

Employment Practice Group

November 2009

EU developments

European labour markets deeply hit by crisis, but more resilient than expected

According to the 2009 Employment in Europe Report published by the Commission on 23 November, the current global economic crisis is taking its toll on labour markets in the EU. Those most affected by the contraction in employment have been men, the young, the low-skilled and temporary contact workers. Since the beginning of the crisis, employment has shrunk by some 4 million. The effect has been mitigated by the use of shorter working hours and other schemes – but these alone are insufficient to ensure a successful exist from the crisis. Commenting on the report, European Employment Commissioner, Vladimír Špidla, said it “*shows how important it is to reconcile our short-term response to the crisis with our longer-term structural reforms. These reforms are essential for the EU economy and labour markets to emerge from the current downturn well prepared for future challenges, in particular the transition to a low-carbon economy.*”

With this in mind, the report examines in-depth two issues: movements to, from and between jobs and the implications of climate change for the job market. The EU’s attempts to “green” the economy will become an important driving force from a labour perspective. Total net job creations may not be large, as new “green jobs” and the greening of existing jobs will partly be offset by the loss of some existing jobs – the underlying structural changes will involve re-allocation of workers across economic sectors and skill types. The new competencies required by the low-carbon economy will, initially, favour high-skilled workers. However, with market deployment of new technologies, lower-skilled workers should also be able to fill the new jobs, providing they receive the right training.

The Employment in Europe report forms the analytical basis for the Joint Employment Report (JER), for which the Commission will present its proposal on 9 December.

Meanwhile, on 19 November the OECD published its latest Economic Outlook. The report predicts that, in the US, the unemployment rate will be expected to peak in the first half of 2010, but it may not be until 2011 that unemployment begins to fall in the Euro area. Euro area activity will benefit from the same growth drivers as the US, but work-sharing schemes and other factors which have helped maintain many jobs during the crisis may also weaken the rate of job creation over the coming months.

Link to [Employment in Europe Report](#) and [OECD Economic Outlook](#)

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This newsletter briefly describes EU Employment developments

Due to the general nature of its content, this newsletter is not and should be regarded as legal advice

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EU Labour law

EP Rapporteur to push again for extension to paid maternity leave

Edite Estrela, the socialist Member of the European Parliament responsible for drafting the report on extending the basic rules for maternity leave has redrafted the report to be discussed at the next Employment Committee meeting on 1-2 December.

In May 2009, the European Parliament, just before the elections, had voted the report back to the Committee arguing that *“there won’t be a compromise with the Council at first reading on the basis of this report”* and *“that the positions within the European Parliament were too different”*.

However, Estrela considers that a new Parliament means new chances and has said that she will again propose extending fully paid leave from 14 to 20 weeks. She has also promised to include 2 weeks of “paternity leave” for new fathers.

Agreement has been reached with ALDE, the Greens and the GUE. Those left to convince are part of the largest political grouping, the centre-right EPP group, which is split internally on this issue, as well as some Member States. The Committee responsible for the file, the Women’s Rights and Gender Equality (FEMM) will vote on the report on 25 January 2010 after which the full European Parliament will vote on it.

Link to [Estrela draft](#)

UK consults on implementing new EWC Directive

Work is already under way in Member States to transpose the recast European Works Council (“EWC”) Directive (2009/38/EC) into national law before the deadline of 5 June 2011.

The UK Government has opened a public consultation on how it will implement the recast EWC Directive, seeking views on, in particular, how to deal with EWC agreements that are either excluded from the provisions of the Directive or adapted following structural changes within the European undertaking or group of undertakings. Other questions include how to transpose new definitions contained in the Directive, and how to ensure that EWCs are provided with the “means required” to apply their rights from the Directive. The consultation closes on 12 February 2010. The Government will then publish a response to the consultation in Spring 2010.

Link to consultation on [BIS website](#)

Equal Treatment

European Commission publishes survey on discrimination

On 9 November, the European Commission released the results of an Opinion Survey on discrimination in the EU. According to the results of the survey, discrimination on ethnic grounds is considered the most wide-spread (61%), closely followed by age (58%) and disability (53%). The rise in age discrimination is perceived by many to be “clearly linked” to the current global economic crisis. The survey also looked into how “aware” EU citizens are of their rights in cases of discrimination and found that although 1 in 3 people knew their rights, there are “considerable differences” at national level.

Meanwhile, on 16-17 November, the Swedish Presidency organised the annual EU Equality Summit in Stockholm. The focus of this year’s summit was “Cooperation for Equality”. Among the issues were diversity in private and public sectors and how cooperation between the different players can be approved. During the summit the European Trade Union Confederation (ETUC) and various NGOs presented a joint declaration urging EU policy makers to *“take more effective action on equality”* by tackling the remaining gender gaps in equality policies and legislation and ensuring effective implementation of gender mainstreaming in EU policies, investing in strong social policies that support equality, developing rights-based migration and integration policies and working in partnership with European and national trade unions.

Link to [Survey](#), [Equality Summit documents](#) and [Joint declaration](#)

Social partners publish final evaluation report 2009 on gender equality

On 24 November, the member organisations of BUSINESSEUROPE, UEAPME, CEEP and ETUC published the final annual report on the national actions in the four priorities identified in March 2005 when they adopted a Framework of actions on gender equality. The four areas for priority actions were:

- To address gender roles;
- To promote women in decision-making;
- To support work-life balance; and
- To tackle the gender pay gap.

Link to [Evaluation report](#)

Growth and Jobs

European Commission launches consultation on post-Lisbon strategy

In 2000, the EU launched the Lisbon Strategy whose ambitious aim was to make the EU the “world’s most

dynamic knowledge-based economy by 2010". After 5 years, the EU re-launched the strategy in March 2005 placing more emphasis on jobs and growth. With the 2010 deadline fast approaching, the Commission and national governments have begun to reflect on replacing the strategy which has had limited results.

On 24 November, the European Commission launched a consultation paper "the Future 'EU-2020' strategy" whose purpose is to "*seek views on how the EU can set its priorities in a ten year horizon that will allow the EU and national levels to work together to move beyond the current crisis and to mobilise new sources of growth, in line with the basic principles of the new Lisbon Treaty*".

Three key drivers are highlighted as being of crucial importance:

- Creating value by basing growth on knowledge (focussing on education, research, innovation and creativity);
- Empowering people in inclusive societies (focussing on skills and the importance of Flexicurity); and
- Creating a competitive, connected and greener economy.

According to the consultation paper, the 2010 Spring Council should set the strategy on its course for the next five years. The consultation closes on 15 January 2010.

However, in an open letter to the EU, the Social Platform of NGOs has criticised both the timing and the method. They fear that plans for the new strategy will be agreed "*behind closed doors*" without proper consultation and will fail to engage citizens and civil society in a "*transparent way*". They claim that the deadline of 2010 is "*simply too soon*", in light of the fact that the new Commission is not likely to be confirmed before January or February 2010. Neither do they believe that the European Parliament will have time to come up with clear recommendations on the 2020 agenda by the proposed deadline. In their opinion, there is "*no urgency in trying to come up with a new strategy in such a short time frame*". The Commission strongly disagrees, and cites the current global economic crisis as making this an urgent priority. It also refutes claims that the EU has not been sufficiently inclusive in its consultation process, arguing that the EU executive has been consulting with stakeholders on a regular basis.

Link to [Consultation paper](#), [Open letter](#)

Labour Mobility

UK opts to keep barriers for Romanian and Bulgarian workers

On 3 November, the UK Government announced that it had decided to keep restrictions on the number of

Romanians and Bulgarians allowed to work in the UK until the end of 2011 to protect UK workers during the recession, which has pushed up unemployment to nearly 2.5 million (7.9%), levels not seen since the 1980s.

The UK first imposed limits when Bulgaria and Romania acceded to the EU in 2007 and renewed them in December last year under EU rules which allows the UK to limit the inflow of these workers until 31 December 2011 and for a further two years if lifting it would cause a "serious disturbance" in the labour market.

Link to [Press release](#)

Working Conditions

Eurofound publishes analysis of working time in the EU

On 16 November, Eurofound published a comparative analysis of working time in the EU and Norway focussing on changes in working time and practices relating to the organisation of work over the period 2000-2006.

Link to [Comparative report](#)

Eurofound publishes report on low-qualified workers in Europe

On 13 November, Eurofound published an analytical report on the disadvantages faced by low-qualified workers in Europe. The report reveals that, in general, people in Europe with only a basic level of education are disadvantaged in three ways: their employment options are limited, they tend to be restricted to certain types of jobs and they have fewer opportunities to participate in training than people with more education.

Link to [Comparative report](#)

Eurofound publishes review of industrial relations in the EU

On 17 November, Eurofound published its annual review of industrial relations in the EU. This year's report, set against the backdrop of the current economic crisis, also includes developments in Japan, the US and the emerging economies of Brazil and China. The report charts the similarities and trends in structure and developments between these five economies, plus an outline of priority issues for the social partners and a range of measures that could improve the global economic outlook.

Eurofound has also published several information sheets on how employment can be supported during these difficult times.

Link to [Annual Review](#), [Information sheet: supporting employment](#), [Information sheet: Employment, the worst](#)

[still to come?](#), [Information sheet: Social partners and recession](#) and [Information sheet: company strategies](#)

Eurofound publishes report on restructuring in times of recession

On 4 November, Eurofound published a report analysing restructuring and job loss over the past year. The report looks in detail at how particular sectors, countries and occupations have been affected and examines a range of responses that have been taken to safeguard employment at company, Member State and European level.

Link to [Eurofound report](#)

National developments

Finland

Working lives set to increase by up to five years

A new method of calculating state pensions in Finland will be introduced next year. The inclusion of a 'life expectancy coefficient' in actuarial calculations will mean that a young person currently starting their first job will have to work for up to five years longer than a worker currently aged 60 to obtain an equivalent pension.

Link [Finnish Centre for Pensions](#)

Romania

Contracts to be registered prior to employment

The Romanian government has agreed to amend the Labour Code to require employers to register all employment contracts at least one day before they are due to commence. Currently, registration with the labour inspectorate must take place within 20 days of an employee starting work. This change is designed to reduce illegal employment and has been put forward as a precondition for further funding by the EU, World Bank and IMF.

Link to [Romanian Labour Code](#) and [IMF Statement](#)

UK

Notification penalties on larger companies

From December 2009, the UK's HM Revenue and Customs (HMRC) will begin issuing warnings to companies with 50 or more employees that fail to notify them via their online service about new and terminated employees. From 6 January 2010, HMRC will start fining larger companies that continue to notify them in paper form. These penalties will range from £100 to £3,000 according to the volume of submissions. These requirements apply not only to British citizens resident in the UK, but also to foreign nationals posted to the UK. They also apply to foreign nationals returning home (from the UK) and British citizens posted abroad.

Link to [HMRC website](#)

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