

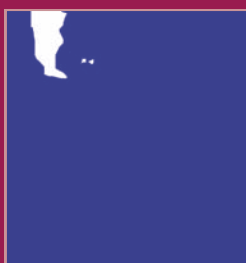
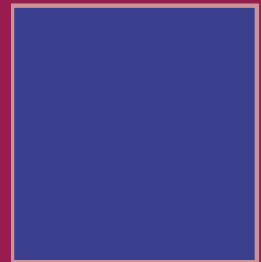
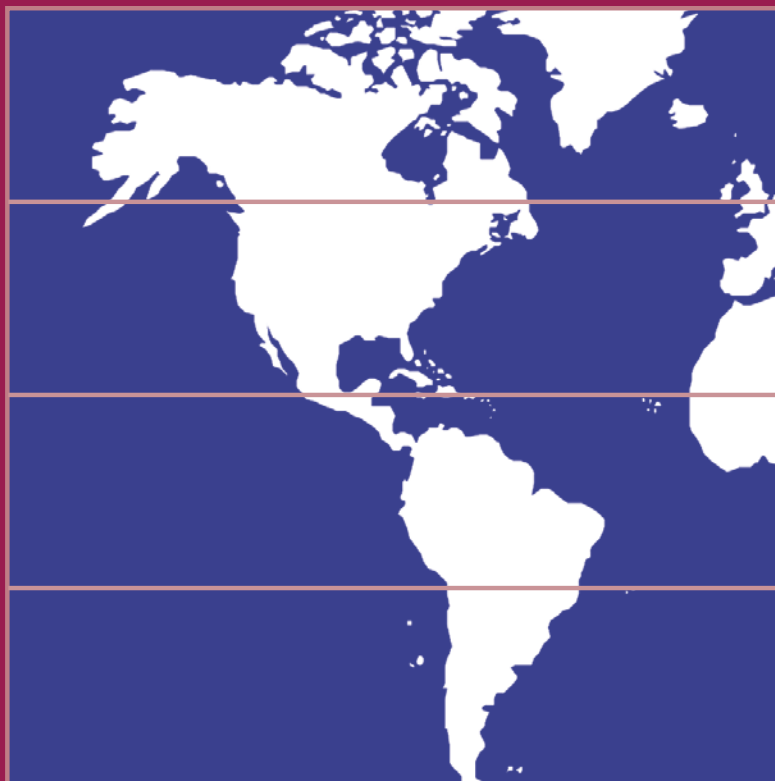
# Foreign Labor Trends

European Union



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## KEY LABOR INDICATORS

### European Union 2003

<u>INDICATOR</u>	<u>2001</u>	<u>2002</u>	<u>% CHANGE</u>
	<u>1999</u>	<u>2000</u>	
1. Per capita GDP, current prices (US\$)	22,651	20,759	-8.4
2. —, in agriculture (% , average of the 15 EU member states)	3.3	3.2	-3.0
3. —, in industry (% , average of the 15 EU member states)	30.3	29.9	-1.3
4. —, in services (% , average of the 15 EU member states)	66.4	66.9	0.8
5. —, (euros)	24,130	19,165	-20.6
	<u>2000</u>	<u>2001</u>	
6. Population, total (millions)	376.1	377.9	0.5
7. —, in major ethnic groups (%)	n/a	n/a	~
8. —, in major urban areas (%)	n/a	80	~
9. Birth rate (per thousand population)	10.6	n/a	~
	<u>1998</u>	<u>1999</u>	
10. Life expectancy at birth, total	77.8	78.1	0.4
11. —, male	74.6	74.9	0.4
12. —, female	80.9	81.2	0.4
	<u>2000</u>	<u>2001</u>	
13. Adult literacy rate (%)	97.8	97.8	0.0
14. Labor force, civilian, total (millions)	174.0	174.8	0.5
15. —, male (%)	79.4	n/a	~
16. —, female (%)	63.5	n/a	~
17. —, in the informal economy (%)	n/a	n/a	~
18. Employment, civilian, total (millions)	159.4	161.6	1.4
19. —, in industry (%)	26.9	n/a	~
20. —, in export processing zones (%)	n/a	n/a	~
21. —, in agriculture (%)	4.4	n/a	~
22. —, in services (%)	68.8	n/a	~
23. Unemployment rate (%)	7.8	7.4	-5.1
	<u>1997</u>	<u>1998</u>	
24. Underemployment rate (% of total employment, time-related)	3.1	3.2	3.2
	<u>2000</u>	<u>2001</u>	
25. Labor productivity, manufacturing (%)	1.6	1.6	0.0
	<u>1998</u>	<u>1999</u>	
26. Work-related accidents (per 100,000 employed persons)	4,089	4,088	0.0
27. Days lost from industrial disputes (millions)	n/a	n/a	~
28. Minimum wage rate (euros, per hour)	n/a	n/a	~
29. —, (US\$)	n/a	n/a	~
30. Average earnings by major industry (US\$, monthly)	n/a	n/a	~

## European Union 2003

<u>INDICATOR</u>	<u>2001</u>	<u>2002</u>	<u>% CHANGE</u>
	<u>1999</u>	<u>2000</u>	
31. Hourly compensation costs for production workers in manufacturing (US\$)	19.08	17.23	-9.7
32. —, (euros)	20.33	15.91	-21.7
33. Hourly compensation costs for laborers (US\$)			
34. —, clerical	n/a	n/a	~
35. —, mechanic	n/a	n/a	~
36. —, commercial assistant	n/a	n/a	~
37. Supplementary benefits as % of manufacturing earnings	n/a	n/a	~
38. Average hours worked per week	40.3	n/a	~
39. Unionization of labor (%)	n/a	n/a	~
40. Average personal income per year (US\$)	n/a	n/a	~
41. Average disposable income after taxes & withholding (US\$)	n/a	n/a	~
	<u>1996</u>	<u>1998</u>	
42. Percent of population beneath poverty level			
—, before social transfers	26	26	0.0
—, after social transfers	17	18	5.9
	<u>1999</u>	<u>2000</u>	
43. Consumer price index, annual average rate of change (%)	1.2	2.1	75.0

n/a = not available

Exchange rate: US\$ 1= 0.8952 euros (2001); 0.9232 (2000); 1.0653 (1999).

Sources: *Employment in Europe 2001: Recent Trends and Prospects*, (Brussels: Directorate-General for Employment and Social Affairs, European Commission, July 2001) ([http://europa.eu.int/comm/employment\\_social/empl&esf/docs/empleurope2001\\_en.pdf](http://europa.eu.int/comm/employment_social/empl&esf/docs/empleurope2001_en.pdf)); Europa: The European Commission: Environment (5 Sept 2002), "The Sustainable Cities Project," ([http://europa.eu.int/comm/environment/urban/home\\_en.htm](http://europa.eu.int/comm/environment/urban/home_en.htm)); Europa: The European Commission: Eurostat (9 Sept 2002), "Accidents at Work per 100,000 Employed Persons," (<http://europa.eu.int/comm/eurostat/Public/datashop/print-product/EN?Catalogue=Eurostat&product=3-t3190in-EN&mode=download> or via <http://europe.osha.eu.int/statistics/index2.php3>); *Eurostat Yearbook 2002*, (Luxembourg: Eurostat, 2002) (<http://europa.eu.int/comm/eurostat/Public/datashop/print-product/EN?catalogue=Eurostat&product=yearbook02-EN&file=free.htm>); *International Comparisons of Hourly Compensation Costs for Production Workers in Manufacturing 1975-2000* (Washington, DC: U.S. Department of Labor, Bureau of Labor Statistics, September 2001) (<ftp://ftp.bls.gov/pub/special.requests/ForeignLabor/supptab.txt>); *Key Indicators of the Labour Market 2001-2002*, (Geneva: International Labor Office, 2002); Statistik Austria (2000), "Statistische Übersichten: Chapter 16: Data from the European Union," ([http://www.statistik.at/statistische\\_uebersichten/englisch/k16.shtml](http://www.statistik.at/statistische_uebersichten/englisch/k16.shtml)); Swiss Statistics: Swiss Federal Statistical Office (1999), "International Statistics: European Union-Switzerland," ([http://www.statistik.admin.ch/stat\\_int/eint\\_eu.htm](http://www.statistik.admin.ch/stat_int/eint_eu.htm)); *The Social Situation in the European Union 2001* (Brussels: European Commission and Eurostat, 2001) ([http://europa.eu.int/comm/employment\\_social/news/2001/mar/online\\_en.pdf](http://europa.eu.int/comm/employment_social/news/2001/mar/online_en.pdf)); *The Social Situation in the European Union 2002* (Brussels: European Commission and Eurostat, 2002) ([http://europa.eu.int/comm/employment\\_social/news/2002/jun/inbrief\\_en.pdf](http://europa.eu.int/comm/employment_social/news/2002/jun/inbrief_en.pdf)); and *The World Factbook 1999 and 2000*, (Washington, DC: Central Intelligence Agency).

## **SUMMARY**

The European Union (EU) is a unique regional body that is based on the rule of law and democracy. It is made up of 15 member states (EU-15) that delegate their sovereignty on questions of joint interest to common institutions, which represent the interests of the EU as a whole. However, the EU member states do not seek to become one single, new nation.

During the 1990s, the EU expanded its scope in the employment and social field. The Maastricht Treaty and the Amsterdam Treaty set forth the rights of European workers, with the Social Charter contained in the Maastricht Treaty mandating the protection of workers' rights concerning collective bargaining, youth employment, and acceptable working conditions, among others. Additionally, the EU has set up a framework for cooperation among EU members on employment issues through the process of yearly summits and has established specific performance targets to measure their progress. As its first employment goals, the EU seeks to raise total employment to 70 percent in 2010 and the level of women's employment to 60 percent over the same period.

Social dialogue is an important aspect in determining EU social policy, as the European Commission is required to consult with its social partners before submitting proposals. The European Trade Union Confederation (ETUC) represents labor's interests, while the Union of Industrial and Employers' Confederations of Europe (UNICE) and the European Center of Enterprises with Public Participation and Enterprises of General Economic Interest (CEEP) act for employers. In 2001, the social partners in conjunction with the European Commission and the EU member states created a steering committee to discuss industrial change.

The EU labor force currently numbers about 175 million, but the EU countries are facing the issue of an aging population. The member states are foremost trying to increase their national birth rates but also are looking at skilled-based migration as a solution. Notwithstanding, the member states are concerned about possible negative short-term effects on their labor markets with the upcoming enlargement. The EU estimates that 70,000 to 150,000 workers from the accepted Central and Eastern European countries will migrate to the EU-15, particularly those member states in closest proximity.

The member states have ratified the eight fundamental conventions of the International Labor Organization (ILO) and generally are found to be in compliance with these international standards. However, the trafficking in persons for the purposes of sexual exploitation, domestic servitude, and bonded labor continues to be a problem within the EU.

## **BACKGROUND**

The EU is the result of a cooperative and integrative process that began in 1951 among Belgium, Germany, France, Italy, Luxembourg and the Netherlands. The EU, headquartered in Brussels, currently consists of 15 member states: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom. Today, it is preparing for its fifth enlargement, towards Central and Eastern Europe.

The mission of the EU includes to integrate the economies of the member states, to "lay the foundations for an ever closer union," to raise continuously the living standards of its citizens, to remove obstacles to concerted action, and to promote a high level of employment and of

social protection. Five EU institutions—the European Parliament, the Council, the Commission, the Court of Justice, and the Court of Auditors—hold responsibility for making and administering EU policy.

The European Council, which represents the governments of the member states, and the European Commission, which is the executive and the body maintaining the right to initiate legislation, have identified employment and social affairs as prominent issues for the EU's internal agenda in the near future. With the entry into force of the Amsterdam Treaty and the extension of the European Union's competencies, the EU has expanded its scope in the employment and social field. Although member states retain policy-making and legislative authority over domestic social, labor, and economic issues, the European Commission stands at the center of executive social and economic decisions affecting the EU as a whole.

The EU's priority objective has been the political and economic integration of Europe through a gradual elimination of customs barriers and an introduction of common external tariffs. In the 1992 Maastricht Treaty on the EU, the member states of the European Communities (now EU) adopted a plan to create in three stages an Economic and Monetary Union (EMU). The EMU's third stage included the introduction of a single European currency (euro) by the year 1999. The cash euro was officially instituted on January 1, 2002. In the Maastricht Treaty as well, the member states agreed to establish a common foreign and security policy and to strengthen cooperation in the field of internal and legal policies.

The Social Charter written into the Maastricht Treaty in 1992 remained unused for five years because of the British Conservative government's opt-out. More importantly, during this time, the governments of the EU countries implemented economic austerity policies aimed at meeting the Maastricht criteria for entry into the EMU. One side effect of this effort was a sharp increase in unemployment in most EU member states.

The assumption of power by Social Democratic governments or coalitions in almost all EU member states (at one time in all member states except Spain) in the mid-1990s created a political climate conducive to activism on the European level in employment and social affairs. The Labor Government, elected in 1997, ended the British opt-out from the Social Charter and opened the door to new activism in this area. Indeed workers' rights, especially during corporate transitions, became a hot political issue during the 1990s. The EU borrowed from its members' experiences, especially French and German, to guarantee workers and their unions the right to information and consultation before large-scale lay-offs could occur in a company. The EU also created works councils in companies with more than 150 in each of 2 or more member states. Similar requirements were written into the European Company Statute adopted at the Nice Summit in December 2000.

Upon ratification by Ireland, the Treaty of Nice will expand the European Commission's competence through amendments to Articles 137, 139, and 144 of the Treaty Establishing the European Community (EC Treaty). The Treaty of Nice gives the Commission the power to "support and complement the activities of the member states" in the following fields:

- Worker health and safety;
- Social security and social protection of workers;
- Representation and collective defense of the interests of workers and employers;
- Conditions of employment for minorities and legal immigrants;
- Information technology, education, and knowledge exchange among member states;
- Encouraging entrepreneurial culture; and
- Corporate best practice.

The institution of holding annual economic summits, as well as a growing concern about the looming cost of caring for the aged, ensure that employment and social affairs policies will grow in prominence on the EU agenda.

## **DESCRIPTION OF THE LABOR SCENE**

The European Commission recognizes three European-wide industrial relations unions as “social partners” in the European Union social dialogue: the European Trade Union Confederation (ETUC) for labor and the Union of Industrial and Employers’ Confederations of Europe (UNICE) and the European Center of Enterprises with Public Participation and Enterprises of General Economic Interest (CEEP) for employers. All of the unions represent and advocate the interests of their members by promoting initiatives, formulating new proposals, and producing surveys. ETUC, CEEP, and UNICE are the primary liaison bodies that advise and lobby the European Commission on employment and labor concerns. The Commission is required to consult with its social partners when it wants to submit proposals in a particular social field.

ETUC is a European-level labor confederation that represents the national trade union confederations both inside and outside the EU and includes affiliates of the International Confederation of Free Trade Unions and the World Confederation of Labor. Its membership is comprised of national trade union confederations, such as the British Trades Union Congress (TUC), the German Deutscher Gewerkschaftsbund (DGB), the French Confédération Générale du Travail (CGT) and Confédération Générale du Travail-Force Ouvrière (CGT-FO), and the Italian Confederazione Generale Italiana del Lavoro (CGIL). UNICE consists of 33 principal business federations from 27 European countries, plus 6 federations listed as observers. CEEP is an international employers’ association mainly for EU member state bodies, although associated members include Hungarian, Norwegian, Romanian, and Turkish bodies. Its membership consists of enterprises that are generally state-owned but are run on commercial principles.

Unions within the EU face the challenge of operating at the supranational level, in an effort to influence common EU social and economic policy directly affecting their interests. For example, since February 1996, ETUC has campaigned to amend the Treaty of Amsterdam on the grounds that EU law regulating social policy has developed without a coherent vision of a comprehensive legal framework for a European industrial relations system. The ETUC amendment proposal would include a Social Union in Europe that would articulate all previously specified “fundamental” labor rights and would recognize new transnational trade union rights to association, free collective bargaining, and industrial action (including the right to strike). UNICE and CEEP responded to the initiative on behalf of their respective constituents (UNICE objected, while CEEP claims to recognize the importance of collaboration and cooperation between employers and employees). Although the new Treaty of Amsterdam did not address transnational labor rights, a European social dialogue system is emerging, and ETUC considers a European transnational industrial relations system to be imminent. Examples of progress include the adoption and implementation of the European Works Councils Directive, the evolution of the European social dialogue at the community, sectoral, and interregional levels, and transnational industrial actions. At the same time, legislative action on trade union rights is being discussed and formulated at the EU level. In November 2001, Employment Commissioner Anna Diamantopoulou proposed creating an EU mediation and conciliation service, although its realization is far off.

Representatives of UNICE, CEEP, ETUC, European governments, the European Commission, and the management of the European Foundation formed a Steering Committee on June 6, 2001, to discuss industrial change. Together the social partners and EU representatives worked to create a basic framework for the structure and implementation of a European Monitoring Center on

Change. The purpose of the center is to “identify and monitor major drivers of change in the European economy with a view to improving the capacity of relevant players to anticipate, analyze, and respond to change.” Similar collaboration efforts are ongoing, again reflecting progress on the EU industrial relations front.

## **THE ECONOMY AND LABOR**

### **Demography and the Labor Force**

According to the most recent Eurostat data, the population of the EU-15 is approximately 380 million. In 2001, the EU labor force numbered 174.8 million. Current demographic and labor force participation patterns forecast a labor force of 183 million by 2010. Between 2010 and 2025, this number is expected to drop over all EU regions and may even out near its 1985 level of 154 million.

As free movement in goods, services, and capital is progressively achieved, questions of employment and social welfare become increasingly important. Commercial, financial, and monetary integration knits EU citizens together in three ways. First, a sense of solidarity which the member states have developed leads to a deeply felt need that EU members should converge on matters such as social affairs as well. Second, the European Commission and most member states feel that Western Europe has developed a viable model of social protection in the welfare state as a distinguishing European trait and believe the EU should defend and promote this model in a global economic setting. Third, employment and social policy have been one area where the EU and its member states are able to take high-visibility actions in order to demonstrate that the EU is not remote from its citizens but rather seeks actively to advance their well being.

### ***Immigration Trends***

European migration frameworks accept foreigners on the basis of one of the following conditions of entry and residence:

- Acceptance of foreigners to visit for a short period of time for business or tourism purposes;
- Entry for students from third countries for the duration of their studies at EU institutions of higher learning;
- Permanent entry of spouses and close relatives of citizens (family reunion);
- Asylum for individuals claiming social and political persecution in their native country;
- Long-term employment and business purposes (“skill-based” migration) [Some EU member states also have bilateral arrangements with third countries to allow unskilled workers to enter and work.]; or
- Naturalization policies that allow immigrants to acquire national citizenship.

Over the past four decades the EU as a whole received a net inflow of migrants, with net flows peaking in the early 1990s as a proliferation of wars and ethnic conflicts increased the volume of asylum seekers to Western Europe. The majority of legal immigration to Europe occurs through asylum or family reunification procedures, although illegal migration accounts for a significant proportion of migration flows in Europe. The largest groups of foreigners arriving to EU countries are of Turkish and East European origin, but populations of Albanian, ex-Yugoslav, North African, and Chinese migrants are growing in southern EU member states. The foreign population in Europe was equivalent to about five percent of the population in 1998, and



current trends reflect similar numbers. Latest Eurostat data estimate a net migration rate of 1.89 per thousand inhabitants of the EU. This number is expected to increase substantially upon the entry of Central and Eastern European countries (CEEC) into the EU. Under a proposal by the Commission currently under consideration, asylum seekers would be allowed to work six months after they submit their request for asylum.

While EU migration policies remain within the purview of national governments, the Amsterdam Treaty did commit member states to establish "common measures" on immigration policy for conditions of entry and residence and standards on procedures for issue of long-term visa and residence permits, including for purpose of family reunion; illegal immigration and illegal residence; and measures defining rights and conditions under which third-country nationals who are legal residents in one member state can reside in other member states. These measures are still under consideration, but the Amsterdam Treaty set a deadline of April 2004 for adoption of these measures.

The European Commission has already launched proposals for measures on family reunification, as well as proposals on admission/residence of third-country nationals for purposes of employment or self-employment. Member states expect the Commission soon to adopt a similar proposal for purposes of study or unpaid work. In addition, measures are being planned to promote direct integration of immigrants into EU labor markets and to fight ethnic discrimination, although policy approaches in these areas differ considerably across member states.

### ***Eastward Enlargement***

A central issue to a common EU immigration policy concerns the free movement of labor after eastward enlargement. In April 2001, the member states considered five options for developing policies on this matter:

- Immediate opening of EU labor markets for job seekers from candidate countries in Central and Eastern Europe;
- Immediate opening of EU labor markets for new members, but current member states reserve the right to impose restrictions in case of disruption of the labor markets by overwhelming immigration flows;
- Imposition of flexible transition periods that can be lifted if not needed anymore;
- The current member states would impose national, regional or sectoral quotas for job seekers from the new member states; or
- Complete closure of EU labor markets for a fixed period of time for all new member states.

The third option was proposed by the European Commission to the countries in negotiations to join the EU, with the exception of Cyprus and Malta. Under this option, the laws of existing member states towards citizens of non-EU-15 states will apply for a maximum transition period of 7 years, with policy being reviewed after 2 and 5 years. Several EU member states have announced that they will choose not to apply these restrictions to the new members.

Free movement of workers in labor markets in EU member states is established by Article 39 of the EC Treaty. Enlargement poses concerns of negative short-term effects on EU labor markets due to increased labor migration, based on concerns such as income differentials, high unemployment, propensity to migrate, and geographical proximity of new member states. In the short-run, the EU estimates that 70,000 to 150,000 workers will migrate to the EU yearly from Central and Eastern European candidate countries alone. The long-run migration potential

(approximately 10 years post-accession) from these countries, according to EU estimates, is estimated at around 1 percent of the present EU population (Source: European Commission Information Notes: "The Free Movement of Workers in the Context of Enlargement," March 6, 2001). The effects of the labor migration will be more pronounced in certain EU member states, particularly those in closest proximity to candidate countries.

However, the migration of workers from newly acceded countries is expected to counterbalance a decline in the EU work force due to an aging population and declining birthrates. A United Nations demographic study in 2000 estimated that average net migration flows of 1.4 million people per year would be needed between 1995 and 2050 to maintain a stable working-age population in the EU, holding other factors fixed (in 2005-2010: 550,000 per year; in 2010-2015: 1.6 million per year).

## **Economic Growth, Employment and Unemployment**

The EU experienced a moderate economic performance in 2000, with EU governments and businesses seeing growth, low inflation, and healthy public finances. The EU's gross domestic product (GDP) in 2000 sustained an average growth rate of 3.3 percent, well above the 2.5 percent growth rate of 1999. However, the GDP growth rate declined to 1.6 percent in 2001, reflecting global recessionary influences and the attacks on September 11.

The EU as a whole lags behind the United States and certain Asian countries in the shift to electronic commerce and integration of innovative, wealth-creating technologies, especially information technology (IT). In other areas, such as mobile communications, Europe leads the world but is dominated by increasingly outmoded GSM technology. As a customs union, the EU accounts for the greatest portion of global trade and the sum of its member states' overseas investments make it the world's largest creditor. Global economic competitiveness built on knowledge and innovation, as well as sustainable economic development strategies, are major EU priorities under the so-called Lisbon process, which aims to transform it into the world's most dynamic economic area by 2010. Unified market and currency structures will provide solid potential for the EU to engage world markets as a formidable entity but are a number of years from fruition. The successful introduction of the euro in 12 EU member states should provide a platform for further development of a single market in coming years.

Under-utilization of the traditionally strong scientific and technological resource base in many EU member states hinders the expansion of employment. Recognizing this, the EU's new Social Agenda focuses on building a competitive and inclusive knowledge-based economy.

## **Employment Policy**

Member states' retention of sovereignty in broad areas is a limiting factor in the EU's employment and social agendas. The EU's ability to act on social affairs is strongest in dealing with social exclusion. Articles 137.1 and 137.2 of the EC Treaty permit the EU to enact directives using the co-decision procedure (proposal from the Commission negotiated among the European Parliament, Council, and Commission) supplemented by consultations with the Economic and Social Committee and the Committee of the Regions. Title VIII of the EC Treaty, entitled "Employment," creates a mechanism whereby the Commission can work with the member states to raise levels of employment. However, Article 129, the only one of the Title that permits the Council to enact positive legislation, does not extend to the "harmonization of the laws and regulations of the member states." The goal remains to retain the European social

model of a full welfare state, but questions have been raised about how it can be sustained, especially as movement from job to job becomes easier and more usual.

An effort to expand EU influence in the employment and social fields has led to a series of decisions in summit meetings at Luxembourg (1997), Cardiff (1998), Cologne (1999), and Lisbon (2000) to set up a framework for cooperation among EU members on employment issues as well as to establish specific performance targets to measure their progress in employment and social arenas. The Luxembourg, Cardiff, and Cologne processes created a cycle of annual reviews of employment policies by all the EU's members and the Commission. The processes' model was the convergence process created by the Maastricht Treaty for EMU but without the elements of compulsion. The emphasis of the employment processes is on peer reviews of employment policies and discovering "best practices," i.e., what has yielded the best results in increasing employment in both the EU and the rest of the world, and disseminating this information to all EU members. Based on annual recommendations by the Commission, EU members approve sets of national guidelines for each member to concentrate on during the coming year. The guidelines fall within the general categories of:

- Employability, or educating and training workers with the right kind of level of skills to make them attractive to employers;
- Entrepreneurship, or supporting start-up and small- and medium-sized enterprises (SMEs) which are the principal generators of new jobs and which keep the economy at the cutting edge of progress;
- Adaptability, or the continual updating and upgrading of skills so that workers can move quickly and easily into newer, higher paying jobs; and
- Equality aimed at ensuring that both genders in the first instance and all other groups have equal access to education, training, employment, pay, and benefits.

As the employment process evolved, the realization increased that strong macroeconomic growth was essential to increasing employment. A first step in this direction was taken at the Cologne Summit, where the European Central Bank (ECB) agreed to meet annually with the European social partners (i.e., unions and employers) and member governments twice a year to discuss how macroeconomic and monetary policies can best be managed to promote growth in employment. For the ECB especially, this commitment was significant, as it is legally bound only to consider the effects of its decisions on inflation.

The Lisbon Economic Summit in March 2000 marked a further step in the process of assimilating employment growth into the core of the EU's work. The Summit set as a goal to make the EU "the most competitive and dynamic knowledge-based economy in the world." A key component in that strategy was to modernize the European social model. In Europe's economic transformation, the Summit also set as specific goals to lift the rate of employment from 61 percent to 70 percent by 2010 and the level of women's employment from 51 percent to 60 percent over the same period. The Lisbon Summit also decided that there should be an annual EU summit on employment issues, the first of which was held in Stockholm in March 2001. In Stockholm, the Council set a short-term target of a 67 percent employment rate for men and 57 percent for women in the EU by 2005. Seven member states (Denmark, the Netherlands, Austria, Portugal, Finland, Sweden, and the United Kingdom) achieved or surpassed these targets in 2000. Italy (53.4 percent), Spain (54.7 percent), and Greece (55.9 percent) maintained the lowest employment rates.

The Lisbon Summit recognized the need to reform and modernize the European labor market in addition to spurring macro-economic growth. It thereby breached a dike that had hitherto barred deep structural reforms in EU labor markets. The first area of growth of the EU's role was employment policy. For many years, unemployment was in the double digits in the EU. Coupled with this, the EU registered generally weak rates of economic growth punctuated by

only short bursts of rapid growth. The first half of the 1990s was an especially bad time, when 2 current members, Spain and Finland, registered unemployment rates of over 20 percent, and all members instituted austerity measures to meet the Maastricht criteria for EMU.

The EU has achieved short-term successes in curbing unemployment. The percentage of total unemployed individuals as a share of the total economically active population fell to 8.2 percent in 2000 from 9.1 percent in 1999. This drop allowed the EU to concentrate on the growth of employment, combating social exclusion, a Social Agenda, and labor mobility. The employment rate grew to 63.3 percent in 2000, as compared to 62.3 percent in 1999 and 61.0 percent in 1998. Approximately 2.4 million new jobs were created in 2000, two-thirds of which employed women.

In many EU member states, part-time work and temporary contracts contribute to the increase in the employment rates, expanding the organizational choices of firms, particularly within the service sector, and increasing job opportunities. Part-time and temporary jobs account for 28.4 percent of total employment in the EU. The share of full-time employees, the weight of part-time work, the amount of temporary work contracts, and the amount of employed women varies significantly from one member state to another.

Through 2006, the EU will continue to pursue the new approach to employment adopted at Luxembourg. The employment guidelines for 2002, adopted at the Laeken Summit in December 2001, focuses on quality in employment and encouraged labor mobility among EU member states. Discussions will continue on the social partners' contribution to the European employment strategy, and the Commission will develop a strategy toward immigration policy that advances labor market needs. Ultimately social partners will aim to steer national industrial relations systems towards models that increasingly involve collaboration and coordination on shared interests, objectives, and values for the improvement of social and employment policy throughout the EU.

### ***Labor Mobility***

At the 2000 Nice Summit, EU member states agreed to upgrade new action plans for the Employment and Social Affairs Directorate General into a "Social Agenda" that sought to meld the EU's social and employment policies with its economic ones. The Social Agenda debuted as well a new area in social activity: labor mobility. Although it is one of the four basic freedoms upon which the EU has been built, labor mobility has been underdeveloped. With the achievement of the single market and EMU, however, the need to be able to redress economic imbalances through movement of labor around the EU has become increasingly clear. Linguistic and cultural preferences have long been identified as inhibiting migration within the EU. However, the Commission now realizes that the complicated system of social security portability among members, non-recognition of diplomas and training and work certificates, and the lack of basic information on work opportunities across borders are all major obstacles to the movement of labor as well. With EMU, these barriers may be growing because liberalization in the other fields may aggravate the effects of labor's immobility.

### ***Women in the Workforce***

Bringing women into the workforce is a key component of increasing employment in the EU. The Stockholm Council's short-term target for member states in 2005 was a 57 percent average rate of employment for women alone. The EU aggregated employment rate rose to 53.8 percent in 2000 from 52.6 percent in 1999 and 51.2 percent in 1998. The EU has noted that

the growth of the service sector in the EU has offered more possibilities for women to work. Many of the job opportunities opening for women in Europe are part-time, and, while trends vary among member states, this expansion is proving generally preferential for women. Many women express higher level of satisfaction in part-time work, as compared with full-time jobs.

Employment rates among women vary significantly throughout the EU, although rates increased across all member states since 1998. The rate is markedly lower for Italy (39.6 percent) and Spain (40.3 percent) than it is for Denmark (71.6 percent) and the Nordic countries.

**TABLE 1–Comparative Female Participation Rates (2000)**

<b>Country</b>	<b>Full-time Employment (%)</b>
European Union	54.0
Austria	59.4
Belgium	51.5
Denmark	71.6
Finland	64.4
France	55.3
Germany	57.9
Greece	40.9
Ireland	54.0
Italy	39.6
Luxembourg	50.3
Netherlands	63.7
Portugal	60.3
Spain	40.3
Sweden	71.0
United Kingdom	64.6

Source: Eurostat

To encourage women to enter the workforce, the Barcelona Council in March 2002 called on the member states to provide childcare to at least 90 percent of children between 3 years old and the mandatory school age by 2010 and at least 33 percent of children less than 3 years of age.

Members of the Commission’s Employment and Social Affairs Directorate-General have admitted a bias against women staying home. They argue that bringing women into the workforce generates demand for social infrastructure, such as childcare centers, and in turn, the increased demand for social services stimulates additional employment.

## ***Employment by Sector***

The largest portion of employment growth since 1997 arose from an expansion of jobs in the service sector. The service sector's proportion of new jobs created rose from 40.3 percent in 1997 to 41.6 percent in 1999. Overall, the service sector, which currently accounts for 68 percent of total EU employment, offers the greatest potential for employment in the EU, with the industrial sector representing another 27 percent. The number of highly skilled managerial, professional and technical jobs, as well as workers in the sales and service sectors, has increased at more than double the rate of the average job creation in the EU (0.9 percent) since 1994. Structural changes and other factors in the EU business environment are moving labor markets toward higher demands for skilled labor, and higher skill levels correlate with increasing relative wages across the EU.

## ***Effects of Enlargement***

EU enlargement will have a number of effects on employment levels in the EU. Most directly, the generally lower levels of employment in the candidate countries will pull the EU average employment rates down and may prevent the EU from reaching its target long-term employment rate of 70 percent by 2010. Secondly, deficiencies in the CEEC's social welfare nets may, unless the present formulas are altered, significantly increase the new members' entitlements to EU structural and other budgetary support funds.

Many EU members fear that immediate implementation of the free movement of labor from the candidate countries to the current EU member states will bring a flood of migrants into EU labor markets. Accordingly, the EU has proposed, and most candidate states have agreed to, a derogation on the implementation of the right to free movement of labor for up to seven years, with a provision for review and possible removal after five years. This appears to be mostly a political gesture. A study in 2000 done by the Commission, which numerous other studies corroborate, forecasted that the free movement of labor would bring small net gains in per capita output and have little obvious effect on current unemployment rates, although these effects will be different across EU states. The negative impact of labor migration on wages is expected to be limited in the EU and to be noticeable only in areas bordering the CEEC member states.

The Commission's Employment and Social Affairs Directorate-General EURES (European Employment Services) program seeks to make information on job openings available throughout the EU. During the period of 2000 to 2005, EURES is supposed to expand both in terms of the number of jobs included and the skills covered. By the end of 2003, a "One-Stop European Job Mobility Information Web Site" is to be created by the Commission and the member states. A major problem, however, is that workers who have the vocational skills to work outside their home countries may lack the linguistic abilities and international experiences of their academically educated cohorts and thus may be reluctant to move to another country.

The need to decrease the obstacles to skilled and talented workers, especially those with IT experience, from other countries was identified at Stockholm as a short-term solution to the EU's IT skills gap. The Council placed this responsibility within the domain of an EU common immigration policy to maximize the benefits of migration to the member states, to the countries of origin, and to the migrants themselves. The Commission will decide the framework for developing a common immigration policy.

## **FOREIGN INVESTMENT POTENTIAL**

The EU is one of the most open and hospitable markets for foreign direct investment (FDI). The treatment of FDI is largely the responsibility of each EU state, and prior to the Maastricht Treaty, member states could erect barriers to investors from non-EU countries at their will. The Maastricht Treaty abolished restrictions on the movement of capital, including between member states and third countries but included a grandfather clause concerning measures that were already in force by December 31, 1993, thus allowing for denial of national treatment to third country investors.

The United States and the EU remain economically interdependent, although each entities' level of FDI in the other declined in 2001. During 2001, the EU received an inflow of 52.75 billion euros (US\$ 58.93 billion) in U.S. investment, while investing 98.25 billion euros (US\$ 109.75 billion) in the United States. The former figure represents 55 percent of all FDI in the EU, which totaled 96.74 billion euros (US\$ 108.06 billion), and the latter equals roughly half of EU foreign investment abroad. In 2000, the U.S. invested 73.98 billion euros (US\$ 80.14 billion) in the EU, or 47 percent of total FDI within the Union. During that year, EU FDI in the U.S. totaled 168.62 billion euros (US\$ 182.65 billion), representing 52 percent of all EU foreign investment.

## **SOCIAL SAFETY NET**

All EU members face the challenge of meeting the needs of an aging population for pensions and health care. As the labor force decreases over the next 10 years due to retirements and declining birthrates, the dependency ratio, measured by the number of inactive people divided by the active working population, will rise in a large majority of EU regions. Migration can allow the EU to sustain a strong working-age population and supportable dependency ratio, to encourage economic growth, and to safeguard the viability of pension and social security systems. Many EU member countries try to increase their national birthrates through programs to provide maternity (and paternity) leave, maintain mothers' or fathers' incomes if they stay home to care for infants, child benefit payments, and day-care services, among others.

The situation on the EU level is further complicated by divergent concepts of national social security systems. Policies targeted at reconciling work and family life also vary significantly among member states. Southern European systems tend to see the nuclear family as a unit, with a breadwinner, non-working spouse, and children. The benefits to the family derive from the breadwinner's contributions to the system. This philosophy persists, even though many Southern European women are leaving home to work. Northern Europe, on the other hand, gives each individual an entitlement depending on his or her own age and needs. The presumption tends to be, therefore, that both spouses will work and receive benefits on behalf of their children. The Lisbon Summit conclusions addressed the issue of reconciling work and family life throughout the EU by setting recommended targets for provision of childcare.

While it is the responsibility of EU member states to shape their own national pension and social security policies, the enhancement and coordination of occupational pension provisions has become an important item on the EU's policy agenda. The existing diversity of regulations for occupational pension plans is an impediment to the mobility of labor, particularly between member states. Vesting periods (as long as 10 years in Germany) are a particular cause of concern, as are impediments to transferring pension rights when an employee changes employers. Furthermore, employers with operations in more than one EU country lose economies of scale in their pension plans because they are not allowed to group all their employees into one central plan. In addition, differing investment regulations that obstruct the

free movement of capital between countries and the lack of harmonized tax regulations are impediments to compatibility among the national pensions systems of the EU member states.

The structure of tax, pension, and social security systems varies strongly from one member state to another. In Denmark, a considerable portion of the individuals' social protection is financed through income tax. This differentiation is reflected in the breakdown of labor costs across the states, where the share of social security contributions by employers in 1999 ranged from 6.4 percent in Denmark to 32.7 percent in Italy. On average in the EU, social security contributions and other labor taxes represented 23.8 percent of hourly compensation costs for EU workers in manufacturing in 2000, while average the compensation cost for the same group of workers was US\$ 17.23 per hour. The latest national employment guidelines, approved in December 2001 at the Laeken Summit, include recommendations to Belgium, Denmark, Germany, France, and Sweden to reduce their tax burden of labor.

The problems with public social protection systems center on whether the systems will remain solvent through 2030 and whether they can be coordinated so as not to obstruct labor mobility within the EU. Barring further reforms, the sustainability of the pension systems will depend in large part on the ability of the EU to generate macroeconomic growth and jobs.

Along with incorporating migrating laborers into the workforce, increasing the employment of women is an important facet in overcoming the sustainability problem. A working woman who is contributing to the social protection network of a country reduces the burden of support on the rest of the workforce. While many member states have implemented specific measures dealing with unemployment of women, gender segregation and the gender pay gap, they fall short of taking gender aspects into account in all policy actions.

## **Aging**

The pension crisis looming over the EU has led to an area of heightened attention to social policy on the EU level. The EU's old age dependency ratio, which shows the population aged 65 and over as a percentage of the working class population ages 15 to 64, forecast for 2010 is 27 percent, compared with a rate of 24 percent in 1998. Of the 18 countries in the European Economic Area (the EU plus Norway, Iceland, and Liechtenstein), only Iceland has anything approaching a true population pyramid. All the rest have a bulge of post-war baby boomers moving towards retirement and old age. For some, like Italy, Greece, and Germany, the problem has already begun to be felt. For others, like Ireland, the problem lies farther in the future.

On average, the EU allocates just over six percent of average GDP to health expenditure for the elderly. If trends continue as predicated and the current level of health spending for the elderly is maintained, the EU average will increase over the next 40 years, and then demographic shifts should pull average spending figures down. By 2030, the effects of aging on government health expenditure will reach eight percent of the GDP and hit a high of over nine percent by 2050.

Commission conclusions drawn in "Towards a Europe for all Ages: Promoting Prosperity and Intergenerational Solidarity" recognize an opportunity within the deep demographic changes to shift the EU's policies with regard to retired and elderly citizens. The report concludes that "both within labor markets and after retirement, there is the potential to facilitate the making of greater contributions from people in the second half of their lives," through health and social services and policies that will mitigate the impact of aging on the labor force and social welfare systems. To that end, the Commission will focus on identifying Community action programs



based on Articles 13, 129 and 137 of the Amsterdam Treaty for citizens such as older people, who are most affected by discrimination, unemployment and social exclusion.

The Barcelona European Council meeting also stressed the need to keep workers on the job longer. It called for a reduction of early retirement schemes and incentives. There should be increased opportunities for older workers to remain in the labor market, such as through flexible and gradual retirement formulas and guaranteeing a real access to life-long learning. Finally, the EU is seeking by 2010 a progressive increase in the effective average age at which people stop working in the EU.

## **Welfare Systems**

Welfare schemes differ among EU member states. Each member state system is tailored to provide welfare support in the context of different goals, priorities, resources and perceived need. Largely because of these differences, member states continue to implement and monitor all manner of welfare support, including unemployment benefits, insurance schemes, transfer payment policies, and other types of welfare services. On average of the EU-15, social expenditure as a proportion of GDP is equal to 27.2 percent. Rates of social expenditure range from 23.5 percent of GDP in Italy to 29 percent in France, 28.2 percent in Germany, and 26.7 percent in the United Kingdom.

Social transfers other than pensions reduce the percentage of people classified as living beneath the poverty level in every member state. This occurs at differing degrees, however, depending on the poverty rate level prior to social transfers. In 1998, the lowest poverty rate after payment of social transfers and benefits occurred within Finland, with 70 percent reductions. Greece and Italy showed the smallest reductions between 5 percent and 15 percent.

## **Education and Lifelong Learning**

Under the EC Treaty, responsibility for education belongs to the member states. An average share of 2.4 percent of the GDP of all EU countries is devoted to financing compulsory education programs. However, in 1976, the EU created a community action program in education called *Socrates*. This program was expanded in 1980 to establish the *Eurydice* network, which would build on exchanges of information and experience among EU member states. Later, the Maastricht Treaty provided in Article 149 for the development of exchanges of information and experience on issues common to the education systems of the member states; it also created new opportunities for networking among national and European education ministries through *Eurydice*.

The success of EU educational efforts is reflected in the increasing average levels of education attainment among the population. In 1997, 59 percent of EU citizens aged 55 to 64 had completed only lower-secondary education, as compared to a rate of 32 percent among citizens aged 25 to 34. Across the EU, the percentage of the population aged 25 to 64 participating in education and training has grown from 8.2 percent in 1999 to 8.4 percent in 2000. At the same time, the share of the population aged 18 to 24 with only a lower-secondary education and who were not pursuing further education or training fell from 18.7 percent in 1999 to 18.3 percent in 2000. In their employment guidelines for 2001, EU member states set a goal for 2010 to lower by 50 percent the number 18 to 24 year olds with only lower-secondary education who are not in further education and training.

The Lisbon Summit emphasized the importance of cultivating human resources through improved education and training systems across Europe. Employment policies for 2001 pledged to promote measures to equip younger age groups with IT, communication, and other relevant labor market skills that will enable people to adapt positively to new knowledge based social and economic environments. The Summit conclusions also stressed education and training systems as vital to the development of social cohesion and increased economic prosperity throughout Europe. The Barcelona Summit in March 2002 called for pupils to be taught "at least two foreign languages from a very early age."

Lifelong learning is a basic component of both the European Social Model and Employment Guidelines 2002, in pursuit of creating the most competitive and dynamic economy by 2010. The European Council of Lisbon highlighted the role of lifelong learning and the "Learning Society" as requirements for achieving full employment through a knowledge-based society. The Commission and member states define lifelong learning as "encompassing all purposeful learning activity, whether formal or informal, undertaken on an ongoing basis with the aim to improve skills, knowledge, and competence." It includes member state measures to promote the employability of young people, older workers, and the unemployed. Such measures also entail improvements in quality and access to all education and training programs, as well as the development of work-based training schemes. Under the adaptability pillar of the European Social Model, lifelong learning refers to the development of partnerships across the EU, between national authorities and social partners, to provide continuing training and address skill gaps. It also includes measures by member states and enterprises to address barriers to investment in training, the integration of entrepreneurial education and training curricula, and improving educational/training access to women with the aim of strengthening equal opportunities.

The Lisbon conclusions also emphasize the importance of actions and programs to ensure that education and training systems equip citizens at every level to participate in the Information Society and the transition to a knowledge-based economy. Training in IT skills is an underlying piece of this strategy. To strengthen EU coordination in innovation, education and training the Commission will establish guidelines, benchmarks and systematic monitoring for member state achievement of Lisbon goals. The current mid-term review of the Luxembourg process by the Employment Committee will create concrete targets for translating the Lisbon Summit conclusions into proposals for instituting the Employment Guidelines of 2001.

## **LABOR LAW AND SYSTEM**

The Maastricht Treaty and the Protocol and Agreement on Social Policy established the rights of information and consultation of workers by business, minimum working conditions, and equality and integration of the unemployed. The Amsterdam Treaty reiterates the rights enshrined in Maastricht, pledging to promote "employment, improved living and working conditions, proper social protection, dialogue between management and labor, the development of human resources with a view to lasting high employment and the combating of exclusion." In improving management and labor relations, the Social Charter contained in the Maastricht Treaty sets forth an action program to protect workers' rights in employment contracts, collective bargaining, health and safety in the workplace, consultation and participation, parental leave and social protection. The most controversial aspects of the Charter focus on youth employment, working hour restrictions, and maternity leave payment provisions. The most recent Social Policy Agenda, put forward for discussion at the Nice Summit, obligates the Commission to consult management and labor through open coordination before introducing social and employment policy proposals to the Council of Ministers. The approach centers on the examination and discussion of best practice methods in economic and social fields to help member states develop policies specifically designed for their citizens. As of yet, none of the EU

social policy decisions contain provisions for the transnational protection of workers' rights, and this is a point of contention for some industrial organizations.

The European Court of Justice has the authority to review cases on social policy and issue judgments or opinions. From January to September 17, 2002, the Court issued 19 rulings concerning social policy. Two cases involved safeguarding employees' rights in the event of a transfer of business, and another dealt with protecting salaried employees in the case of employer insolvency. Three cases concerned equal pay for men and women, while two involved equal treatment for men and women. Another two related to workplace discrimination on the basis of sex. One case concerned safety and health in the workplace, and five cases addressed social safety net issues.

All 15 EU members have ratified the 8 fundamental ILO conventions. Since 2000, the ILO Committee on Freedom of Association has reviewed three complaints against Spain, one against Luxembourg, and one against the United Kingdom concerning the territory of Bermuda. Of these, only one case was examined in 2002. In that case, the General Union of Workers of Spain alleged that Basic Act No. 8/2000 on the Rights and Freedoms of Foreigners in Spain and their Social Integration denied "irregular" foreign workers the right of association, the right to organize and bargain collectively, and the right to strike because of a clause which grants these rights only to documented workers. In rendering its decision in 2002, the Committee noted that ILO Convention No. 87 on freedom of association affords workers, without distinction, the right to join organizations of their own choosing. Between 2000 and 2002, the ILO Committee on the Application of Standards also reviewed cases regarding prison labor in Germany and the United Kingdom under fundamental ILO Convention No. 29 on forced labor.

## **LABOR STANDARDS AND WORKER RIGHTS**

### **The Right of Association**

Organized labor is well established in the EU through coherent and comprehensive legal frameworks for national industrial relations systems. The evolution of modern day trade unions in the majority of Western Europe surfaced from post-World War II settlements when states recognized the legitimacy of trade unions as collective bargaining agents. Throughout the post-war era, trade unions consolidated their positions, and the industrialization of the economy drew a steady membership from workers in manufacturing and industrial fields. Until the mid-1970s, unions were closely linked to the state, advising governments on workers' rights to living wages, welfare benefits, employment protection legislation, and full employment policies. However, at the close of the industrial boom, new economic policies and structures, as well as increased globalization of markets, compromised the position of national trade unions.

Changes in work organization and the business environments within EU states have also affected employees and trade unions, particularly with regard to transnational industrial rights and actions. Except in the Nordic countries, union membership has dwindled as new economic sectors and privatization of production firms are creating new opportunities for employment that offered benefits that can be reaped without union membership. The coordination of social and economic policies at the EU level has only just begun to weaken further the once influential position of the trade union within member states, though most legal frameworks governing industrial relations are still implemented at the national level.

Changes in the composition of the labor force, including women, temporary and part-time workers, and foreign workers have required trade unions to adapt themselves away from traditional methods of advocacy and union structure. Moreover trade union membership among

women (except in Nordic countries) and other non-traditional full-time workers remains lower than for male full-time workers. Therefore, trade unions have sought new methods of recruitment and organization in order to overcome membership declines.

## **The Right to Organize and Bargain Collectively**

At the present time, the overwhelming majority of collective bargaining agreements are still negotiated and signed at the national level or lower. However, the increasing integration of the national economies into a European one (including the introduction of the euro as the single currency in 12 of the 15 EU member states) is opening new methods for transnational labor-management relations. Steelworkers in Germany and the Netherlands have jointly negotiated a labor contract, and ETUC is developing resources to allow its affiliates and its 11 European industry federations to compare agreements made in other parts of the EU so as to improve upon their negotiations.

Article 139 of the Treaty on the European Community provides for the conclusion of labor-management agreements at the Community level. To date, ETUC, UNICE, and CEEP have signed three European "framework agreements," dealing with parental leave, part-time work, and fixed-term contracts. In accordance with the Treaty, these have been transposed into EU legislation. A fourth negotiation on the treatment of temporary workers hired from agencies failed. The way is open for the Commission to make a proposal of its own. These agreements share many superficial characteristics with conventional collective bargaining agreements. However, UNICE rejects the characterization, and, in fact, the agreements are much more general than a normal collective bargaining agreement and only set general frameworks for further negotiations on sub-national levels to flesh out.

## **Prohibition of Forced or Compulsory Labor**

The Social Charter calls for the protection of the right of the worker to earn a living in an occupation he/she has freely chosen and affords all workers the right to dignity at work. The national laws of each member state prohibit forced or compulsory labor; however, trafficking in persons remains a problem for EU countries. The EU is a destination and a transit point for trafficked persons from central and Eastern Europe, Southern Europe, the former Soviet Union, Africa, Asia, South America, and the Middle East. Women and children are trafficked for the purposes of sexual exploitation and domestic servitude, while men (especially Chinese) are destined for forced or bonded labor in agriculture, sweatshops, and industry. The EU countries are making efforts to eliminate the trafficking in persons, although Greece lags behind the other member states. In Greece, there have been few arrests and prosecutions for trafficking-related offenses, and fines and sentences are minimal. While border control is weak, the Greek Government has increased staffing of the border police, and border guards participated in regional anti-trafficking seminars offered by the U.S. government.

## **Status of Child Labor Practices and Minimum Age for Employment**

The Social Charter provides for the protection of children under the age of 18 who work in EU countries. Pursuant to the Social Charter, the minimum age of employment is 15, with exceptions provided for children engaged in light work that is not harmful to their health, morals, or education. According to Council Directive 94/33/EC, children aged 14 and older may perform light work and may participate in apprenticeships and other training schemes. In addition, the directive stipulates that member states may allow children to perform short-term

domestic work, as well as occasional work in family businesses. The Social Charter prohibits children under the age of 18 from working in dangerous or unhealthy occupations and mandates that all working children be protected against physical and moral harm. The night work of children also is banned, except for occupations designated by national law. Additionally, children subject to compulsory schooling may not engage in work that would deprive them of the full benefit of their education. Working children are guaranteed a minimum of four week's annual leave with pay and have the right to a fair wage and other allowances. The Social Charter also calls for the working hours of minors under 18 to be limited in accordance to the needs of their development. Pursuant to Council Directive 94/33/EC, children enrolled as apprentices are permitted to work 8 hours per day and 40 hours per week, as are minors between the ages of 15 and 18 if they are no longer subject to compulsory schooling. Children under age 15 finished with compulsory schooling are limited to 7 hours of work per day and 35 hours per week. Children enrolled in school may work 2 hours per day and 12 hours per week during the school term and between 35 to 40 hours per week (depending on their age) during the vacation period.

## **Discrimination in Employment**

The single market, the economic and monetary union, and eastward enlargement present both challenges and opportunities for closer cooperation among EU members to encourage social cohesion. Yet, a stated goal of the Commission is to develop a European strategy for fighting social exclusion and reducing poverty and the disparities between Europe's regions and territories. The strategy will integrate Commission policies regarding employment, the working environment, social protection, social dialogue, equal opportunities, and the fight against discrimination. It will also encourage the ambitious pursuit of these objectives by member states.

The European notion of social exclusion is defined as a person's inability to participate fully in the life of his country or the EU because of poverty, lack of education, disability, age, race, gender, or nationality, among others. The concept is very broad, and accordingly responsibility for combating social exclusion is dispersed within the Commission. What the notion does do, however, is provide a framework within which all these entities can pull towards a common goal.

The Treaties give the EU broad scope to work effectively against social exclusion. In 2000, the Council raised social exclusion to a new level of importance by adopting directives on racial equality, equal treatment in employment, and sexual harassment. It also adopted a Community Action Program to combat discrimination in 2001 to 2006. In 2001, the Commission proposed another directive to ban discrimination on the grounds of racial or ethnic origin, religion, or belief, disability, age, or sexual orientation (all areas covered in Article 13 of the Treaty) outside of work. This covered a loophole left by the first directives.

Beyond these, the Social Agenda adopted at Nice instructs the Commission to create action plans, benchmarks, and strategies for combating social exclusion. The member states are also obligated to implement by June 2001, a "national two-year action plan for combating poverty and social exclusion." The Commission presented its first "scoreboard" of its performance to the European Council meeting in Barcelona in March 2001.

The EU's enlargement will add a new dimension to the problem of social exclusion. The question of social exclusion has received only cursory attention in the candidate countries. The treatment by Slovakia and the Czech Republic of their Roma minorities has become a bilateral issue between those countries and some EU members. However, there seems to be a general

agreement that social exclusion will not lead to exclusion from EU membership and that this issue will have to be addressed after accession as well as before.

## Acceptable Conditions of Work

The Amsterdam Treaty calls for the promotion of improved working conditions, and the Social Charter affords all workers the right to just conditions of work and to safe and healthy working conditions. Member states must ensure that workers are given reasonable daily and weekly working hours, four weeks of annual leave with pay, a weekly rest period, and time off on public holidays with pay. Workers also have the right to a fair remuneration sufficient for a decent standard of living, as well as the right for an increased compensation rate for overtime work. Additionally, EU governments must eliminate risks in dangerous and unhealthy occupations, but, where it is not possible to do so, the number of working hours should be reduced or additional paid holidays should be provided.

**TABLE 2—Average Working Hours per Week**

Country	Hours Worked
Austria	39.5
Belgium	37.9
Denmark	36.1
Finland	40.5
France	38.2
Germany	37.5
Greece	42.4
Ireland	40.4
Italy	39.0
Luxembourg	39.8
Netherlands	32.9
Portugal	41.5
Spain	40.4
Sweden	38.0
United Kingdom	37.4

Source: Paoli, Pascal and Damien Merllié, Third European Survey on Working Conditions 2000 (Dublin: European Foundation for the Improvement of Living and Working Conditions, 2001). <http://www.eurofound.ie/publications/files/EF0121EN.pdf>

According to a survey conducted in 2000 by the European Foundation for the Improvement of Living and Working Conditions, workers in the EU countries worked an average of 38.2 hours per week (41.5 for men and 33.5 for women). Roughly 16 percent of workers are engaged in employment for less than 30 hours per week, but 48 percent work 40 hours or more per week. Sixty-seven percent never work more than 10 hours per day, while 10 percent do so once every 4 days or more. Approximately 19 percent of EU workers perform night work.

Nine EU member states have a national minimum wage. Austria, Denmark, Finland, Germany, Italy, and Sweden do not have legally established minimum wages. According to Eurostat, as of January 2001, Luxembourg paid the highest monthly minimum wage with 1,259 euros (US\$ 1,406), followed by the Netherlands with 1,154 euros (US\$ 1,289) and Belgium with 1,118 euros (US\$ 1,249). The minimum wage of France equaled 1,083 euros (US\$ 1,210) per month, while that of the United Kingdom was 1,062 euros (US\$ 1,186) per month. Irish workers received a monthly minimum wage of 983 euros (US\$ 1,098), and Spain, Greece, and Portugal had a monthly minimum wage of 506 euros (US\$ 565), 458 euros (US\$ 512), and 390 euros (US\$ 436) respectively. The minimum wage coupled with social benefits generally provides a decent standard of living for workers and their families.

In 1999, roughly 4,088 accidents per 100,000 employees occurred at EU worksites. The 2000 European Foundation survey found that 27 percent of workers believe their health is at risk because of work. Twenty-nine percent are exposed to high-level noise, 24 percent to vibrations, 22 percent to high temperatures, and 21 percent to low temperatures. Six percent of EU workers have been exposed to radiation. Another 23 percent of workers reported breathing in vapors during at least 25 percent of working time, while 15 percent handle dangerous substances.

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