trends even more divergent between 2 groups of countries



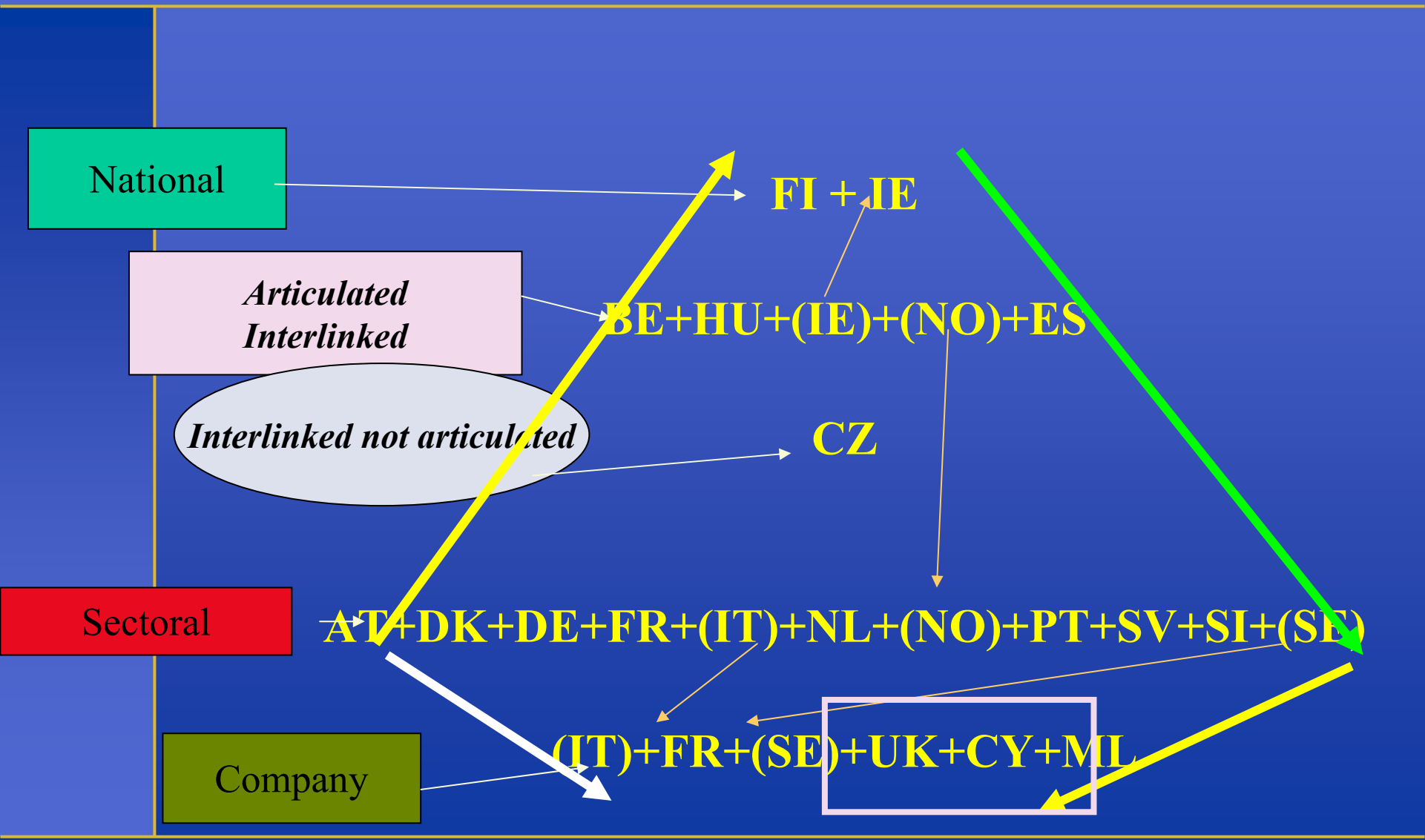
Trends in Europe on pay

EE	+16.5% -2006	
BG	+18% - →March 07	+24.4--→March 08
HU	Real Wages: + 49% - 99/06	Real wages: - 4.8% - 07
LT	+ 20% year since 04	
LV	+9.7% - 05 + 15.6% - 06	+ 19.9% - 07



Systems of Wage Formation

- **EU15 / NMS Collective Bargaining divide**
 - ▶ SP not as well established
 - ▶ Not widespread collective bargaining over pay
- **Private ≠ Public sector**
 - ▶ Actors may bargain but final decision taken by government





Social Partners on Pay

- **Seeking consensus:** LU,LT,NL,DK
- **Trend in EO**
 - ▶ More flexibility in determining wages

LU,BE,AT,IE,ML

- ▶ More decentralised Bargaining

IT,SE,FI

- **≠ TU positions**

Depending on category of workers (SE), policy of peak unions (ES), bargaining structure (FI)



EL	Banking	2y Agreement
IT	MetalWorking	Renewal
UK	Public	Pay deals: prison officers, police off, doctors, dentists
DE	Steel Industry/ Textile and Cloathing/ Public services /Chemicals	
FI	Chemicals /MetalWorking Public	MetalWorking setting pace
AT	MetalWorking	
DK	Private	Pace setting
ES	Construction /Personal services Air transport Banking Insurance	
PT	Construction / Cloathing/ Cleaning	
SE	500 Coll A out of 600	Average Pay increase = 3.4%
LU	Insurance/ Road Haulage/Assistance/ Care work, Social services/ Building/ Civil Engineering	



Industrial Actions

AT	Airlines	Performance related pay scheme opposed by TU /New agreement: Commitment to further negotiate on pay scheme
EE	-Tram + trolley bus drivers -Civil defence -Bus drivers	-For = pay with bus drivers -for pay increase -supporting demand of increase in MW
FR	Retail	-demonstration against low pay and decreased purchasing power
HU	-Budapest transport -Rail sector -Chamber of Physicians	-Threat to boycott National health Insurance Fund ask for increase in general practitioners pay
IE	Nurses	40,000 Nurses campaign ; claim +10% pay increase Call off Industrial action after settlement framework, pay clai insolved



CHALLENGES

- Decentralisation of Collective Bargaining on Wages
- Growth of Variable pay schemes
- Weakness of TU bargaining power
- ECJ 07/08 decisions : Vicking, Laval, Rueffert, Luxembourg
- Recession



Challenges ahead

- Recession
- ECJ 07/08 decisions : Vicking, Laval, Rueffert, Luxembourg



Thank you

- Annual Updates on Wages 07
- Wage Flexibility
- Wage Formation in the EU

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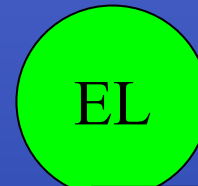


Gender pay: Gap? Equality?

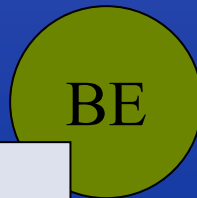
- New awareness, Recent initiatives



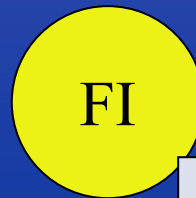
*Recommendation
Women and Work Commission*



*General secretariat
for Equality*



*Communication
'= pay day'*



Sectoral Bargaining



Gender pay: Gap? Equality?

AT	DK	LT
Boosting MW € 1,000 To increase ♀ participation in LM	Demand of High wage increase in the Bargaining round Public sector ♀ overrepresented	Gender pay Gap increases Vertical and Horizontal segregation



Gender pay: Gap? Equality?

- Variety of situations
 - ▶ ML: 2.5%
 - ▶ LU: ♀ civil servants average gross Hourly salary = 103% ♂
- Variety of instruments
 - ▶ IE: Court cases
 - ▶ ES: New law on Equality plans



Thank you

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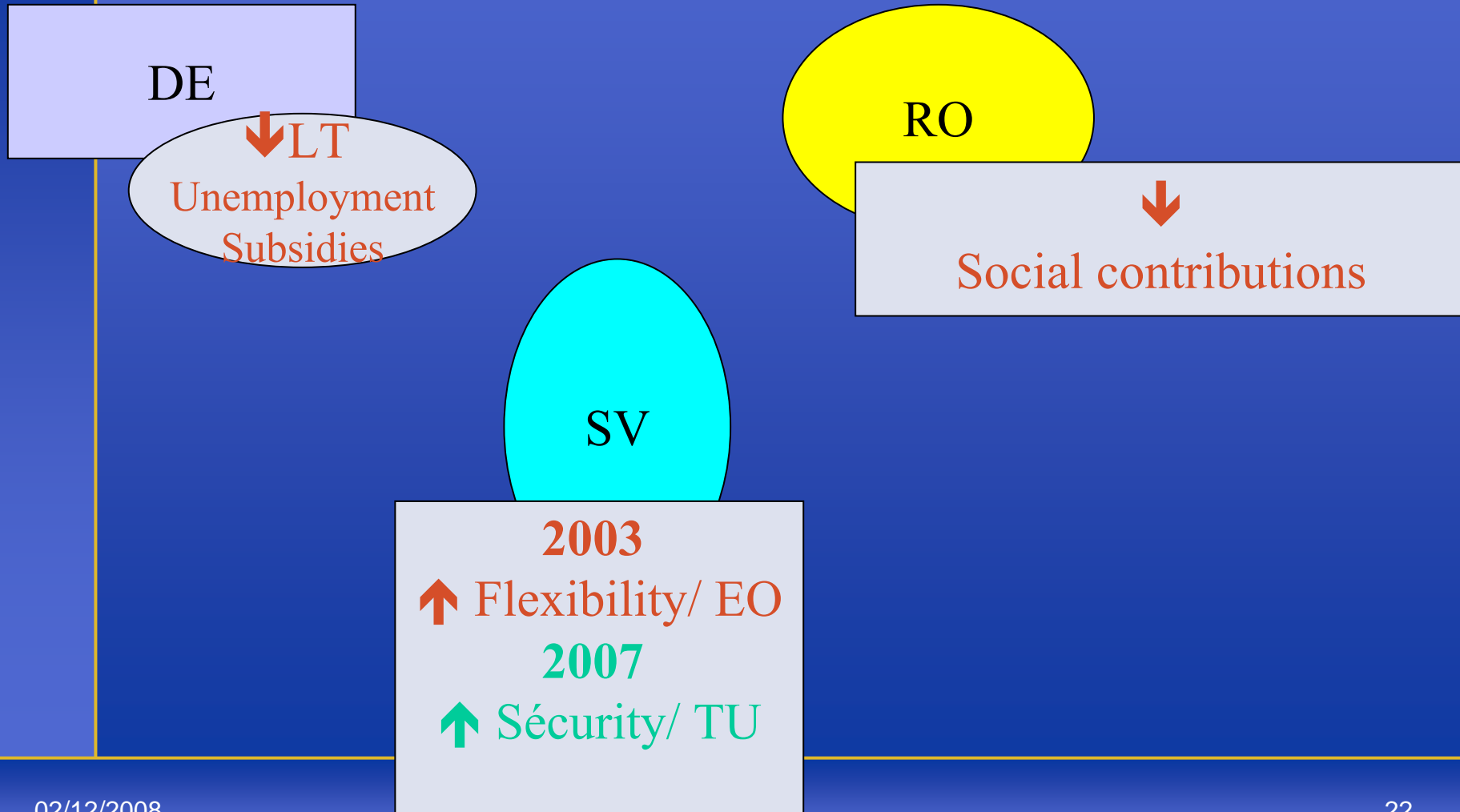
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....Searching for Equilibrium...





<i>Self Employed</i>	AT	Contractual Arrgt	Severance paye
	ES	SS	Statute
♀ <i>Labour Market Participation</i>	CY	Contractual Arrgt	
	HU	ALMP	↓ Social Contribution/ ♀ after maternity
	IT	Contractual Arrgt	Income support /most disadvantaged



Levels of collective bargaining in the EU *(TJK)*

