

Renewal of collective agreements in Denmark

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LO President
Harald Børsting



New collective agreement: Increases security and promotes jobs

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The draft agreement which will be taken for a ballot among the members improves conditions for workers in a number of areas. Increased measures to combat social dumping, better opportunities for training & education, better senior employee schemes and a number of social improvements. For workers in the lowest income groups, wages will increase with 1.25 to 1.5% annually. Wage increases for the remaining groups will depend on local level wage negotiations in Spring.

Better possibilities for training & education

I would like to point to the fact that with this agreement, workers will have considerably improved opportunities for taking up continuing training & education, both during the period of notice - if they get dismissed - or if they need new qualifications in their current position.

Among other things, the improvements include the setting aside of more funds for training & education and facilitating access to these funds by simplifying the application process.

Better senior employee schemes

In addition to this, there is good news for senior employees in the agreement. They now have better opportunities for concluding senior employee schemes and thereby easier terms for stepping down gradually from the labour market as they approach the pensionable age.

This increased flexibility will contribute to retaining employees longer on the labour market compared to the current situation.

Social improvements

The collective agreement provides employees with a number of social improvements that will increase job security. This includes higher maternity or paternity pay - and more flexible terms - increase of the special pension contribution during maternity/paternity leave, quicker access to pay during sickness and pension contributions for all taxable income.

- In a time with low economic growth, it has been important for us to seek to improve workers conditions in other areas rather than insisting on wage increases. We are therefore happy to announce that we have managed to negotiate higher pension contributions during maternity and paternity leave, other leave-taking and during sickness, says Harald Børsting.

Stepping up the fight against social dumping

With the new collective agreement, the efforts to combat social dumping are further strengthened. . The measures against social dumping that were included for the first time in the previous collective agreement, as a temporary solution, have proven successful. The social partners have therefore agreed to make the fight against social dumping a permanent element in all collective agreements in future.

- The fight against social dumping is crucial in order to ensure decent pay and working

ABOUT DLN

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ABOUT LO

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conditions, and thereby also ensuring fair competition in the Danish labour market, says LO's President. - It has therefore been very important to us that the effort to combat social dumping should become separate and permanent component of all collective agreements. We have succeeded in doing so with this agreement.

LO and DA have agreed to strengthen the future cooperation by informing foreign companies about the terms and conditions governing the Danish labour market.

Tripartite social summit

The heads of state and government, EU-presidents and the social partners were gathered at the social summit in Brussels on 1 March to discuss growth and employment. Here, the trade union side pointed to the need for a social contract for Europe. The employer-side was more hesitant and kept a cautious agenda for businesses. However, there was also widespread agreement that it might be time for supplementing the fiscal compact with initiatives to promote growth.

Investing in training for young people

The joint proposal on training & education reforms and dual training systems put forward by LO-Denmark and the Confederation of Danish Employers has well received and supported by all sides. In his speech at the tripartite summit, LO's President, **Harald Børsting**, mentioned the dual training system as one of the ways of fighting youth employment by incorporating work-based training into training and education schemes.

- We must invest in giving young people training and education that allows them to acquire the qualifications that are in demand in the corporate sector and which will be of use to them in future, LO's President said.

- Together with the Danish employers, we have therefore suggested the earmarking of funds for training and education reforms in the countries that wish to introduce dual training systems that involve both school- and work-based training in order to create jobs for the many young Europeans."

Green tech investments

Even though it is difficult to make predictions about the future, we already know that we will have to produce, live and consume in a way that uses less energy. The EU has set ambitious targets for bringing down CO2 emissions.

- Naturally, we must be on the forefront when it comes to new technology, LO's President said in his speech. - However, we can also strengthen our competitiveness, create jobs and protect the environment - without making any new inventions. We can save tons of CO2 and create lots of workplace by implementing energy efficiency measures.

According to the European Parliament, 2 million workplaces alone can be created by sustainable refurbishment of the housing stock.

Harald Børsting also called for public sector investments saying, -We need to strengthen the initiatives of the public sector in these fields because it could generate workplaces quickly. We also need to strengthen research and technological development in fields where the public sector in the EU member states can contribute to strengthening the EU's competitiveness.

Project bonds and passive funds

But where is the money going to come from? LO's President pointed to sources of finance for the much needed investments saying,

- We need the EU to strengthen the framework for growth in its member states. The funding should be in the form of project bonds and activation of the many passive funds in the EU's budget.

- Let us start to focus on the vast amount of EU funds that have not been put to use yet. We need to follow up the proposal for an agricultural reform with research and development of the entire foodstuffs industry. As traditional production is increasingly challenged, we need to further develop knowledge intensive sectors in the member states, **said Harald Børsting at the tripartite summit.**

LO's President concluded his address for the summit by underlining the need for a strengthening of the social dialogue and a close cooperation between the Commission, the member states and the social partners.

LO alarmed by proposal for a Council Regulation

- LO has always opposed Danish legislation on the right to take collective action and we therefore have no desire for the EU to regulate on it either. The right to take collective action is the most fundamental instrument that workers can use against the employers - be it Danish or foreign employers - if necessary in order to ensure decent wages and working conditions, LO-President, Harald Børsting, underlines.

- We agree that all foreign service providers are welcome in Denmark. But they must observe Danish pay- and working conditions. If they fail to do so, the right to take collective action is the best means of persuasion, Harald Børsting establishes.

LO will now study the proposal closely and continue to seek to prevent the EU from regulating the right to collective action.

Better implementation of the posting of workers directive

The EU Commission has presented a proposal for a directive on the enforcement of the posting of workers' directive. It is intended to help prevent abuse of posted worker status in the EU.

- On the face of it, there are many promising details in the proposal for improved enforcement of the posting of workers' directive, says LO's International Secretary, Marie-Louise Knuppert.

The proposed directive, which introduces chain liability, should address the vast number of instances of social dumping and unfair competition arising as a result of the Directive on the Posting of Workers in the EU member states.

- It is no secret that many of the problems we have experienced in connection with foreign workers posted in Denmark arise from the phenomenon of fictitious companies. These companies speculate in finding loopholes in the existing EU legislation in this area.

The proposal may close loopholes

The proposal also contains rules on the responsibility of a main contractor for pay- and working conditions among workers employed by sub-contractors. This is an important step in the right direction.

- LO believes that this directive may close some of the existing loopholes to the benefit of both posted workers and Danish workers by providing equal pay- and working conditions in all Danish workplaces, Marie-Louise Knuppert concludes.

Other industries should be included

Meanwhile, the rules of the proposed directive are limited to the building and construction industry. This is a pity. As a first step, the Council and the European Parliament should attempt to extend the directive to cover other industries in addition to construction.

Much can be improved in the process of considering the proposal. But the directive has the potential to solve some of the problems that often arise from the free movement of workers.

