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Institut des Sciences du Travail



**MONOGRAPH ON THE SITUATION OF SOCIAL PARTNERS IN NEW MEMBER
STATES AND CANDIDATE COUNTRIES**

Construction sector

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Introduction

This report has been produced as part of the research into the institutional representativeness of social partners in the European Union, and the situation of trade unions and employers' associations in new Member States and candidate countries. The research has been conducted by the Institut des Sciences du Travail (Catholic University of Louvain) at the request of the Employment and Social Affairs Directorate-General of the European Commission (Call for tenders No VT/2002/83).

The aim of the report has been to produce monographs that set out both brief descriptions of the way that social dialogue functions in new Member States and candidate countries, and descriptions of the various workers' and employers' organisations involved in social dialogue at sectoral level.

1. Background

This research is located against a backdrop of the European Commission's promotion of social dialogue at Community level, and in the setting of the enlargement of the European Union.

The issue of the representativeness of European organisations came to the fore in the context of the promotion of social dialogue. In a Communication published in 1993¹, the European Commission set out three criteria determining the access that employers' and workers' organisations had to the consultation process under Article 3 of the Agreement on Social Policy. According to the terms of this communication, the organisation must: (1) *be cross-industry or relate to specific sectors or categories and be organised at European level*; (2) *consist of organisations which are themselves part of the social partners structures of Member States which have the capacity to negotiate agreements, and which are representative of all Member States, as far as possible*; (3) *have adequate resources to ensure their effective participation in the consultation process*. In 1996, it adopted a consultation document² that sought to bring together the widest range of views on the measures to be employed in fostering and strengthening European social dialogue. At that point, given that the social partners at European level were, and still are, in the process of structuring themselves and accepting new applications for membership, the European Commission conducted a study on the representativeness of inter-professional and sectoral organisations in the European Union, and in a new Communication³ in 1998, announced the measures that it proposed to take in order to adapt and promote social dialogue at European Union level. In it, the Commission reaffirmed the three criteria established by the 1993 Communication, permitting European organisations to be recognised as representative for consultation purposes under Article 3 of the Social Policy Agreement. They were that the social partners should (1) *be related to specific sectors or categories and be organised at European level*, (2) *consist of organisations which are themselves an integral and recognised part of Member States' social partner structures, having the capacity to negotiate agreements, and which are representative of several Member States* (3) *have adequate resources to ensure their effective participation in the consultation process*. Finally, in 2002, the Commission reaffirmed its support for a strengthening of social dialogue in its Communication *The European social dialogue, a force for innovation and change*⁴. In the respect of the three criteria set up by the Commission, as has been pointed out in previous studies⁵, *the changes focus on the disappearance of demands relating to the inter-sectoral nature of organisations and on the fact that they are established in all Member States; the new rules have not been formulated in a very restrictive manner, they only require employers' and workers' organisations to represent "several" Member States. This relaxation of the*

¹ COM(93) 600 final of 14 December 1993, Communication from the Commission concerning *the application of the Protocol on Social Policy*.

² COM(96) 448 final of 18 September 1996 concerning *the development of the social dialogue at Community level*.

³ COM(98) 322 final of 20 May 1998, Communication from the Commission, *Adapting and promoting the Social Dialogue at Community level*.

⁴ COM(2002) 341 final of 26 June 2002, Communication from the Commission, *The European social dialogue, a force for innovation and change*.

⁵ Spineux A., Walthery P. et al., *Report on the representativeness of European social partners organisations*, Report coordinated by the Institut des Sciences du Travail of the Université catholique de Louvain, for the European Commission, Directorate General for Employment, Industrial Relations and Social Affairs, Louvain-la-Neuve, 1998.

implementation condition might pose a demarcation problem in the sense that there is no criterion setting out a minimum number of Member States to activate it.

Against this background, it is clear that one of the main issues, both for the Commission and for the European social partners, is the enlargement of the European Union and its impact on the process of social dialogue at Community level: *The Communication underlines the vital role and the weaknesses of social dialogue in the candidate countries. Much has been achieved over the past decade with the support of Community programmes and initiatives. However, a lot remains to be done to strengthen the capacities of social partners and involve them in the accession process*⁶. As far as the European Commission is concerned, it is *only with sufficiently robust national structures that the social partners will be able to participate effectively in negotiations and in other European social dialogue activities and also implement agreements at national level*⁷.

The development of social dialogue, therefore, formed part of the “*acquis communautaire*”(community achievement):: *The Treaty requires that social dialogue be promoted and gives additional powers to the social partners. The candidate countries are, therefore, invited to confirm that social dialogue is accorded the importance required and that the social partners are sufficiently developed in order to discharge their responsibilities at European Union and national level, and to indicate whether they are consulted on legislative drafts relating to the taking over of the employment and social policy acquis... Therefore, the development not only of tripartite structures but also of autonomous, representative bipartite social dialogue is an important aspect for the future involvement of the candidates countries' social partners in the social dialogue activities developed at European and national level*⁸.

Enlargement of the European Union is a major issue from a quantitative and qualitative point of view: *The quantitative leap is quite clear as soon as the number of partners rises. The delegations taking part in social dialogue will be enlarged, and that, as we know, does not facilitate dialogue. However, the leap is also qualitative in that the new entrants present the industrial relations systems they have inherited from their national histories*⁹. By and large, most of the country studies are notable for strongly developed tripartism, but for weakness at central bipartite level, in social dialogue at sectoral level, and at the level of organisations, particularly employers' associations.

This study may be seen as a tool to help understand these quantitative and qualitative factors. It will also make it possible to understand the various systems of industrial relations in different countries, and to introduce the actors involved in social dialogue.

2. The research process and methodological remarks

For the purposes of conducting this research, a network of university researchers was established for the 13 new Member States and candidate countries. These researchers are independent both of the European Commission and of employers' and workers' organisations. Each researcher was tasked with producing a report on the basis of a common canvas, and a questionnaire dealing specifically with the realities of the new Member States and candidate countries was drawn up for this purpose (see questionnaire in the Annex). The Institut des Sciences du Travail (IST) was responsible for coordinating and writing the summaries, and reaffirms its independence in respect of the political consequences and decisions that may flow from this study.

The research process that was developed involved not only the gathering of quantitative and qualitative information on the actors and the social dialogue in which they take part, but also *an active approach to constructing a consensus that forms an integral part of the social dialogue*. For example, although, in many cases, the data collected do not make it possible to be wholly objective about the role played by organisations, the contacts that were made in the course of collecting the data and discussions with the various actors concerned will *form an integral part of a process of mutual*

⁶ *Op cit.*

⁷ *Op cit.*

⁸ *Enlargement of the European Union. Guide to the negotiations. Chapter by chapter*, European Commission, DG Enlargement, June 2003.

⁹ Léonard E., Spineux A., *Les relations industrielles en Europe aujourd'hui*, Institut des Sciences du Travail, UCL, 2003 (unpublished).

*recognition*¹⁰. Each national expert's report has been submitted to the national organisations in order to enable them to make comments on the data collected¹¹. It follows that the main sources used in the course of this study have been the social partners themselves. The IST coordinating team then collated information that had been gathered and presented information taken from the expert's reports in order to produce a comparable analysis for the different countries. The report was then submitted to the European social partners for the Construction sector in order to enable them to make comments on the report.

The European Federation of Building and Woodworkers and the European Construction Industry Federation had the opportunity to consult the report. Their comments and reactions have been included in the report.

Generally speaking, the Construction sector may not be defined in the same way in all the countries. If the NACE codes can be used in an indicative way, each monograph describes the situation that corresponds to a national context. The definition given in each monograph takes into account the structuring of CB in the sector and the structuring of employees' and employers' organisations -that is to say the field covered by each organisation. The organisations have no common delimitations, and that may explain some possible divergences with respect to the interpretation of the sector delimitation. Briefly, we are examining, within this study, the question of the delimitation of the Construction sector, country by country. We have tried to respect national concepts and realities as far as possible. Only as an indication, the NACE classification for the Construction sector is shown. Construction activities correspond to sections 45 of the nomenclature, respectively:

45 CONSTRUCTION

45.1 Site preparation

- 45.11 Demolition and wrecking of buildings; earth moving
- 45.12 Test drilling and boring

45.2 Building of complete constructions or parts thereof; civil engineering

- 45.21 General construction of buildings and civil engineering works
- 45.22 Erection of roof covering and frames
- 45.23 Construction of motorways, roads, airfields and sport facilities
- 45.24 Construction of water projects
- 45.25 Other construction works involving special trades

45.3 Building installation

- 45.31 Installation of electrical wiring and fittings
- 45.32 Insulation work activities
- 45.33 Plumbing
- 45.34 Other building installation

45.4 Building completion

- 45.41 Plastering
- 45.42 Joinery installation
- 45.43 Floor and wall covering
- 45.44 Painting and glazing
- 45.45 Other building completion

45.5 Renting of construction or demolition equipment with operator

- 45.50 Renting of construction or demolition equipment with operator

¹⁰ *Reply to Call for tenders VT/2002/83. Studies on the representativeness of the social partners at sectoral level in the European Union and monographs on the situation of the social partners in the candidate countries*, Institut des Sciences du Travail, UCL, 2002.

¹¹ The list of contacted national organisations, which were also invited to make comments on the expert's reports, can be found at the end of the report ("Organisations consulted for the elaboration of expert's reports").

Lastly, given that national situations are very changeable and evolve rapidly, it is important to stress that the aim of this study is to take “a snapshot” of the situation of the organisations in 2004. Interviews with the organisations took place, and the national reports were written, between February and March 2004.

Note: the abbreviations used in this report are:

SW	salaried workers
CA	collective agreement
CB	collective bargaining
ND	no data, i.e. no data is available

In the tables in the national summaries:

T	Does the organisation take part in a tripartite process?
CB	Does the organisation take part in collective bargaining?
Density companies	Number of companies affiliated divided by total number of companies in the sector
Density SW	Number of salaried workers in the affiliated companies divided by total number of salaried workers in the sector

3. Sectoral monographs on new Member States and candidate countries

The sectoral monographs set out below examine the situations in the 13 new Member States and candidate countries, that is to say Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey.

Each monograph starts out with a delimitation and description of the scope of activities and socio-economic features for the Construction sector in the country concerned. Next, each national monograph outlines the principal characteristics of the mechanisms of the social dialogue. Then, trade union and employers’ organisations participating in the social dialogue at the level of the Construction sector are described briefly¹².

Lastly, at the end of this report, a table has been realized for each country which includes the organisations consulted by the national experts.

¹² See the questionnaire in annex.

National summaries

Bulgaria

1. Description of the sector

1.1. - Delimitation and scope of activities

A few years ago Bulgaria started to synchronise its statistical data with the European standards. The National Statistical Institute (NSI), which supplies the latest official data in Bulgaria, has already introduced NACE. Therefore, we can provide data according to NACE.BG-2003. With regards to the official statistics collected by the NSI and other scientific institutions there have been no divergence/convergences, after full adoption of NACE. However, the NSI does not collect information about CB matters. Unfortunately, there is no tradition to keep such records at all in the country. Among the social partners at national level, only the Confederation of Independent Trade Unions in Bulgaria (CITUB) is an exception to the extent to which they collect some non-official figures on a periodic basis.

1.2. - Socio-economic features¹³

Table 1. Trends: share of the sector in GDP (%)

	1998	1999	2000	2001	2002	2003 (preliminary data)
NACE F 45	4.31	4.49	4.06	4.05	3.95	3.90

Table 2. Trends: Produced added value of the Construction sector in Bulgaria (%)

	1998	1999	2000	2001	2002	2003 (preliminary data)
NACE F 45	4.82	5.04	4.59	4.56	4.47	4.46

In 2002 the Construction sector accounted for 4.8% of total employment in Bulgaria. SW in the sector comprised 4.93% of the employees in the country. “*The large-but-uncertain scope of NOE¹⁴ in Bulgaria, as well as other ‘transition’ countries, constitutes a major limitation or obstacle to informed economic policies*”¹⁵. A survey of company directors carried out by the NSI in 2001¹⁶ shows that most of the companies did not give true estimates of their results, but rather understated their sales. The social partners in the Construction sector estimate the share of the underground economy at about 40% in terms of illegal employment (i.e. about 40% of SW work without employment contracts). The sub sector F45.2 appears to involve the highest penetration of illegal employment, since the biggest share of the SW is concentrated there. In terms of avoiding social contributions payment, about 75-80% of SWs who have official employment contracts in the Construction sector are affected, according to the trade unions. We did some calculations on the basis of trade union estimates of this and the result is that only about 12% of SW in the sector work absolutely legally. The employers and employees just declare lower levels of wages than the received real wages, since this way they pay less to the National Insurance Institute and in the course of a survey carried out by the *The Institute for Social Analyses and Policies* (January 2004) the interviewed employers shared with us that sometimes the employees themselves refuse to be registered by the employer in the National Insurance Institute because the employee now prefers to receive the negotiated salary plus the 20-22% for social insurance.

Table 3. Number of enterprises in the Construction sector (2002)

Nace F45	Companies without SW	Companies with 1-9 employees	Companies with 10-100 employees	Companies with >100 employees	Total
F45.1	135	87	37	3	262
F45.2	1416	1819	991	167	4393

¹³ The data is provided by the National Statistical Institute (NSI), last updated in 2002. If the source is different, it will be marked with a special note.

¹⁴ NOE = Non-observed Economy

¹⁵ Michael Cayton. Estimating The Non-observed Economy in Bulgarian National Accounts, p. 25. Paris, 14-16 April 2003. Workshop on National accounts for South East Europe.

¹⁶ Opinions and Assessments of Business Managers in Bulgaria regarding Corporate Taxation. Statistika, Nr.4, 2001, p.56

F45.3	694	822	241	15	1775
F45.4	1120	902	129	6	2157
F45.5	22	18	13	1	54
Total	3387	3648	1414	192	8641

The country average ratio 'SW/workers' is 0.87. The share of the SW (employees) in the sector is a bit higher than the average (91% of workers in the sector are SW and 9% are either self-employed or owners). Blue collars are certainly in the majority in the sector.

As a rule, workers employed in the Construction sector have good or very good education and qualifications. Jobs are relatively seldom occupied by ethnic minorities-Roma people and people from the Turkish ethnic minority. Males are in the majority. With regard to the level of wages in the Construction sector we do not find data from the NSI reliable, bearing in mind the rate of penetration of the grey economy discussed above. It is still quite difficult to analyse atypical work practices since these forms are relatively new for the Bulgarian context. That is why there are no long-term reliable statistics. The strategy mainly adopted by the firms is certainly cost-related, especially in terms of low labour costs and illegal transactions/employment, i.e. low wage economy and grey economy. As a whole, the sector is on a growth trend. It is due to the dynamics of the private sector, and the dynamics of the grey economy. At present, we are witnessing an expansion in terms of the number of companies and the number of companies in the private sector, especially for the companies in categories "1-100 employees"; nevertheless, the number of companies without employees and companies with more than 100 employees is tending to go down; there is still a decline of the public sector even after the peak of privatisation in 1995-1996. The most significant and dynamic change in the size of companies was observed in the process of privatisation¹⁷, and at the moment we have almost full privatisation of the sector (97.22% of companies are private in 2002). Large scale public companies have been replaced by SMEs. SMEs (10-100 employees) become more and more widespread.

Contextual data

Companies¹⁸

Sub-sectors	Number of Companies	% companies without SW	% companies with <10 SW	% Companies 10-100 SW	% companies with > 100 SW
F45.1	262	1.56	1.01	0.43	0.03
F45.2	4393	16.39	21.05	11.48	1.93
F45.3	1775	8.03	9.52	2.83	0.17
F45.4	2157	12.96	10.43	1.49	0.06
F45.5	54	0.25	0.21	0.15	0.01
Total of the sector	8641	39.19	42.22	16.38	2.20

Workers¹⁹

Sub-sectors	Number of workers	Number of SW	Number of SW/number of SW in the country (%)	Number of SW in companies <10 SW/number of SW in the sector (%)	Number of SW in companies 10-100 SW/number of SW in the sector (%)	Number of SW in companies >100 SW/number of SW in the sector (%)
F45.1	2047	1722	0.09	0.23	0.95	0.59
F45.2	94266	74602	3.87	6.68	35.96	35.61
F45.3	14358	11939	0.62	2.92	6.82	2.77
F45.4	9505	6306	0.33	2.93	2.93	0.75
F45.5	825	767	0.04	0.07	0.56	0.17
Total of the sector (labour force survey data base)	121001 (adjusted) 104844 (non	95336 ²⁰	4.94	12.86	47.23	39.91

¹⁷ The decisive phase of privatization in the sector took place in the period 1990-1995/96.

¹⁸ Source: National Statistical Institute (2002), national accounts data base.

¹⁹ Source: National Statistical Institute (2002).

	adjusted)					
Total of the sector (national accounts data base)	111139	101504	4.93	-	-	-

2. Description of the industrial relations in the sector

The sector is not subdivided by social partners. On the contrary, trade unions in the sector cover some activities of other sectors like roads, water supply and production of several specific materials related to construction (cement, ceramics). Employers' organisations are much more fragmented in an organisational sense than unions. We identified few employers' associations in the sector, but only one of them has signed a CA up to now. Up to now, trade unions have had to negotiate with one employer only, while in the future the sector agreement in the Construction sector will have to be signed by two trade unions and a few employers' organisations at the same time. The new configuration of players in the Construction sector will be known on March/April 2004²¹.

2.1. - Description of the tripartite concertation

Tripartite concertation is certainly more relevant and effective at national level. Contrary to many other sectors, the tripartite in the Construction sector is a habit. To some extent one of the reasons for this better performance is the set of personal abilities of trade union leaders, who are quite experienced in negotiations with the ministry and the employers. The Labour Code provides room for tripartite concertation at sector and even at sub-sector (i.e. branch) level. At these levels the tripartite cooperation can take place in the framework of so-called "Sector/Branch Councils for Tripartite Cooperation" (regulated in the new article 3b of the Labour Code). The tripartite cooperation at sector/branch level is organised by the state and depends very much on the good will of the government and the relevant ministry, the Ministry of Regional Development and Public Works, in particular. When necessary, the Council establishes expert committees and working groups "on a proportional basis". The principles of concertation at sector and branch levels are prescribed in the Labour Code. It prescribes that every Sector/Branch Council for Tripartite Cooperation includes two representatives of the corresponding or another state institution responsible for the sector or the branch, and two representatives of every representative trade union sector/branch federation and two representatives of each representative employers' organisation. The chairman of the Sector/Branch Tripartite Council is appointed by the Minister, after consultations with the representative workers' and employers' organisations. The Sector Tripartite Council, which we are interested in, is usually chaired by a Deputy Minister of Regional Development and Public Works. The decisions are based on consensus. The decisions of the National Council for Tripartite Cooperation are obligatory for the Sector Tripartite Council. Because the Ministry of Regional Development and Public Works includes activities of several sectors of NACE (and one of them is the Construction sector), the Sector Council also covers several sectors, construction and related activities, roads and water supply. Until the end of 2003, the Council consisted of representatives of the following organisations; for the employers: i) The Bulgarian Building and Construction Chamber (member of the Bulgarian Industrial Association, the Bulgarian Chamber for Commerce and Industry, and the Employers Association of Bulgaria); ii) The Union of Employers in the Water Supply And Sewerage System (member of the Bulgarian Industrial Association); iii) The Bulgarian Branch Chamber "Roads" (member of the Bulgarian Industrial Association and the Association of Industrial Capital); for the trade unions: i) the Federation of Independent Syndicates in Construction (member of the Confederation of Independent Trade Unions in Bulgaria); ii) the Federation Construction, Industry and Water Supply "Podkrepa" (member of the Confederation of Labour "Podkrepa"); iii) National Branch Trade Union "Water Supplier" (member of the Confederation of Independent Trade Unions in Bulgaria). Since October 2003, the Sector Tripartite Council has stopped its activities, waiting for the results from the counting. The new actors in the Council will be clarified by the end of March 2004. We list, in advance, the possible new members (organisations who will have the right to take part in sector/branch concertation) in the present report (see following: « *Employers organisations* »).

The only criteria for the representativeness of the sector/branch organisations of workers and of employers is their membership of nationally representative trade union confederations or employers' associations. The Sector Tripartite Council is a consultative body, created to ensure tripartite cooperation in the Construction sector. The activities of the council are focused on labour relations in the sector, social insurance and the quality of life of the people working in the sector(s). Members of the council have signed 4 CAs, called "Sector Collective labour contracts" and one memorandum. However, only 2 of them concern the Construction sector (1997 and 2002). The signatory parties are the same as mentioned above. It is important to say that the bipartite CAs are also signed in the framework of the Sector Council. Their content is presented in details below. The latest Sector collective labour contract (agreement) for the Construction sector (signed in 2002) covers the Construction sector, public works, road building and maintenance and activities in the field of construction design and investment. Agreements, stemming from this, go from concertation into practice according to the terms of the CA. Usually it

20 For the calculations (%) in this table is used this figure.

21 The end of the counting procedure coincidences with the deadline of the present report.

includes an obligation for companies that are members of the employers' organisation(s) to implement the articles of the sector CA at enterprise level. In its turn the sector CA takes into account the Labour Code, i.e. indirectly the implementation relies on the Law. There are not informal procedures for tripartite concertation.

2.2. - Description of the bipartite social dialogue

The CB takes place at sector and enterprise level. Both, the sector and enterprise levels in the Construction sector have functioned successfully over the last few years. At the moment, sector and company levels are equally developed, at least in terms of coverage rate. The principle of subordination between different levels is incorporated into the rules and regulations. The Labour Code, itself, binds the levels by stating that the enterprise collective contracts are allowed to include only such conditions for the workers, which are better than agreed at sector level. Sector CAs are obligatory for all the companies which are members of the employers' organisations that are signatory parties of the CA and which have trade union organisations, members of CITUB or "Podkrepa". This approach unifies the conditions in member companies. Usually, companies that are engaged in sector CB also sign company a CA afterwards. In other words, the initiative for CAs goes from the top to the bottom of the scale. Therefore, we conclude that the sector level is of higher importance.

The recognition of representativeness of the social partners at sector and branch level depends only on the membership in employers' or workers' organisation, which is representative at national level. At enterprise level, all trade union organisations can negotiate with the employer in the bargaining process. The implementation of agreements in practice is predominantly carried out according to the terms of the signed CAs.

The obstacles to development of a bipartite social dialogue are as follows:

- firstly, there is the relatively limited coverage rate of sector collective labour contracts (20-25%). The transition to a market economy induced a boom in the registration of private companies in the sector. Many of them do not join any employers' organisations. Apart from that, even companies who are members of employers' organisations may not have trade union organisations (for example, the construction companies which operate not only in Bulgaria, but also abroad – in Germany).
- secondly, another obstacle is the implementation of sector collective labour contracts (agreement) in related enterprises. Due to a wide range of reasons, the sector contract is often violated – mainly in the field of extra work and health and safety at work.
- thirdly, the implementation of sector collective labour contracts (agreements) is hampered by the seasonal character of work in the sector. It causes significant turnover of workers and impedes the bipartite social dialogue in the sector;
- fourthly, the grey economy (that is to say, illegal employment) is also one of the obstacles.

Since 1993, (and much more since 1997), the state has been supporting the bipartite social dialogue mainly by training representatives of the social partners. To a certain extent the sector tripartite council has also encouraged and supported the process of bipartite sector CB. Trade unions are another driving force in this direction.

In the very beginning of the "transformation process" in Bulgaria, the attention of the social partners and especially of the trade unions was concentrated upon the tripartite procedures. Step by step, the "bipartite component" of the social partnership separated from the "tripartite stream". There is not an established practice of shifts from bipartite to tripartite negotiations. In such a case, the semi-negotiated sector/branch CA just remains unsigned. A specific matter is related to the employers' attitudes towards participation in bipartite and tripartite procedures. They are more inclined to take part in the sector tripartite council, than in the sector CB. The reason is very simple: the Council gives them scope for lobbying in many business directions, while CAs bring them predominantly harder obligations and responsibilities. There was a kind of a move from tripartite to bipartite partnership in the Construction sector, but the social partners are still eager to keep the tripartite concertation active.

2.2.1. - At sector level

There is no legal definition of "sector" or "sub sector" (branch) in the Bulgarian Labour Law. However, the branch is deemed to be a subdivision of the sector. According to the Labour Code, participants in the sector bargaining are only the relevant sector/branch structures of nationally representative trade union confederations and employers associations.

Bargaining cartels are not relevant in Bulgaria. The actors of the relevant trade union confederations and employers' organisations playing role in the social dialogue until October 2003 are noted following (see "Trade Unions" and "Employers' Organisation"). These actors possess enough ability to negotiate and sign collective labour contracts (agreements) at sector level. There isn't any legal obligation to participate in the CB at sector level. With regard to recognition issues, in general, there are such kinds of conflicts, but they are concentrated at national level and conflicts appear between already recognised and still not recognised organisations (yet, the recognition is a government concern). In the Construction sector there are no conflicts at sector level, since the legal procedure for recognition at these levels does not leave room for disputes over the fact of recognition. There are two CA (one in 1997 and one in 2002), signed by the signatory parties described above. The recent Sector collective labour contract (agreement) in the Construction sector contents issues of payment and salaries; compensation; working time and rest time; overtime; holidays, leave, days off and vacations; health and safety working conditions;

employment issues; professional qualifications, skills, retraining and vocational training of employees; social, living and cultural services (company social policy); employees who work abroad; relationships between the parties (employers and trade unions). It is valid for a period of two years. We do not foresee any significant changes in the content of CA. Yet, it is possible to witness some increase of the coverage rate and density thanks to the contribution of new employers' association (NBF), member of UPEE.

According to the estimates proposed by the trade unions, the coverage rate of employees, covered by CAs (contracts) at sector/branch level is around 23%**²². One of the reasons for this relatively low coverage rate is the grey economy. Multinationals don't sign and don't recognise sector/branch CA, they sign only company CA. We did not find any other sources of information on the topic. Concerning the number and type of SW covered by these CAs, we can give only some average estimates, given by trade union federations in Construction sector and the Institute for Social analyses and Policies. Altogether trade union federations cover about 23, 000*²³ employees by sector/branch CA. At least 90% of them are blue collar workers.

For extending CAs to parties that are not signatories to the agreement, the Labour Code gives the right to the Minister of Labour and Social Policy to make extensions. This may happen if the collective contract is signed by all the representative organisations of the workers and employers in the sector/branch. This procedure is not used effectively. The argument usually is that the companies in the sector differ significantly from each other in terms of economic results and that the situation with the extension is quite complicated due to the unfavourable economic situation in the country as a whole and particularly in the sector. Therefore, people prefer to do any work and to receive some wage, however low, rather than being unemployed. On the other hand, The Minister of Labour and Social Policy prefers to keep records of employees with low salaries rather than the unemployed.

We can predict that within the next 4 years, the trade union component of the social dialogue in the sector will remain the same. We see possibilities for the appearance of new social partners' organisations in the sector, mainly in the employers' component. We were told that a new employers' association (the NBF, described below in the report) will enter the Sector Council and will take part in CB (respectively, it will sign CA). Probably NBF will achieve higher density than the Bulgarian Building and Construction Chamber.

2.2.2. - At enterprise level

Bargaining cartels are not relevant in Bulgaria. Yet, the dominant players are the same as at sector/branch level – the sections of federations of the nationally representative trade union confederations, and all the legal trade unions can negotiate and sign, no matter whether they are nationally representative or not. There is hostility between the sections of the nationally recognised unions and the sections of other trade unions, which are not nationally representative. In some cases, the trade union sections of nationally representative unions use different techniques to eliminate the “small trade unions” from the CB. In actual fact, trade union structures of non-representative trade unions in Construction sector are very weak and the possibility for appearance of tensions, described above is mainly hypothetical.

There is no data available about the number of CAs at enterprise level. The signatory parties at enterprise level are: employer and trade union sections. As far as the contents of company collective contracts is concerned, one can find more or less unified plans, usually including employment, professional qualifications/vocational training; working hours, leave, vacations, etc; salaries, wages and other payments (such as compensations and benefits)²⁴; health and safety at work; social security and insurance²⁵; trade union activities in the enterprise; voluntary settlement of collective labour conflicts; procedure for joining the collective contract. The term of the collective contract must be stated in the contract itself, but it cannot be shorter than one year or longer than two years. This regulation was adopted in 2001, when the Labour Code was seriously changed and amended.

Regarding the possible developments, we don't expect significant changes in the content of contracts. Having in mind the lack of information about the number of contracts and trends at this level, we regret that we cannot give any forecasts about future developments.

According to the estimates proposed by the trade unions, the coverage rate of employees covered by CAs (contracts) at enterprise level is around 24%**²². Trade unions are convinced that the grey economy is impeding higher coverage rate. The number of enterprises which signed CAs is information we cannot provide, because there is no tradition of processing data like this. Some multinationals are also covered by company CAs. There are five multinational plants in Bulgaria (Italian, Greek and German-Swiss investments). About 1000 employees in multinationals are covered by company CAs. Multinationals don't sign and don't recognise sector/branch CAs, but sign company CAs. Concerning the number and type of employees covered by these CAs, we can only give some average estimates, given by trade union federations in the Construction sector and the Institute for

²² By (**) we mark calculations of researchers based on the estimates of respondents or estimates of researchers.

²³ By (*) we mark estimates of respondents.

²⁴ The legislation establishes only the minimum monthly salary, then the legislation requires the level of wages in the enterprise to be higher than negotiated at branch level (or at least equal to it). Everything else can be negotiated.

²⁵ Social securities are totally regulated by the law, by the so-called “third pillar of the social securities system” – the voluntary additional social securities are an important point of negotiation and bargaining.

Social Analyses and Policies. Altogether, trade union federations cover about 24, 000* employees. At least 90%* of them are blue collar workers. Collective contracts at enterprise level cannot be extended to parties that are not signatories to the agreement (in contrast to sector CAs). There is, however, a clear legal procedure for personal membership of workers (unionised or non-unionised) in the collective contract of the company. The trade union members of organisations, whose draft has failed the competition at the General Assembly of workers can only join the collective contract on a personal basis.

As explained above, the new configuration of players in the Construction sector will be known on March/April 2004. Nevertheless, we can share here some semi-official results that we got from reliable sources of information (people who are close to the Ministry of Labour and Social Policy): 1) there is no change in the ‘territory’ of trade unions. The nationally representative trade unions remain the same – the Confederation of the Independent Trade Unions in Bulgaria (CITUB) and the Confederation of Labour “Podkrepa”; 2) there is, however, change on the employers’ side-we have one more employers’ association, already recognised at national level – The Employers’ Association of Bulgaria. In this way, the representative employers’ organisations at national level become five. Four of them have been representative up to now – the Bulgarian Industrial Association-BIA, the Bulgarian Chamber for Commerce and Industry-BCCI, the Union for Private Economic Enterprise – UPEE and the Bulgarian Union of Private Entrepreneurs “Vuzrazhdane”. These changes may reflect on the list of members of the Sector Council.

3. Description of the organisations active in the sector

3.1. - Workers’ Organisations

Due to the Labour Legislation in Bulgaria, only a few workers’ organisations have the right to operate at sector level. The organisations eligible, at sector level, are only those organisations which are members of central trade union organisations recognised as representative at national level. In this way, only two federations act in the Construction sector-those members of CITUB and Podkrepa CL. The key data about the trade unions are given in the table below. The only source for quantitative data about the organisations is the internal statistics of the sector organisations themselves. Yet, the data is reliable enough since trade unions have just been checked by the Ministry of Labour and Social Policy in the course of counting procedure started in October 2003²⁶.

The organisations’ institutional characteristics (Note: Estimates of respondents are marked by (*), while estimates of researchers are marked by (**))

	Member of Confederation of Independent Trade Unions in Bulgaria	Member of PODKPEPA Confederation of Labour
Name of the organisation	Federatzia na Nezavisimite Stroitelni Sindikati v Bulgaria (FNSS) (In Cyrillic: Федерация на независимите строителни синдикати в България, ФНСС)	Federatzia Stroitelstvo, Industria i Vodospodabdiavane “Podkrepa” (In Cyrillic: Федерация “Строителство, Индустрия и Водоснабдяване” – “Подкрепа”)
Name of the organisation	Federatzia na Nezavisimite Stroitalni Sindikati v Bulgaria (FNSS)	Federatzia Stroitelstvo, Industria i Vodospodabdiavane “Podkrepa”
English name	Federation of Independent Syndicates in Construction (FISC)	Federation Construction, Industry and Water Supply Podkrepa
Legal status	NGO, non profit	NGO, non profit
Year of creation	1990	1990
Staff	5 people, of which one is hired on part-time base	10 people (and 367 volunteers)
Funding ²⁷	Membership fee, voluntary contributions, by renting out premises; no government subsidies	Membership fee, voluntary contributions; no government subsidies
Structure of the organisation: sector/subsector	covers all the activities of NACE F45 as well as few other branches like Roads, water supply, and production of materials for construction-cement, ceramics and other materials	covers all the activities NACE F45 as well as few other sectors like NACE 14, 26 and 41
Do members pay subscriptions	yes, but the regularity of payment depends on the regularity of	yes, regularly

²⁶ We would like to express our thanks to trade union organizations in the Construction sector for the adequate support and professional help in the course of the survey. We owe special thanks to Mr. Michail Michailov and Mr. Ioanis Parteniotis (FCIW Podkrepa) and Mr. Velin Iliev (FISK, CITUB).

²⁷ The regularity of subscriptions’ payment depends very much on the regularity of salary payments. The president of the Federation of Independent Syndicates in Construction (member of CITUB) admitted, that only 50% of their members pay the membership fee regularly.

	salary payments	
Structures for internal spreading of decisions stemming from concertation	yes: training seminars, publications/periodicals (own Bulletin); by regional structures, meetings with activists and members	yes: training seminars, own publications/periodicals (We, The Alternative Newspaper)
Number of individual members	12,912 ²⁸	7100*, of which 3250* in construction ²⁹
Type of SW	Blue collars	Blue collars
staff/white-collar workers	10%*	7%
manual/blue-collar workers	85%*	93%
managers	1% (about 200 people)	-
retired workers	4% (about 500 people)	-
students	-	-
recipients of social benefits	-	-
Number of members working in the sector	12 912	3250*
Density	12.7%	3.2%
elections	Yes	yes
nature of these elections	internal elections for ruling bodies	internal elections for ruling bodies
What are the outcomes	elected ruling bodies	elected ruling bodies
Does the organisation take part in consultations at sector, higher than enterprise or enterprise level ?	Yes, directly at sector, branch (i.e. subsector) and municipality level; indirectly at enterprise level via company sections	Yes, directly at sector and branch (i.e. subsector) level and indirectly at enterprise level via company sections
Does the organisation negotiate, or does it sign, CAs?	Yes-negotiates and signs at sector, branch and municipality level	Yes-negotiates and signs at sector and branch level
How many CAs have been signed by the organisation in 2002 and 2003?	total: 2 agreements	total: 2 agreements
sector level	1 agreement (in process of signing of a new one)	1 agreement (in process of signing of a new one)
branch level	1 agreement (in process of signing of a new one)	1 agreement (in process of signing of a new one)
local level	-	-
Does the organisation take part in tripartite concertation?	Yes	Yes
How many agreements has it signed in the framework of tripartite concertation in 2002/03?	2 agreements	2 agreements
Does the organisation take part in CB	Yes	Yes
National affiliations	Direct: CITUB	Direct: CL Podkrepa
European affiliations	Direct: EFBWW	Direct: EFBWW, EPSU
International affiliations	Direct: IFBWW	Direct: IFBWW, PSI

3.2.- Employers' Organisation

Employers' associations follow the same logic as workers' organisations according to the law in force. It means that only members of the four (probably five in the future) national "umbrella" employers' organisations: BIA, BCCI, UPEE and BUPE "Vuzrazhdane" are able to act in the Construction sector. Taking into account the recent developments, Employers Association of Bulgaria will have the right to enter the Sector tripartite council in Construction sector, too, as a fifth possible member. As far as we know BUPE "Vuzrazhdane" does not have organisations in the sector.

²⁸ The given data is derived from internal counting as of 31.12.2003, based on the organizational membership records, updated every 6 months) and confirmed by Ministry of Labour and Social Policy in the end of 2003 in the course of counting.

²⁹ The given data is derived from internal counting as of 29.2.2004, based on the organizational membership records, updated every month) and confirmed by Ministry of Labour and Social Policy in the end of 2003 in the course of counting.

Up to now the only signatory party in the sector has been The Bulgarian Building and Construction Chamber. Thanks to the allowed multiple membership The Bulgarian Building and Construction Chamber is a member of the following national employers' associations: The Bulgarian Industrial Association (BIA), the Bulgarian Chamber of Commerce and Industry (BCCI), The Employers Association of Bulgaria. The BIA and the BCCI have been nationally representative employers associations since 1993 now. We have reliable information that the Employers Association of Bulgaria will be recognised as nationally representative, too. The new counting procedure requires, however, every employers' sector/branch organisation to appoint one nationally representative umbrella organisation, which will represent it, preferably in the National Council for Tripartite Cooperation (NCTC). In October 2003 The Bulgarian Building and Construction Chamber chose the BIA to represent its interests in the NCTC, remaining at the same time a member of the other two umbrella organisations. This new requirement was a step towards the elimination of multiple memberships, considered to be bad practice in the Bulgarian social dialogue.

The potential social partners are some existing organisations³⁰, members of BCCI, that have had the right to take part in CA/CB up to now, but have not been active in the field, or some new players³¹ in the Construction sector – members of the UPEE (Union of Private Economic Enterprise)³². We should mention that, as of now, there is only one of the representative employers' organisations, which does not have relevant sector/branch structures for the Construction sector, – the Union of Private Entrepreneurs "Vuzrazdane" (BUPE "Vuzrazdane"). This is the result of their principle of structuring, which is mainly oriented towards a regional level-the focus of their activities is municipalities and regions. We will have to await the official results of the counting procedure in order to say whether the new national employers' association (EABG) will take part in the building tripartite council.

*The organisation's institutional characteristics*³³

Name	Bulgarska stroitelna kamara (In Cyrillic: Българска строителна камара)
English name	Bulgarian Building and Construction Chamber (BCCC)
Legal status	NGO, non profit
Year of creation	December 1990
Staff	18 employees, all are hired on full-time base
Funding	Membership fee, voluntary contributions, running projects; no government subsidies
Structure of the organisation: sector/subsector	It covers F45
Do members pay Subscriptions	Yes
Number of enterprises represented: total, of which:	1340
SMEs	75 %
Criteria according to the Law for SMEs, in force from 24 th August 2004	
Small enterprises	57 %
- 11-50 employees hired;	
- yearly turnover up to 2.5 million EUR, or tangible fixed assets amounted at up to 0,5 million EUR	18 %
Medium enterprises:	
51-250 employees; yearly turn over up to 7.5 million €, or tangible fixed assets amounted at	

³⁰ Bulgarian Entrepreneurial Chamber; Bulgarian Association for Isolation in Construction; Union of private constructors in Bulgaria.

³¹ National Building Federation; National Association of House Builders, Association of producers of dry building mixtures, Association of surveying companies, Association for infra-structural building.

³² It seems that UPEE is going to play a significant role in the social dialogue and tripartite concertation of the sector. The different scenarios for participation of these organizations in bipartite and tripartite process can be discussed. The UPEE has got several branch organizations, operating in the Construction sector, which have not participated in industrial relations up to now. However, UPEE must have changed its attitude to the Sectoral Tripartite Council and its structures are going to join it soon.

³³ The present data is given by BCCC (September 2004). In February-March 2004, when the field work was carried out the BCCC refused to give any data.

up to 4 million Eur. Micro enterprises: Criteria 1-10 employees	20 %
private	Over 97 % of the company's capital is private-owned; 3 % is municipal and state enterprises
multinationals	ND
Number of employees represented	75 % from the employees in the sector (over 90 000 employees totally)
Number of SW	Data are not available at the moment
Density companies	14.7%
Density employees	ND
Does the organisation take part in consultations at sector, higher than enterprise or enterprise level ?	Yes, at sector and branch level
Does the organisation negotiate, or does it sign, CAs?	Yes
Which ones?	at sector level-agreements, covering F45
How many CAs have been signed by the organisation in 2002 and 2003	1 CA
sector level	1 CA, signed on 8.2.2002, which is in force until 9.2.2004
branch level	- New CA, signed on 14.4.2004
Does the organisation take part in tripartite concertation?	Yes
How many CAs has it signed in the framework of tripartite concertation in 2002 and 2003?	1 memorandum
Does the organisation take part in CB?	Yes
National affiliations	Direct : BIA, Bulgarian Industrial Association; BCCI, Bulgarian Chamber of Commerce and Industry; EABG, Employers Association of Bulgaria
European affiliations	Direct : FIEC
International affiliations	No

The total number of contractors, active in the Construction Sector is 11,000.

Cyprus

1. Description of the sector

1.1.- Delimitation and scope of activities

In Cyprus, the activities, covered by the Construction Sector, cover all activities under Section 45 of NACE Rev.1. It includes units which either undertake only construction work or their main activity is construction. Establishments, or other organisations not classified in the Construction sector, with no independent construction units, are excluded. Such establishments exist in the mining and quarrying sector.

The data published officially by the Statistical Service of Cyprus, refers to construction activities in the Government controlled areas, excluding the areas under Turkish occupation, since the Turkish invasion of Cyprus, in July 1974. The data sources available on the sector are annual sample surveys, censuses and monthly inquiries held by the Statistical Service of Cyprus and administrative records of Government Departments, Municipalities, District Administration Offices and other organisations. The main data on the Construction sector is available annually on a 5-digit classification of NACE Rev.I. Such data pertain to output, employment, labour costs, other production costs, expenses, investments, building permits and housing.

1.2. - Socio-economic features

Construction is one of the most important sectors of the economy of Cyprus. In 2002, its annual contribution to GDP was 7.8% at current market prices, 9.4 % of the gainfully employed population and 58 % of gross fixed capital formation. According to the 2000 Census of Establishments there were 6,325 establishments employing 24,528 people. Of these establishments, 4.2% were in site preparation, 66.3% in building of complete construction or parts thereof and civil engineering, 17.6% in building installation and 11.9% in building completion. The corresponding employment was: 2.3%, 78.7%, 13.2 % and 5.8 % respectively.

Establishments by Size and Employment as at Census of Establishments, 2000

Size (number of people engaged)	Establishments	Employment (full-time equivalent)
1	3479	3388
2-4	2000	5263
5-9	488	2995
10-19	206	2731
20-49	100	2916
50-99	26	1799
100-249	21	3565
250 and over	5	1871
Total	6325	24528

The sector is characterised by the small size of establishments. Of these establishments, 55.0% employed 1 person, 31.6% employed 2-4 people, 7.7% 5-9 and 5.7% 10 and over people. Enterprises amounted to about 6220³⁴ of which 65.7% were privately owned, 28.8% were companies with limited liabilities, 5.2% were partnerships and joint-ventures and 0.3% government and semi-government organisations and municipalities. Among the full-time employment, which accounted for 98% of the labour force in the sector, 10.1% were employers, 16.4% self-employed and 73.5% were employees. Women accounted for 6.7% of the labour force in the sector. Of those employed in 2000, 83.8% were in private enterprises, 9.7 % in Government, 4.9% in semi-government organisations and 1.6% in municipalities. The educational level of the labour force in the Construction sector is relatively low. Nearly 46% completed primary school, 24% secondary school, 14% gymnasium (3 years secondary), 9% had education below full primary level, 4% graduated from university and 3% from a college. The occupational structure of the labour force in construction is 60.5 % builders and related trades workers, 19% labourers, 6% drivers and plant operators, 5% professionals, 4% technicians, 4% clerical and related workers and 1.5 % managerial staff.

³⁴ An enterprise may have more than one establishment. For that reason, there are 6220 enterprises and 6325 establishments.

No accurate figures on the grey economy in construction are available but official estimates put it of the order of 2% and is attributed mainly to under-reporting by firms, under-coverage and own construction work done by households.

The Construction sector experienced a relative drop in its share of GDP during the last two decades. Its share in GDP at current market prices averaged about 10% annually during 1985-1993 and has steadily declined since 1994 from 9.4% to 7.8% in 2002. This could be explained by the restraining factors on the demand for houses which was attributed to:

- the containment of construction activity for housing purposes, due to a great extent to the satisfaction of the housing needs of the majority of the population, after the devastating re-allocation effects of the Turkish invasion in 1974,
- the inadequacy of the system of long-term loans for housing projects,
- increases in labour and other production costs (the labour cost index rose from 46.8 units in 1985 to 100 in 1995 and 143.3 in 2002 and the overall cost index from 63.4 in 1965 to 100 in 1995 and 124.2 in 2002).

The objectives of the development effort in the Construction sector are the improvement of the quality and safety of construction, the increase of the efficiency of the construction enterprises, the containment of rising costs, the training of workers and the adoption of the European Union standards and safety in the sector.

Contextual data

Companies (Number of establishments)

Sub-sectors	Number of Companies	% companies without SW	% companies with <10 SW	% Companies 10-100 SW	% companies with > 100 SW
45.1	262	0	98.5	1.5	0
45.2	4196	0	93.4	6.0	0.6
45.3	1112	0	94.7	5.3	0
45.4	755	0	97.5	2.5	0
Total of the sector	6325	0	94.3	5.3	0.4

Workers (number of people engaged)

Sub-sectors	Number of workers	Number of SW	Number of SW/number of SW in the country (%)	Number of SW in companies <10 SW/number of SW in the sector (%)	Number of SW in companies 10-100 SW/number of SW in the sector (%)	Number of SW in companies >100 SW/number of SW in the sector (%)
45.1	560	560	0.2	85.5	14.5	0
45.2	19296	19296	6.4	42.1	29.7	28.2
45.3	3251	3251	1.1	59.3	40.7	0
45.4	1421	1421	0.5	77.7	22.3	0
Total of the sector	24528	24528	8.1	47.5	30.4	22.1

2. Description of the industrial relations in the sector

2.1. - Description of the tripartite concertation

There is tripartite social concertation in Cyprus, mainly for the overall economic and social policy of the country, which embraces also concertation at the sector level. The main actors in this concertation for the Construction sector are the Ministry of Labour and Social Insurance, the Federation of the Associations of Building Contractors of Cyprus and the two main Trade Unions (PEO and SEK). The policy of the Ministry of Labour and Social Insurance in the area of labour relations, in general, has been centred in the development and preservation of sound industrial relations and the maintenance of industrial peace and aims at increased social cohesion, enhancement of democratic practices, improved

productivity and socio-economic development. This policy is pursued through the safeguarding of the freedom of association and the encouragement of free CB, the provision of assistance for the prevention and settlement of labour disputes, for the benefit of the two parties, within the interests of the public as a whole and the protection of vulnerable groups of workers.

In the Construction sector there is one agreement signed, usually every two years, for builders and related workers. For the broad Construction sector covering bricks, tiles, mosaics, cement, ready-made concrete, carpentry there is one every two years usually in each sub-sector. Usually, tripartite concertation in labour disputes takes place when bipartite social dialogue has failed to resolve a dispute. The social dialogue often moves from bipartite to tripartite, with the State getting engaged in such negotiations.

There are no matters specific to tripartite dialogue and the issues addressed in tripartite concentration exercises are those which have repercussions on the economy in general and those that cannot be resolved in a bipartite dialogue.

Depending on the cases dealt with, there is a signed agreement for every case. The signatory parties are the representatives of the employers and the trade unions. The content of the agreements is, usually, almost a complete employment contract, covering rates of pay, contributions, retirement, other benefits and terms of employment. The implementation is carried out according to the terms of the CAs signed. If there is a provision that is too vague, usually, the Ministry of Labour tries to resolve it. The tripartite social concentration procedures apply to all the regional sector levels.

There are other kinds of consultations of Government and the social partners at the sector level. They discuss general issues and ranges of wage increases, productivity, training and similar issues. The results are very encouraging. There are no informal procedures for tripartite concertation. There is an agreed code of procedure (as specified in the Industrial Relations code, operating in Cyprus), which all social partners have to follow. The main procedure prescribed by the Code for the settlement of disputes involves, firstly, direct negotiations and secondly, mediation for interest disputes (with the right to resort to industrial action such as strike or lock-out, by giving a 10-day notice) and arbitration, which is binding, in the case of rights disputes.

2.2. - Description of the bipartite social dialogue

Depending on the issue, CB takes places at the sector level, at higher than enterprise level and at enterprise level. These levels are interconnected. If the issue concerned is not resolved at the enterprise level, it is taken for discussion at the other levels. Nevertheless, it must be noted that, at present, CAs in the Construction sector are nearly all sector. In the past, there were also CAs at the enterprise level or group of enterprises.

The social partners and the government encourage the promotion of bipartite social dialogue, as it contributes to industrial peace and time saving in many cases. Bipartite social dialogue at sector level is possible, but usually the issues to be resolved bear a national context and a tripartite social dialogue may be necessary. There are formal reciprocal recognition systems on the part of social partners. The bipartite representatives will not negotiate unless they are recognised by both sides. The formal procedure for negotiating at the enterprise level usually is:

- the proprietor or general manager represents the management
- representatives of the workers union in the enterprise and from the specific branch of the union of workers represent the employees.

Informal procedures pertain mainly to contacts of workers and union members directly with the proprietor or general manager of the enterprise concerned, and permit the resolution of the complaint without formally registering such a complaint with the trade union. The social partners have the ability, at enterprise level, to conclude agreements relating to issues in the sector. The implementation of an agreement is carried out according to the terms of the CA and is usually supervised by the main trade unions. Complaints can be addressed to the Ministry of Labour for mediation. For CAs concluded in one enterprise, there are no formal procedures for extending them to other enterprises that are not signatories to the agreement. Procedures for concluding and implementing CAs are generally effectively used, and they are in accordance with the Industrial Relations Code of 1977 which provides the basic principles and procedures in connection with CB. The Code was signed by the Minister of Labour, the Employers' Association (OEV) and the main Trade Unions (PEO and SEK). There are no obstacles to having bipartite social dialogue at the sector level. In fact it functions, but in most cases because of the peculiarities of the Construction sector and power of trade unions, negotiations end with tripartite dialogue.

2.2.1. - At sector level

A sector CA is one which applies to the industry or branch level. The subjects covered by CAs include wages, pay systems and other conditions of employment and work relations such as hours of work, overtime pay, holidays, sickness pay, provident funds and other retirement benefits, rules for recruitment and dismissal and other procedural matters.

The players who can negotiate at this level are representatives of the employers, trade unions and the government. The structure of CB in Cyprus for the Construction sector is mostly based on economic activity and on the industry level. On the workers side, trade unions are organised chiefly in two national sub-branches of the main unions (PEO and SEK) while on the employers' side, there is the Federation of the Associations of Building Contractors of Cyprus. Thus labour and conditions of employment in construction are

controlled by a relatively small number of trade unions and employers organisations. At the national and industry levels, these organisations recognise one another, and are recognised by the State as representatives of the respective workers and employers. There are no conflicts between players regarding recognition issues. According to the Industrial Relations Code operating in Cyprus, there is an obligation to participate in CB at the sector level.

With regard to future developments in the social dialogue in the Construction sector and the economy in general, the positions of the social partners are positive and they undertake negotiations in a spirit of good faith and mutual understanding, in the context of the industrial relations principles and practices prevailing in the country. Issues such as the right to strike in essential services, the wage indexation in line with inflation, pay discrimination against women and workers participation in the taking of decisions in the enterprise, seem to be the most important ones that need to be resolved. The adoption by Cyprus of the European advances in labour relations (especially within the Social Policy Agreement of 1992) is not envisaged to need radical changes in its traditional CB system.

The number of CAs signed in the Construction sector amounts to about 50 (this does not include CAs in related sub-sectors such as the manufacture of bricks, mosaics and tiles, electrical installations, ready-made concrete, carpentry etc.). These are mostly at sector level. The signatory parties are the Federation of the Associations of Building Contractors of Cyprus (OSEOK) and the corresponding branches of the two main Trade Unions (PEO and SEK). In some cases (especially at tripartite concertation level), these are countersigned by the Ministry of Labour and Social Insurance and the Employers and Industrialists Federation (OEV) to which the Federation of the Associations of Building Contractors of Cyprus is affiliated. These CAs cover wages, working time, working conditions, collective issues, cost of living and other allowances, etc. The duration of these CAs is, in most cases, two years.

Although Cyprus CAs are not legally binding, there are specific provisions, which recently enforced the new European Union to harmonise labour legislation. It ensures that CAs are amended in order to remove effectively the provisions which are contrary to this new legislation. The number of CAs will probably remain relatively constant but their content is likely to change, to include items such as equal pay, changes in the cost of living allowance, the provision of 13th or 14th month's salary, and other fringe benefits. The coverage rate of the CAs in the Construction sector in comparison with the total number of enterprises is now at around 70%, and in comparison with the total number of employees in the Construction sector, is estimated at about 75%. The number of employees covered by the CAs in the Construction sector are estimated at 25000 (part-time and full time). They are mostly craftsmen, general labourers and other blue collar workers. Due to the small geographical size of Cyprus, sector agreements are also national, as they have island-wide coverage.

2.2.2. - At « higher than enterprise » level

CAs in the Construction sector in Cyprus are confined to those at the sector level.

2.2.3. - At enterprise level

At present there are no CAs in the Construction sector at the enterprise level but there are for group of enterprises, especially for white collar employees of large construction companies.

3. Description of the organisations active in the sector

3.1. - Workers' Organisations

The main workers' organisations in the Construction sector are the Cyprus Building, Wood, Mines and General Workers Trade Union (SYNTEHNIA IKODOMON, XILOURGON, METALLORIHON KE GENIKON ERGATON KIPROU (PEO)), and the Federation of Builders, Miners and Related Workers of Cyprus (OMOSPONDIA IKODOMON, METALLORIHON KE SINAFON EPAGELMATON KIPROU (SEK)).

The Trade Union belonging to PEO was created in 1936 and registered with the Ministry of Labour and Social Insurance as a trade union. Initially it covered building workers and, since 1948, it has also encompassed wood workers and, mine workers since 1985. Its funding comes mainly from subscriptions from its members, amounting to 1% of their gross emoluments. It has a membership of about 13000 of which 500 are white collar workers. This accounts for about 40% of all paid workers in the broad Construction sector (including workers in the manufacture of construction materials such as mosaics, tiles, bricks, cement, ready-made concrete, stone-cutting). Elections are held at the Trade Union Congress every 4 years, whereby a 51 member administrative council is elected by simple majority. A Board of Management of five people is elected also from these members. The Trade Union takes part in consultations at all levels. It negotiates and signs agreements at all levels. However CAs in construction are nearly all confined to the sub-sectors. During 2002 and 2003 it signed around 15 agreements in various sub-sectors of the Construction sector. It takes part in tripartite concertation and about 100 of the CAs it signed are within this framework. It is not affiliated with other local organisations at a higher level. It constitutes part of the Pancyprian Federation of Labour (PEO). It is not affiliated to any

European organisation. At the international level, it is affiliated as a member with the Union International of Workers of the Building, Wood and Building Materials Industries (UITBB).

The Trade Union belonging to SEK was created and registered in 1959 as a Trade Union with the Ministry of Labour and Social Insurance. Its members are workers in the building industry, in general, miners and related workers. Its funds come mainly from subscriptions from its members, amounting to 1% of their gross emoluments. It has a staff of 16 people. Its membership is about 10000 people, accounting for about 30% of all paid personnel in the broad Construction sector (including workers in the manufacture of construction materials). Of these, about 500 are white collar workers. The Federation holds elections every 4 years at its General Congress, whereby a 5 member Executive Committee is elected by majority vote. It takes part in consultations at sector, higher than enterprise and enterprise level. It can negotiate and sign CAs at all levels. However, in the Construction sector, the CAs are nearly all confined to the sub-sector level. In 2002 and 2003 it signed 10 CAs pertaining to various sub-sectors (e.g. general construction works, brick-making, cement, mosaics, ready-made concrete, etc.). It also participates in tripartite concertation and, so far, it has signed about 50 CAs in this framework for the various sub-sectors. At the national level it is not affiliated to any higher organisation. It is part of the Cyprus Workers Federation (SEK). It is not affiliated with any European organisation. At the international level, it is affiliated as a member of the International Federation of Building and Wood Workers (IFBWW).

*Trade Unions*³⁵

Organisation		Type of SW	Members	Members working in the sector	Density	T	CB	National affiliations		European affiliations*		International affiliations*	
<u>Original name</u>	<u>English name</u>	<u>Type</u>	<u>Number</u>	<u>Number</u>	<u>%</u>	<u>yes/no</u>	<u>yes/no</u>	<u>Direct</u>	<u>Indirect</u>	<u>Direct</u>	<u>Indirect</u>	<u>Direct</u>	<u>Indirect</u>
Syntechnia Ikodomon, Xilourgon, Metallorihon ke Genicon Ergaton Kiprou (PEO)	Cyprus Building, Wood, Mines and general Workers Trade Union (PEO)	Building workers Wood workers Mines workers White collar workers	13000	30000	40	yes	yes					Union International of workers of the Building, Wood and Building Materials Industries	
Omospondia Ikodomon, Metallorihon ke Sinafon Epagelmaton Kiprou (SEK)	Federation of Builders, Miners and Related Workers of Cyprus (SEK)	Building workers Construction materials workers Miners General related workers White collar workers	10000	30000	30	yes	yes					International Federation of Building and Wood Workers	

*Specify if it is an observer member

3.2. - Employers' Organisation

The main employers' organisation in the Construction sector is the Federation of the Associations of Building Contractors of Cyprus (OMOSPONDIA SINDESMON ERGOLAVON IKODOMON KIPROU (O.S.E.O.K)). It was created by the affiliation of the 5 District Associations of Building Contractors of Cyprus and registered with the Registrar of Trade Unions of the Ministry of Labour and Social Insurance in 1995. The first Association of Building Contractors was established as far back as 1940. The Federation covers building contractors for all kinds of buildings. It is funded by a registration fee of C£1000 and an annual subscription of C£250 per member as well as from charges for stamps and contracts for its members. It has a staff of 6 people. It has about 800 member enterprises which employ 16000 people, giving a company density of about 35% and a density of salaried employees of 75%. Its membership consists of SME's engaged in various construction activities, but mainly in general construction of buildings, roads and construction works involving special trades. It takes part in consultations at sector, higher than enterprise and enterprise levels. It negotiates and signs CAs at all levels. However, for the Construction sector, these are mainly confined to the sector level. In 2002 and 2003 it signed 2 CAs at the sector level. It also takes part in tripartite concertation and with the

³⁵ Note: the data refer to the broad Construction sector, covering inter alia the manufacture of construction materials and carpentry work, as their membership extends also to these workers.

Association of Building Contractors of Cyprus (serving the role of OSEOK before its establishment). So far, it has signed, about 50 agreements within this framework. At national level, it is affiliated as a member with the Employers and Industrialists Federation (OEV). At European level it is a member of the Federation of European Construction Industry (FECI). It is not affiliated to any international organisation.

Employers' organisations

Organisation		Sub-sectors covered	Companies	SW	Density Companies	Density SW	T	CB	National affiliations		European affiliations*		International affiliations*	
<u>Original name</u>	<u>English name</u>		<u>number</u>	<u>number</u>	<u>%</u>	<u>%</u>	<u>yes/no</u>	<u>yes/no</u>	<u>Direct</u>	<u>Indirect</u>	<u>Direct</u>	<u>Indirect</u>	<u>Direct</u>	<u>Indirect</u>
Omospondia Sindesmon Ergolavon Ikodomon Kiprou	Federation of Association of Building Contractors of Cyprus	General construction of buildings, roads and construction works involving special trades	800	16000	35	75	yes	yes	Employers and Industrialists Federation		Federation of European Construction Industry			

* Precise if it is an observant member

Czech Republic

1. Description of the sector

1.1. - Delimitation and scope of activities

The definition of the Construction sector is broader from the CB point of view. Besides the fact that the definition of the sector entirely follows from the international NACE classification, it also includes enterprises from Sector D Processing Industry, Sub-sector DI Manufacture of Miscellaneous Non-metal Mineral Components, specifically Division 26 with the exception of Group 26.1 – glass manufacture and processing. Sub-sector DI is labelled “manufacture of building materials”. From the CB point of view, the Construction sector also includes enterprises classed in Sector C Mineral Raw Materials Extraction, Sub-sector CB Extraction of Miscellaneous Mineral Raw Materials, specifically Division 14, Groups 14.1. and 14.2. There is very little detailed statistical information arranged according to three-digit sub-groups.

1.2. - Socio-economic features

The Construction sector in the Czech Republic is the fourth biggest sector, in employment terms, after the processing industry, trade, and real estate and business services. Even though it currently accounts for roughly the same proportion of total employment in the economy as the average figure for European Union member states, this proportion has been in constant decline in recent years. The fall in the proportion of value added in the national economy accounted for by construction value added is even more marked – in 2002, it was less than half what it was in 1995. The number of workers in the “building materials manufacture” subsector has recently hovered around 70,000 in the case of enterprises with 20 or more employees (72,686 employees in 2002) and is therefore less significant than the sector of construction firms proper. Building of complete constructions or parts thereof; civil engineering, with almost 90% of the overall activities of building firms with 20 or more employees, was by far the predominant activity in the Construction sector. An overview of the rates of growth or decline in the value of construction output for the entire 1995-2002 period can complement the assessment of development trends in construction: the relatively high growth rates in 1995 and partly also in 1996 was followed by a slump over several-years in the value of building work, with annual falls of 4-7%. Construction output only started to grow again in the year 2000, with an exceptionally high growth rate in 2001; after a considerable slowdown in 2002, the value of construction work again rose by more than 8.5% year-on-year in 2003. The Construction sector is one of the most significant in terms of the scale of its grey economy. Rough estimates put the proportion of value added in the grey economy at around 20% and it is estimated that of the around 300,000 (as much as 7% of the country's entire workforce) workers in the overall national grey economy account for up to half the work in construction.

Given the nature of the work, male employees dominate construction and the “construction materials manufacture” sub-sector; most of these are manual labourers. This is also linked to their overall qualifications structure, dominated by apprenticed workers (this mainly applies to men, whereas women working chiefly in administration generally have secondary school education). The average wage of workers in both basic sectors is around the average wage level for the national economy (in 2002 the average wage in the national economy was CZK 15,857 – 515 EUR³⁶ and in construction – Sector F) – CZK 15,698 – 509 EUR³⁷); the average wage in the “construction materials manufacture” was CZK 15,253 – 495 EUR in 2002³⁸.

As regards the legal form of enterprise, only data on the numbers of registered units in construction (Sector F) according to the following three forms are available (stated as of 31.12.2003): self-employed, commercial companies and co-operatives, state firms and miscellaneous. As regards the legal form of enterprise the greatest number of registered units is represented by self-employed (with or without employees)³⁹ (87%)⁴⁰. Compared to the data for the national economy as a whole, it is clear that whereas value added in

³⁶ For conversion average, the exchange rate is adopted from the yearly average exchange rate for 2002 from the database Czech National Bank (30,812 CZK per EUR in 2002). Source www.cnb.cz.

³⁷ Source: Statistical Yearbook of the Czech Republic 2003.

³⁸ Source: Bulletin no. 22 of Stavba Trade Union.

³⁹ Many firms in register are not active, especially small business generally - and Czech Statistical Office doesn't verify it.

⁴⁰ Only data on the structure of registered units in construction (Sector F) according to the following three forms are available: self-employed, commercial companies and co-operatives, state firms and miscellaneous (stated as of 31.12.2003).

construction amounted to just 4% in 2002 and employment just 7.5%, registered units in this sector make up a relatively high percentage, around 11% of the total of all registered units in the national economy, i.e. 2,325,97 in 2003.

Even if we overlook the relatively high share of registered units without a specified number of employees (roughly 20% in both parts of the sector: construction and construction materials manufacture), in both cases the vast majority of units are very small, either without regular employees at all or employing a very small number (1-9); this applies to around three quarters of all units in these sectors. From the point of view of the number of employees in individual size groups, construction is clearly dominated by small enterprises with 0-19 employees; when medium-sized enterprises with up to 300 employees are included, this category amounts for almost 90% of all employees in construction.

Contextual data

Companies

Sub-sectors	Number of Companies	% companies without SW	% companies with <10 SW	% Companies 10-100 SW	% companies with > 100 SW
Sub-sector 1 ⁴¹	8,147	63.0	11.3	5.7	1.6
Sub-sector 2 ⁴²	256,273	71.5	5.2	2.1	0.1
Total of the sector	264,420				

Workers

Sub-sectors	Number of workers	Number of SW	Number of SW/number of SW in the country (%)	Number of SW in companies <10 SW/number of SW in the sector (%)	Number of SW in companies 10-100 SW/number of SW in the sector (%)	Number of SW in companies >100 SW/number of SW in the sector (%)
Sub-sector ⁴³ 1		72,686	1.9			
Sub-sector 2 ⁴⁴		224,000	5.8			
Total of the sector	357,000 ⁴⁵	296,686	7.7			

2. Description of the industrial relations in the sector

2.1. - Description of the tripartite concertation

There is no tripartite body at sector level (tripartite structures only operate at national and in some cases regional level). There are irregular meetings between representatives of government, organisations of employers and trade union federations as part of working groups set up by the Ministry of Industry and Trade of the Czech Republic, the Ministry for Local Development of the Czech Republic, the Ministry of Transport of the Czech Republic (collaboration with OS DOSIA Trade Union) and the Ministry of Labour and Social Affairs of the Czech Republic.

2.2. - Description of the bipartite social dialogue

CB at sector level takes place between the top-level employer federation the Association of Entrepreneurs in Building Industries in the Czech Republic, (hereinafter SPS) on the one hand and two trade union federations on the other (see below: "Workers' Organisations"). The outcome of these negotiations is higher-level CAs (hereinafter HLCAs) concluded with each of the two said trade unions separately. At corporate level there are negotiations between employers and trade union organisation representatives operating at the employer (associated under one of the two aforementioned trade union federations or independent of them). Enterprise-level CAs (ELCAs) are negotiated at corporate level.

⁴¹ 2002, "building materials manufacture"

⁴² 2002, Sector F

⁴³ 2002, "building materials manufacture"

⁴⁴ 2002, Sector F

⁴⁵ 2002, Sector F

From the point of view of scope (the number of employers and employees an HLCA covers), the most important HLCAs concluded at sector level are those between SPS and OS Stavba.

The HLCAs tend to be general frameworks and concentrate on the area of wages and fundamental working conditions such as working hours, length of recuperation leave etc. ELCAs usually go beyond the relevant HLCA framework in terms of the value and the concreteness of the commitments they contain. Under these circumstances, the impact of CB on ELCAs makes it a more important form of social dialogue; another reason is the greater number of employees covered by the CA, their accessibility for users and thus also their direct effect in the context of a specific corporate environment, as well as the easier possibility for evaluating them and checking that their provisions are implemented. These broadly applicable facts notwithstanding, given the widespread extension of HLCAs in the Construction sector they cover a substantially greater number of employees than ELCAs. In 2003, HLCAs covered a total of approximately 58,200 employees (HLCAs concluded by OS Stavba covered 49,200⁴⁶ people, HLCAs concluded by OS DOSIA in the Construction sector approximately 9,000⁴⁷ people) and were extended to a further 127,300⁴⁸, i.e. 185,500 employees in total (53,795⁴⁹ SW covered by ECLAs concluded by basic organisations of OS Stavba plus approximately 9,000⁵⁰ SW covered by ECLAs concluded by basic organisations of OS DOSIA). From the point of view of the concluded CAs, social dialogue players operating in the sector either regard CB at enterprise level as the more developed or treat the two planes of CB as roughly equally developed⁵¹.

There are no formal (legally established) systems for reciprocal recognition between the social partners. This is the result of the fact that the authorisation to practise CB and to conclude CAs is not tied to any representativeness principle on the part of the parties to these agreements. In material terms, the guideline for identifying the partner is the actual structure of employer federations and employee/trade union organisations that have been established in individual fields and sectors since the start of the '90s.

In the sector social dialogue in Czech Republic in general, the non-existence of employers' organisations in the sector and the reluctance of existing employer federations to practise CB (deriving from the persisting undervaluation of the significance of social dialogue and CB among enterprises, even among enterprises partly or wholly owned by foreign firms) is seen as the main obstacle to the development of social dialogue at sector level. There is also a lack of awareness among the general public. In Construction's sector though, all three of the main actors in social dialogue, i.e. SPS, OS Stavba and OS DOSIA, see no major barriers to CB in the sector and express unqualified satisfaction with their progress to date and the results of social dialogue achieved in the sector. Evidence of the exceptionally good relations between the social partners in the sector is supplied by, among other things, the agreement between the sector's two dominant actors in social dialogue, called General Principles of Social Dialogue between Stavba Trade Union and the Association of Entrepreneurs in the Building Industries. The agreement on co-operation between SPS and OS Stavba is informally but effectively implemented and the conclusions from joint meetings monitoring the state of co-operation are recorded in writing. With the exception of information and other activities carried out by the actual social dialogue actors in the sector (trade union and employer federations operating in construction) and their close co-operation in developing forms of social dialogue in the sector, there are no other processes designed to support and promote social dialogue in the sector. At the same time it should be said, however, that the significance the state places on social dialogue and CB at sector level is reflected in, for example, the constant close co-operation between the social partners (though this takes place at national tripartite level) and the state in the area of legislation. At present, the social partners represented in national tripartite consultations are involved in the creation of a new labour code (see below) being formulated by the Ministry of Labour and Social Affairs of the Czech Republic, on new legislation governing occupational health and safety, and others. There is no special link between the tripartite concertation and the bipartite social dialogue in the Construction Sector in the Czech Republic and the social dialogue is not moving from bipartite to tripartite.

2.2.1. - At sector level

The definition of the sector derives from NACE classifications. The legal definition of a sector in the Czech Republic is not deemed sufficient for the purposes of CB and the subsequent extension of HLCAs. The methodology currently applicable is that agreed between the social partners and the Ministry of Labour and Social Affairs (MoLSA), which is based on the viewpoint of an employer's dominant activity as per NACE. However, employers can adjust their NACE classification, e.g. to alter the jurisdiction of HLCAs.

⁴⁶ Report on the Course of CB at Higher Level and Enterprise Level in 2003. Internal document of CMKOS, intended for a meeting of the CMKOS Council. Authors: legal department of CMKOS and socio-economic department of CMKOS.

⁴⁷ According to a statement from representatives of OS DOSIA.

⁴⁸ Report on the Course of CB at Higher Level and Enterprise Level in 2003, *ibidem*.

⁴⁹ Report on the Course of CB at Higher Level and Enterprise Level in 2003, *ibidem*.

⁵⁰ According to a statement from representatives of OS DOSIA.

⁵¹ OS Stavba holds this second view.

The sector representatives of employees and employers negotiate at sector level. In terms of the law, participation in CB is voluntary. There are no conflicts between the partners negotiating HLCAs in the Construction sector. As far as we know, there are no serious social conflicts or confrontations in building firms either. The concluded HLCAs usually define the subject and scope of the agreement, set out the rights and obligations of the parties and formulate the commitments of the two social partners in the area of labour entitlements, remuneration and social issues such as care for employees, occupational health and safety etc. Wage entitlements tend to be formulated in broad terms rather than precisely. It is chiefly ELCAs that contain concrete commitments on wage conditions and employees' other labour entitlements. E.g. the definite extension of employees' leave entitlements and supplementary pension insurance have been one of the most hard-fought issues in bargaining on HLCAs in the Construction sector in recent years. By contrast, the majority of ELCAs negotiated in building firms provide for recuperation leave longer than the basic term required by law. The ability of the social partners in the Construction sector⁵² to conclude HLCAs is relatively high, as shown by the following summary. OS Stavba and OS DOSIA have signed HLCAs with SPS since 1992 (up till the year 2000 the two trade unions acted jointly; since 2001 each one has signed its own HLCA with the employer federation). Additionally, from 1993-1998 OS Stavba signed another HLCA, this one with the Private Builders Guild of the Czech Republic (this employers' organisation was wound up in 1999, at the instigation of its members).

In 2002, the coverage rate of the CAs, on the one hand, in comparison with total number of enterprises is 90,4% (=100 x 2,760⁵³ /3,054⁵⁴) and on the other hand, in comparison with the total number of employees is 63.8% (=100 x 189,200⁵⁵/296,686⁵⁶). The total number of SW covered by HLCAs is 185,500 people (see above). The law sets out conditions under which the Ministry of Labour and Social Affairs may issue a regulation specifying that HLCAs are also binding for employers that are not members of the employers' organisation that signed the agreement. On the 11th June 2003, however, the Constitutional Court found that the said provision is in conflict with the Charter of Rights and Freedoms and appealed it with effect from 31st March 2004, with the understanding that the government would put an amended version before Parliament. The process of extending HLCAs has taken on more and more significance, especially in recent years. There has been a marked increase in the number of CAs that have been extended and in the set of employers which extension has stretched to. Extending HLCAs in the Construction sector enjoyed the support of the dominant social partners in the sector and essentially all firms employing 20 and more staff in the sector that were not members of SPS have been subjected to this process. The HLCA signed by OS Stavba was, in 2000, extended to 1877 employers (132,156 workers); in 2001, extended to 2293 employers (144,339 workers); in 2002, extended to 1874 employers (129,800 workers); in 2003, extended to 1727 employers (127,300 workers). The HLCA signed by OS DOSIA was, in 2000, extended to 3 employers (350 workers); in 2001, extended to 3 employers (350 workers) and in 2002 and 2003, HLCAs were not extended.

In the Construction sector the dominant social partners have gradually put in place, including in agreements, excellent conditions for further development of social dialogue, with particular emphasis on mutual co-operation and a responsible approach to CB designed to lead to bilaterally satisfactory HLCAs. There are no actors other than the aforementioned dominant social dialogue actors operating in the Construction sector.

2.2.2. - At enterprise level

The negotiating parties at this level are representatives of an employer (the owner or management) on the one hand and the appropriate trade union organisation representing employees in the firm on the other. The law allows more than one trade union organisation to operate in one entity (firm). According to statements from the questioned trade union representatives, trade union plurality in a firm is the exception not the rule in construction. The players in CB at enterprise level are employers that are members of the SPS (including members of the Road Construction Association Prague), trade union organisations that are members of OS Stavba or OS DOSIA. Additionally, it should be supposed that there are certain other players in CB in the sector that are not members of the said organisation of employers or trade unions – albeit very few. Seeing that there is no information available on these entities and no data on the number of ECLAs they have concluded, some of the following data, particularly with regard to the degree to which the Construction sector is covered by CAs, cannot be regarded as complete. No system for recognition is applied.

⁵² The following data apply for the Construction sector; besides this, DOSIA signs two HLCAs in the transport sector every year.

⁵³ In 2002: Number of enterprises covered by HCLA concluded by OS Stavba (862) plus number of enterprises covered by HCLA concluded by OS DOSIA (approximately 24) plus number of enterprises covered due to extension of HCLA concluded by OS Stavba (1874).

⁵⁴ In 2002: Number of enterprises with 20 or more employees in Sector F (2,242) plus number of enterprises with 20 or more employees in "Building Material Manufacture" subsector (812).

⁵⁵ In 2002: 50,400 employees covered by HCLA concluded by OS Stavba plus 129,800 employees covered by HCLA due to its extension plus approximately 9,000 employees covered by HCLA concluded by OS DOSIA.

⁵⁶ In 2002: Number of employees working in enterprises in Sedtor F (224,000) plus number of employees working in enterprises with 20 or more employees in Sedtor D, division 26 with the exception of 26.1 – glass manufacture and processing (72,686).

The number of CAs signed at this level in the sector is as follows: 301 ECLAs were signed in 2003 by trade union organisations that are members of OS Stavba; 16⁵⁷ ECLAs were signed in 2003 by trade union organisations that are members of OS DOSIA operating in employers in the Construction sector; the number of ECLAs signed by other players in the Construction sector is unknown. The main points of these CAs are wages, the length of working hours, the length of recuperation leave, working conditions etc. The agreements generally apply for no more than one year. Given the universal decline in trade union membership, including the fall in the number of trade union organisations operating in companies (this trend has been continuing for a number of years in the Construction sector as well), it is reasonable to expect a decline in the number of ECLAs concluded. On the other hand, the expected liberalisation of the legislation on collective and individual contractual relations in the Czech Republic in the coming period makes it possible to predict that the significance and authority of contractual forms in industrial relations will grow, including CB and CAs.

The coverage rate of the CAs in comparison with total number of enterprises and total number of employees is 21.2% ($=100 \times 62,800 / (224,000 + 72,686^{58})$). The number of enterprises concluding ECLAs in the Construction sector is in 2003 approximately 317 (301⁵⁹ ECLAs concluded by basic organisations of OS Stavba plus approximately 16⁶⁰ ECLAs concluded by basic organisations of OS DOSIA). The structure of enterprises is unknown. The number of SW covered by these CAs in 2003 is approximately 62,800 SW (53,795⁶¹ and SW covered by ECLAs concluded by basic organisations of OS Stavba plus approximately 9,000⁶² SW covered by ECLAs concluded by basic organisations of OS DOSIA). The agreements in the Czech Republic ECLAs are not extended.

3. Description of the organisations active in the sector

3.1. - Workers' Organisations

a) OS Stavba ČR (Trade Union of Building Workers of the Czech Republic)⁶³

OS Stavba is a legal entity registered under Act no. 83/1990 Coll., on civic associations. OS Stavba is politically, economically and organisationally independent of state authorities, employers and their federations, political parties, movements and other civic associations. It operates nationally. The trade union's basic organisations (BOs) operate in enterprises falling chiefly under Sector F Construction, Division 45, and also under Sector D Processing Industry, Sub-sector DI Manufacture of Miscellaneous Non-metal Mineral Elements (what is called "construction materials manufacture"), specifically Division 26, with the exception of Group 26.1 – Glass Manufacture and Processing. Stavba BOs can also be found in enterprises classified as Sector C Mineral Raw Materials Extraction, Sub-sector CB Miscellaneous Mineral Raw Materials Extraction, specifically Division 14, Groups 14.1 and 14.2. OS Stavba allows its members to associate on a territorial basis as well. OS Stavba's mission is to represent its members in negotiating HLCAs, to defend and assert its members' interests in negotiations with legislative and executive authorities of the state. Additionally, to help its members defend their legitimate interests in socio-legal and labour disputes, whether by providing counselling or representation in court. OS Stavba evaluates and monitors occupational health and safety in construction, draws attention to problems in this area and proposes and implements solutions. OS Stavba's involvement in occupational health and safety issues is borne out by, among other things, the Co-operation Agreement between OS Stavba and the Czech Occupational Safety Authority of 18.6.2001, concluded for an indefinite term and defining how the two organisations will co-ordinate their efforts to increase the effectiveness of the health and safety measures they have so far applied. It also provides education, information and facilities for its members and, in some cases, for their families.

⁵⁷ According to a statement from representatives of OS DOSIA.

⁵⁸ Number of employees working in enterprises with 20 or more employees in Sector D Processing Industry, DI Manufacture of Miscellaneous Non-metal Mineral Elements, specifically Division 26, with the exception of 26.1 – glass manufacture and processing.

⁵⁹ Report on the Course of CB at Higher Level and Enterprise Level in 2003. Internal document of CMKOS, intended for a meeting of the CMKOS Council. Authors: legal department of CMKOS and socio-economic department of CMKOS.

⁶⁰ According to a statement from representatives of OS DOSIA.

⁶¹ Report on the Course of CB at Higher Level and Enterprise Level in 2003, *ibidem*.

⁶² According to a statement from representatives of OS DOSIA.

⁶³ The source for English name of the OS STAVBA is the website of Czech-Moravian Confederation of Trade Unions (<http://www.cmkos.cz/eng/svazy.php>) and interview with the administrative staff of the OS STAVBA. For the International Federation of Building and Wood Workers (IFBWW), the name of this Trade Union is "Building and Building Materials Workers' Union of Czech Republic".

The union's history stretches back to the 19th century, when the organisation declared itself as an independent trade union federation. After 1989 the union retained its federal scope of operation. In 1991, there was a name change from the original Trade Union of Building Workers, Building Material Manufacturing Workers, Engineering-Investment, Project and Research Organisations to the current wording. When the Czechoslovak federation collapsed on 31.12.1992 the federal organisation was divided into two separate trade union federations, one operating in the Czech Republic, the other in Slovakia. At the same time its name was changed from OS Stavba to OS Stavba of the Czech Republic. Stavba's activities are funded through personal member dues (1% of net monthly income) and from incomes generated by letting union property.

Stavba employs a total of 26 employees and 2 elected functionaries (chairman and vice-chairman). A total of 12 employees work at the headquarters and 14 work in regional workplaces. The organisation counts 30,547 members, of which, 75% are employees and 25% are pensioners. Men represent 81,7 % of the membership, and young people (up to 30) constitute 7,7% of the total⁶⁴. Stavba does not monitor or classify its member base in terms of NACE categories. The density⁶⁵ is as follows: $100 \times (30,547/224,000 + 72,686^{66}) = 10.3\%$. Stavba affiliates enterprise-level trade union organisations, plant-level trade union organisations and local trade union organisations. These organisations elect their representatives to sit in individual trade union bodies. All trade union functions in trade union organisations at enterprise, plant or local level are elected. Stavba takes part in consultations and negotiations designed to lead to HLCAs with one employer organisation – SPS, the Association of Entrepreneurs in Building Industries of the Czech Republic. It also takes part in meetings between representatives of state authorities, employers and trade unions in the context of working groups of departmental ministries (the Ministry of Industry and Trade, Ministry for Local Development and Ministry of Labour and Social Affairs). Stavba is authorised to conclude HLCAs.

From 1992 to 2000, OS Stavba and OS DOSIA co-signed HLCAs with SPS. Since 2001, the two trade union federations have negotiated separate HLCAs with the SPS. According to a preliminary agreement, the two federations will re-adopt their practice of joint HLCAs, starting in 2005. The jurisdiction of one or the other of the two HLCAs signed to date (including annexes) over the relevant employers is determined by whether the basic organisation operating in the given firm belongs to OS Stavba or OS DOSIA. From 1993 to 1998 Stavba also concluded other HLCAs, doing so with the Private Builders Guild of the Czech Republic. This employer organisation wound itself up in 1999 at the instigation of its members (chiefly small entrepreneurs and traders). Basic organisations of OS Stavba have concluded 305 ECLAs covering 58,568 employees in 2002 and 301 ECLAs covering 53,795 employees in 2003. The numbers of ECLAs signed and the number of employees covered by the CAs negotiated between trade union organisations of OS Stavba and employers operating in the Construction sector (SPS members) have dropped sharply in the past decade (the number of employees covered in 2003 was just 31.26% of the figure for 1994). This fact is the result of the falling rate of trade union membership. This is a general trend for the Czech Republic, basically running through all sectors, and the root causes can be found in the transformation of the Czech economy since the start of the 1990s.

OS Stavba plays an indirect role in tripartite consultations via CMKOS. Besides this, the federation chairman is currently a member of the trade union delegation to the Council of Economic and Social Agreement. OS Stavba is a member of the Czech-Moravian Confederation of Trade Unions (CMKOS), of the European Federation of Building and Woodworkers (EFBWW), and of the International Federation of Building and Woodworkers (IFBWW).

b) OS pracovníků dopravy, silničního hospodářství a autoopravárenství Čech a Moravy (OS DOSIA) (Trade Union of Transport, Road and Car Repair Services Workers of Bohemia and Moravia)

OS DOSIA is a legal entity registered under Act no. 83/1990 Coll., on civic associations. OS DOSIA is politically, economically and organisationally independent of state authorities, employers and their federations, political parties, movements and other civic associations. It operates nationally. The federation's basic organisations covered by HLCAs signed with the SPS operate with employers that are members of the Road Construction Association Prague (a collective member of the SPS). The federation associates employees of companies of public and road municipal transport, road management and car repair services, and some other related branches and employers. OS DOSIA represents its members in negotiating HLCAs, provides support for CB conducted by member basic organisations in companies and defends and asserts its members' rights in negotiations with legislative and executive state authorities. It also helps its members defend their legitimate interests in socio-legal and labour disputes and supplies financial aid for members in unforeseen difficulties and their families. It monitors occupational health and safety and exercises its legally enshrined powers in this area. It provides information and education for members in a diverse range of areas (legislation, health and safety etc.).

⁶⁴ Source: CMKOS (NB: data as at 30.6. of the calendar year).

⁶⁵ Density (companies): number of companies affiliated divided by total number of companies in the sector.

⁶⁶ Number of employees working in enterprises with 20 or more employees in Sector D Processing Industry, DI Manufacture of Miscellaneous Non-metal Mineral Elements, specifically Division 26, with the exception of 26.1 – glass manufacture and processing

In 1991 the federation split from the original Transport and Road Management Trade Union. OS DOSIA and Stavba co-signed HLCAs with SPS from 1992 to 2000. Since 2001 the two federations have acted separately, each concluding its own HLCAs with the SPS (i.e. there are two HLCAs in the Construction sector). In fact, the agreements are very similar and contain almost identical commitments and arrangements.

The basic source of funding for union activities is membership dues (1% of net monthly income). The trade union employs seven employees and there are also two elected functionaries – chairman and vice-chairman. The organisation counts 21,155 members, whose 94% are employees and 6% are pensioners. Men represent 82,6 % of the membership, and young people (up to 30) constitute 6,1% of the total⁶⁷. The total number of members of the basic organisations operating in 24 employers (members of the Road Construction Association Prague)⁶⁸ is approximately 2,600 (i.e. approximately 12.3% of the total number of individual members of OS DOSIA). The density⁶⁹ is as follows: $100 \times (21,155/224,000 + 72,686^{70}) = 7,1\%^{71}$.

The union brings together enterprise-level trade union organisations, plant-level trade union organisations and local trade union organisations. In special cases, employees and individual members can be registered directly with the federation headquarters. All trade union functions in trade union bodies at enterprise, plant or local level are elected. OS DOSIA takes part in consultations and negotiations designed to lead to three HLCAs with the following employers organisations: SPS, the Transport Union of the Czech Republic – Road Management Section (2 HLCAs, one for state budget-funded organisations and one for private enterprises). OS DOSIA also takes part in meetings with representatives of state authorities, employers and trade unions in the context of the departmental ministries' working groups and is involved in the work of the Economic Committee of the Chamber of Deputies of Parliament of the Czech Republic. OS DOSIA is authorised to conclude the aforementioned HLCAs.

At enterprise level union members concluded a total of 92 ECLAs in 2002 and 93 in 2003 (of which approximately 16 ECLAs in the Construction sector). At sector level, OS DOSIA concluded the aforementioned 3 HLCAs in 2002/2003 (1 HCLA in building). In 2003, 2 agreements were signed (1 HCLA with SPS and 1 HCLA with the Transport Union of the Czech Republic – Road Management Section). From 1992 to 2003 OS DOSIA co-signed HLCAs with OS Stavba. OS DOSIA participates indirectly in tripartite consultations, via CMKOS. OS DOSIA is a member of CMKOS (national organisations at a higher level). OS DOSIA is not affiliated at European and international organisations at a higher level.

Trade Unions

Organisation		Type of SW	Members	Members working in the sector	Density	T	CB	National affiliations		European affiliations*		International affiliations*	
Original name	English name	Type	Number	Number	%	yes/no	yes/no	Direct	Indirect	Direct	Indirect	Direct	Indirect
OS Stavba CR	Trade Union of Building Workers of the Czech Republic	Without specification (all types)	30,547	22,921 ⁷²	10,3	Yes, indirectly	Yes	Member of the Czech-Moravian Confederation of Trade Unions (CMKOS)	Not affiliated	Member of European Federation of Building and Woodworkers (EFBWW)	Not affiliated	Member of International Federation of Building and Woodworkers (IFBWW)	Not affiliated

⁶⁷ Source: CMKOS (NB: data as at 30.6. of the calendar year).

⁶⁸ NB: The Road Construction Association Prague comprises a total of 65 members, but only 24 can be characterised as operating in construction and classified in Sector F Construction. The other companies are also members of other employer organisations through which they can be involved in CB at sectoral level.

⁶⁹ Density (worker's organisations): number of affiliated SW divided by total number of SW in the sector.

⁷⁰ Number of employees working in enterprises with 20 or more employees in Sector D Processing Industry, DI Manufacture of Miscellaneous Non-metal Mineral Elements, specifically Division 26, with the exception of 26.1 – glass manufacture and processing

⁷¹ Given that the number of employees affiliated in DOSIA working in construction is low, this figure is merely guideline. The sectoral arrangement of the member base is also problematic. One part is recruited from Sector G Trade, Repairs to Motor Vehicles and Consumer Goods, a second is Sector from I Transport, Warehousing, Post and Telecommunications, and a third from F Construction.

⁷² Total number of members without pensioners (e.g. employees only).

OS pracovníků dopravy, silničního hospodářství a autoopravenství v Čech a Moravy (OS DOSIA)	Trade Union of Transport, Road and Car Repair Services Workers of Bohemia and Moravia	Without specification (all types)	21,155	19,882 ⁷³	7,1	Yes, indirectly	Yes	Member of the Czech-Moravian Confederation of Trade Unions (CMKOS)	Not affiliated	Not affiliated		Not affiliated	
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* Precise if it is an observant member

3.2. - Employers' Organisation

Spaz podnikatelů ve stavebnictví v České republice (SPS) (Association of Entrepreneurs in Building Industries in the Czech Republic)

The federation is an independent legal entity. It was established under Act no. 83/1990 Coll., on civic associations and is registered in the organisations register of the Ministry of the Interior of the Czech Republic. Its membership base is made up of building contractors, manufacturers of building materials and construction products, design, engineering and consultancy organisations and a number of manufacturing and trading firms involved in investment construction. The federation has set up local offices in all former regional capitals of the Czech Republic and in certain other locations with high concentrations of construction capacities to handle direct contact with its member firms. The federation's mission is to defend the interests of its members and the sector in order to improve the conditions for doing business and the economic environment, to expand the building market, improve legislation, simplify the preparation of building work and provide timely information on coming trends and events in investment, so that member firms can react in time. The SPS was formed in 1990 as the continuation of the over one hundred and twenty year tradition of building associations in the Czech lands. During its modern existence it has become the author or co-author of a number of new initiatives, such as establishing the Building Health Insurance Firm, the Building Pension Fund, the Building Engineering Society, the Building Information Agency, the Building Investment and Capital Society and the Council of Non-governmental Organisations in Construction and Building.

Members pay dues, which are staggered according to the size of the firm (in terms of output, or in some cases number of employees). These dues make up roughly 1/3 of its income. The remainder comes from its co-organisation of the Brno Trade Fair and related events, organising specialist seminars, including for non-members, publication work etc. The SPS is also a place for authorising building work. The federation headquarters employs a total of seven people; in its regional offices there are regional managers handling day-to-day contact with members and construction issues in the region (these are external workers, numbering 10 people, not in employment).

At present the federation has 1,300 members⁷⁴, which represent more than three quarters of the building capacity in the Czech Republic. Collective members are specialist associations. Data on the member base by sub-sectors are not available. Information on total number of SW represented, as well as the number of member companies of SPS is not available (it must be greater than the above mentioned total number of members), so that density is unknown. The membership is made up of all large companies operating in the sector (joint stock companies Skanska, Metrostav, Stavby silnic a železnic, Subterra and others), but the majority is medium-sized enterprises. Given that the Construction sector has no specialised ministry and in view of the SPS's national scope of operation and the fact that it is the only employer federation in the sector, it is fair to say that the federation de facto represents construction in the Czech Republic as a whole. SPS has conducted CB since 1991 and practises it at sector level. It concludes HLCAs with Stavba and OS DOSIA. Experts from member firms take part in the work of expert groups set up to deal with specific issues in the area of CB, prices, taxation, public procurement, housing construction and quality. A total of two HLCAs were concluded in 2002 and 2003.

SPS takes part in tripartite consultations at national level via KZPS. In addition, the president of SPS is a member of the board of the Council of Economic and Social Agreement (the tripartite mechanism). The SPS is a member of the Confederation of Entrepreneurs' and Employers' Associations of the Czech Republic (KZPS). Since 1.1.1996 the president of the SPS has been chairman of KZPS; together with the president of the Confederation of Industry and Transport of the Czech Republic he is also a member of national tripartite board in the Czech Republic (the Council of Economic and Social Agreement). Additionally, it is a member of the Housing Association. The SPS is also a member of the European Construction Industry Federation (FIEC). It co-operates with partner employer federations in Germany, Austria, Italy, Poland and Hungary as well as Canada, Japan, Hong Kong, Chile and many other countries. It's not affiliated to an international organisation.

⁷³ Total number of members without pensioners (e.g. employees only)

⁷⁴ The number of members of SPS and the number of companies (members of CPS) is not the same. The number of member companies is not available.

Employers' organisations

Organisation		Sub-sectors covered	Companies	SW	Density Companies	Density SW	T	CB	National affiliations		European affiliations*		International affiliations*	
Original name	English name		number	number	%	%	yes/no	yes/no	Direct	Indirect	Direct	Indirect	Direct	Indirect
Svaz podnikatelů ve stavebnictví v ČR (SPS)	Association of Entrepreneurs in Building Industries in the Czech Republic	Sector F, division 45, Sector D, Sub-Sector DI, Division 26 with the exception of Group 26.1, Sector C, Sub-Sector CB, Division 14, Groups 14.1 and 14.2	ND	ND	ND	ND	Yes, indirectly	Yes	Confederation of Entrepreneurs and Employers' Association of the Czech Republic (KZPS)	Not affiliated	Member of the European Construction Industry's Federation (FIEC)	Not affiliated	Not affiliated	Not affiliated

* Precise if it is an observant member

Estonia

1. Description of the sector

1.1. - Delimitation and scope of activities

The construction industry (NACE 45) includes the following activities⁷⁵: site preparation (NACE 45.1); building of complete constructions or parts thereof and civil engineering (NACE 45.2); building installation (NACE 45.3); finishing works (NACE 45.4) and renting of construction or demolition equipment with operator (NACE 45.5). Unfortunately the Statistical Office of Estonia does not publish the data by different sub-sectors in building and therefore we had to treat Construction sector as one whole in the following text.

1.2. - Socio-economic features

1.2.1. General overview of the sector

The share of the construction sector has been around 6-7% in the composition of GDP over last eight years. The Construction sector is of relatively high importance in the Estonian economy; only four industries (manufacturing, transport, trade and real estate) have a higher share of GDP than building.

The Construction sector is highly dependent upon economic growth rates and the level of public expenditures. After the industry was hit by the transition process during the first half of the 1990s, the industry faced growth in output and in value added (see Table 1). A setback in the development in 1999 was due to the Russian crisis in 1998, the latter affected the Estonian economy and also the construction sector very badly. In the last years, the construction sector has faced economic growth and has expanding, and especially right now the sector is booming.

Table 1. Growth of value added in different sectors in constant prices, 1998-2003 (%)

	1998	1999	2000	2001	2002	2003 Q1
Agriculture	0	-2.5	-1.0	-5.0	1.4	-3.7
Industry	2.1	-3.6	13.9	8.5	8.6	10.5
Construction	18.3	-8.2	13.8	4.3	13.9	2.0
Services	5.3	2.1	5.5	7.2	4.6	3.7

Source: Ministry of Finance of Estonia

Rapid growth of the Estonian construction market continued in the 3rd quarter of 2003. The total production of Estonia's Construction sector both at home and abroad grew 8% in the 3rd quarter of 2003 (5.5% in the 2nd quarter of 2003) over the same period a year ago. The increase in Estonia was 10%. One of the main reasons for the rapid growth in Construction sector is the relatively low interest rate level in Estonia. The long-term interest rates for firms and private households are in line with the average of the European Union level (5,1% in 2003). The production value of construction amounted to 4.7 billion kroons⁷⁶ in 3rd quarter of 2003 (3.6 billion kroons in 2nd quarter 2003). The growth in construction volumes was mostly the result of an increase in the construction of non-residential buildings in Estonia. Turnover from construction activities totalled 8 billion kroons (5.3 billion kroons in 2nd quarter), half of which was received from repair and maintenance work.

1.2.2. Industry characteristics

The Construction sector in Estonia comprises around 2100 enterprises, which is 7.2% of all enterprises in Estonia in the 3rd quarter of 2003 (see Table 2). All enterprises in the sector are private. The main competitive strategy is based on cost. As seen from Table 2, small enterprises dominate in Estonian building market: about 82 % of enterprises in the sector employ between 1-19.

⁷⁵ Statistical Office of Estonia uses the internationally recognised NACE classification.

⁷⁶ Since 2000 the exchange rate is 1 EUR = 15,646 EEK.

Table 3 describes the concentration of employees in different groups of firm size. In 3rd quarter of 2003, the share of small enterprises (less than 20 employees) in employment in the Construction sector was 35,8%. However, by subcontracting small firms are often dependent on large firms. We can observe that the size of enterprises has been relatively stable over the last years.

Table 2. Number of enterprises in the building industry 2002-2003

Number of enterprises	2002				2003		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
All Enterprises in Estonia	30190	29422	28731	27725	30675	30198	29382
All enterprises in Construction sector (thousand)	2047	1998	1976	1922	2297	2211	2118
... 1-19 employees (%)	82.7	63.5	82.4	82.2	83.7	83.1	82.4
... 20-49 employees (%)	11.9	11.9	11.9	12.1	11.4	11.8	12.2
... 50-99 employees (%)	3.8	3.9	3.9	3.9	3.4	3.6	3.8
... 100 and more employees (%)	1.7	1.7	1.8	1.8	1.5	1.5	1.6
% of Construction sector enterprises of total number of enterprises	6.8	6.8	6.9	6.9	7.5	7.3	7.2

Source: Statistical Office of Estonia

Table 3. Number of employees in the Construction sector and their share by size 2002-2003 Q3

Employees	2002				2003		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
All employees in Construction sector enterprises	29605	30869	31172	30329	31193	32029	32409
1-19 employees (%)	36.4	36.1	35.4	36.4	36.8	36.1	35.7
20-49 employees (%)	23.5	23.3	23.0	23.0	23.8	24.0	24.1
50-99 employees (%)	17.8	17.7	18.0	18.3	18.1	18.0	18.3
100 and more employees (%)	22.3	23.0	23.6	22.3	21.3	21.9	21.9
Employees in all enterprises	385437	391174	390656	386601	391647	394326	392404
1-19 employees (%)	33.1	33.2	33.3	33.4	33.1	33.2	32.8
20-49 employees (%)	16.9	16.9	16.7	16.7	17.3	17.2	17.0
50-99 employees (%)	12.7	12.8	12.9	12.9	12.9	12.9	13.0
100 and more employees (%)	37.3	37.1	37.1	37.0	36.7	36.6	37.1

Source: Statistical Office of Estonia

1.2.3. Employment characteristics

The construction sector employs 6.6% of the employed people in Estonia in 2002. Employment in the construction sector has decreased over the transition period in Estonia. According to the labour force data⁷⁷ there were 64.9 thousand people employed in the Construction sector in 1989 and by the year 2002, the number of employed people decreased to 38.9 thousand, which means that the decrease was 40% (see Table 4). However, the number of employed people in Estonia has decreased also over the transition

⁷⁷ There is difference in the number of employed people between enterprise survey data and labour force survey data. The enterprise survey data show the average number of employees in full-time units, while the labour survey data are not recalculated to the full-time employment.

period and the share of employed people in the building industry was around 7-8%. Since 1997 the share of employed people in Construction sector has been around 7% (12% for men and 1% for women) of all employed people in Estonia.

Table 4. Employed people aged 15- 69 in the construction sector, 1989-2002 (annual average, thousand)

	1989	1998	1999	2000	2001	2002
Building	64.9	44.1	38.9	39.7	39.3	38.9
% of total employed people	7.7	7.3	6.8	7.0	6.9	6.7

Source: Statistical Office of Estonia, Labour Force Surveys

1.2.4. Wages in Construction sector

According to the Statistical Office of Estonia, in 2003 the wages in the construction sector were below the average wage of Estonia at 98.1% of the national average wage (see Table 5). Construction was one of the highest paid industries during the Soviet time. From the beginning of the transition processes, construction sector wages started to fall, but up until 1998, they remained higher than the national average wage. Due to the Russian crisis, the average nominal wages in the construction sector decreased compared with the previous year in 1999. Since the year of 2001, wages in the construction sector have been near to the national average wage.

Table 5. The average national wage and wage in The construction sector (EEK)

	1998	1999	2000	2001	2002	2003
Average wage in Estonia	4125	4440	4907	5510	6144	6701
Average wage in The construction sector	4196	3877	4379	5232	5891	6576
The share of The construction sector wage from average wage (%)	101.7	87.3	89.2	95.0	95.9	98.1

Source: Statistical Office of Estonia

In analysing the wage level, we must keep in mind that the share of the grey economy, in the terms of undeclared wages is relatively high in the construction sector. A survey made by the Estonian Institute of Market Research shows that although the level of the grey economy is gradually shrinking in Estonia, many workers still receive undeclared pay. Envelope wages are relatively common in sectors like trade, construction, catering, transportation services, in general in service sector. It is claimed that so-called envelope pay is received by around 15 percent of workers, which means that the state is losing about 1.6 billion kroons in unpaid social and income tax (0.4% from total state budget). It is 0.4 billion kroons more than last year. 89% of respondents did not support envelope wages. They suggest that the Government should strengthen control mechanisms and part of the respondents suggested lowering the tax burden.

Contextual data

Companies

Sub-sectors	Number of Companies	% companies without SW	% companies with <20 SW	% Companies 10-100 SW	% companies with > 100 SW
Total of the sector	2118	ND	82.4	16.0	1.6

Workers

Sub-sectors	Number of workers	Number of SW	Number of SW/number of SWs in the country (%)	Number of SW in companies <20 SW/number of SW in the sector (%)	Number of SW in companies 10-100 SW/number of SW in the sector (%)	Number of SW in companies >100 SW/number of SW in the sector (%)
Total of the	38900 ¹	35500 ¹	6.6 ¹	35.7 ²	42.4 ²	21.9 ²

sector						
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Note: ¹ – according to labour force survey data; ² – according to enterprise survey data.

2. Description of the industrial relations in the sector

In the building industry, as in the majority of industries in Estonia, tripartite concertation is not developed. At sector level, there is no bipartite dialogue either. The main reason is that there are no trade union organisations in the sector⁷⁸. Also, all enterprises are privately owned and are of relatively small size (see section 1.2). However, there are several professional unions and organisations in the Construction sector, but none of them acts as a social partner.

There are two employers' organisations in the sector – Estonian Association of Construction Entrepreneurs (Eesti Ehitusettevõtjate Liit, EEEL) and Estonian Association of Electrical Enterprises (Eesti Elekritööde Ettevõtjate Liit, EETEL)⁷⁹. These organisations belong to Estonian Employers' Confederation (Eesti Töandjate Keskliit, ETTK) and through ETTK are involved in social dialogue. The latter is the employers' representative in the tripartite concertation at the state level. These two employers' organisations comprise only about 8.5% of all enterprises in the construction sector.

As there are no trade union organisations at the enterprise level, the social dialogue does not exist either at enterprise level. According to the Registry of CAs, there are no CAs signed in the sector at the enterprise level. However, despite the missing social dialogue, there have been no strikes in the sector over the transition period.

3. Description of the organisations active in the sector

3.1. - Workers' Organisation

There are no trade union organisations in the Construction sector. However, there are several professional union organisations, but these do not participate in the social dialogue (see section 3.3).

3.2. - Employers' Organisations

Estonian Association of Construction Entrepreneurs (Eesti Ehitusettevõtjate Liit, EEEL)

This is a voluntary association of construction enterprises, whose aim is to support and co-ordinate its members' actions in matters of industry related economic issues and relations with employees and employee unions. The EEEL represents and protects its members' interests in public and governmental organisations, in association with other legal and unofficial bodies, it represents its members in courts and arbitration procedures; it participates in the elaboration of legislation; arranges marketing and economic research, training and encourages the development of education in the Construction sector; it arranges legal assistance and consultations for member organisations. In March 2003, there were 83 member organisations in the EEEL. The overall turnover of the EEEL member organisations comprises more than 45% of the construction turnover of the construction companies in Estonia.

The EEEL was established in 1991 and reorganised in 1993. In 1995 a sub-organisation Katuseliit (which is an association of flat roof building companies) was formed. The members of the EEEL have a representation in the National Licence Committee and in the Foundation for Construction Information. Also the representatives are in labour dispute

⁷⁸ In the middle of 1990s there was a trade union organisation – Trade union of Estonina Construction workers (Eesti Ehitajate Ametiühingute Liit) – in the Construction sector, but this does not exist today. The last members (total amount of members is about 150) joint Trade Union of Estonian Forest Industry Workers (Eesti Metsatöötajate Ametiühing) in 2000.

⁷⁹ The employers' organisation comment was that there are two employers' organisations in the sector – Estonian Association of Construction Entrepreneurs (Eesti Ehitusettevõtjate Liit, EEEL) and Association of Construction Material Producers of Estonia (Eesti Ehitusmaterjalide Tootjate Liit, EETL).

The author of this report does not agree with this statement, because our report is concentrating on the construction industry (NACE 45), involving enterprises which are dealing with the following activities: site preparation, building of complete constructions or parts thereof and civil engineering, building installation, finishing works and renting of construction or demolition equipment with operator. The Estonian Association of Construction Entrepreneurs (Eesti Ehitusettevõtjate Liit, EEEL) is a voluntary association of construction enterprises (NACE 45), the Estonian Association of Electrical Enterprises (Eesti Elekritööde Ettevõtjate Liit, EETEL) is active in the area of the building installation (NACE 45.3). The Association of Construction Material Producers of Estonia unites the enterprises, which in majority belong to the manufacturing sector and its sub-sectors (NACE 26, 27 and 28).

commissions and have representatives of the state provisions among the arbiters. The EEEL is member of the Estonian Chamber of Commerce and Industry (Eesti Kaubandus-Tööstuskoda) and their role as a social partner is facilitated by the membership in the ETTK.

The Electrical Constructors’ Association of Estonia (Eesti Elektritööde Ettevõtjate Liit, EETEL)

This is a voluntary association of electrical enterprises whose mission is to defend the interests of the members of the EETEL with regard to professional, technical and commercial questions. The Principal objectives of the EETEL with regard to the electrical field are similar to those of the EEEL.

EETEL was founded in 1995 and it has 107 member organisations. The EETEL is a member of the Estonian Chamber of Commerce and Industry, member of the ETTK and it co-operates with many non-profit, educational, several governmental and other organisations in Estonia and abroad.

Employers’ organisations

Organisation		Sub-sectors covered	Companies	SW	Density Companies	Density SW	T	CB	National affiliations		European affiliations*		International affiliations*	
Original name	English name		number	number	%	%	yes/no	yes/no	Direct	Indirect	Direct	Indirect	Direct	Indirect
<i>Eesti Ehitusettevõtjate Liit</i>	<i>Estonian Association of Construction Entrepreneurs</i>	ND	83	ND	3.9%	ND	no	no	Estonian Employers' Confederation	-	-	UNICE	-	-
<i>Eesti Elektritööde Ettevõtjate Liit</i>	<i>The Electrical Constructors' Association of Estonia</i>	ND	107	ND	5.1%	ND	no	no	Estonian Employers' Confederation	-	-	UNICE	-	-

* Precise if it is an observant member

3.3. Professional Organisations in the building industry

There are several professional organisations in the Construction sector. In general, the purpose of these organisations is to promote the field, in which they are operating; designing and consulting business and support activities of its members in the domestic as well as foreign market; represent and promote common interests of the members, exchange information, represent the membership in cooperation with similar international organisations and association of special field, etc.

The Estonian Association of Engineers

The Estonian Association of Engineers (Eesti Inseneride Liit, EIL) comprises all the major engineering institutions in Estonia and represents Estonian engineers in matters of importance to the engineering profession as a whole. The major institutions and the founder members of the EIL are the Estonian Association of Civil Engineers, the Estonian Chemical Society and the Society of Estonian Mechanical Engineers. In addition, the EIL comprises more sophisticated societies and regional centres of engineers. At the same time, all the EIL member organisations are completely autonomous in their particular engineering fields (except the regulations approved by the EIL).

The member institutions have delegated to the EIL the following areas of activity: co-ordination of interdisciplinary activities; development and unification of requirements and procedures for awarding the title of chartered engineer; co-ordinating and monitoring the functioning of Continuing Professional Development; preparing (in co-operation with governmental bodies) the legal foundation for the engineering profession; international relations in general problems of the engineering profession.

The EIL is a member of the European Federation of National Engineering Association (FEANI).

The Estonian Association of Civil Engineers

The Estonian Association of Civil Engineers (Eesti Ehitusinseneride Liit, EEL) is a voluntary and non-profit association for civil engineers. The goals of the EEL activities are to advance the development of construction, to be a connecting link between university trained engineers active in construction, to protect common interest of the members, to take part in the formation of civil policy in techniques, science and education and to advance foreign relations.

The EEL was founded in 1991 by 124 civil engineers. Since it was founded, the membership of the EEL has more than doubled. The EEL has 326 members (among them 2 collective members) at present. Members of the EEL can be university trained civil engineers and engineers qualified in another field, but working in construction spheres. The collective members of the EEL are: the Estonian Society of Heating and Ventilation Engineers (Eesti Kütte- ja Ventilatsiooniinseneride Ühendus, EKVÜ) and the Estonian Geotechnicians' Union (Eesti Geotehnika Ühing). From the members of the EEL 74% are working in private sector and 8% in public sector, 10% are pensioners. The EEL is a member of the Estonian Association of Engineers (EIL) and of the European Council of Civil Engineers (ECCE).

The Society of Heating and Ventilation Engineers

The Society of Heating and Ventilation Engineers (Eesti Kütte- ja Ventilatsiooni Inseneride Ühendus, EKVÜ) was founded in 1989, and at present, there are 146 individual members. The goals of EKVÜ are to participate in resolving specific technical topics to stimulate technological progress, to work out and give expert opinions on heating, ventilation and air conditioning systems in Estonia, to develop and maintain high professional standards and also to encourage the continuing education.

The other professional organisations, joining different enterprises in the Construction sector in Estonia are among others: Estonian Professional Association of Engineers (Eesti Inseneride Kutseliit); Estonian Association of Architectural and Consulting Engineering Companies (Eesti Projektibüroode Liit, EPBL); The Union of Estonian Architects (Eesti Arhitektide Liit); Estonian Welding Society (Eesti Keevitusühing), etc.

Conclusion

The Construction sector is a good representation of all the problems typical of the industrial social dialogue in an Estonian context. The majority of firms in the Construction sector are very small, very often cheap labour is used and workers get undeclared wages. Competition in the sector is very high and, usually, only large firms are able to fulfil the contract requirements for large projects. Most of the work is done by using sub-contractors, which are mainly small firms and, in order to be competitive, they must keep their costs down. It means that they pay the minimum wage plus “envelope” wages in addition to that. Workers in the sector are very mobile. There are a lot of relatively low qualified blue collar workers in the sector, who are highly mobile moving from one firm to another and it makes extremely difficult to organise them into unions. However, large firms pay relatively high wages to their well-qualified labour and this also disturbs the labour movement in the sector.

To conclude, we can say that in such a very segmented and decentralised market, it is very difficult to develop a social dialogue. Probably, it will take several years before concentration of the construction industry achieves a level at which the trade unions have a good basis on which to organise workers and develop a labour movement.

Hungary

1. Description of the sector

1.1. - Delimitation and scope of activities

As far as statistical datasets are concerned, the Hungarian national statistical system has been re-organised to harmonise the European system in 1998. Since 1998, the datasets cover 45.1, 45.2, 45.3, 45.4, 45.5 sub-sectors as Construction sectors. Nonetheless, sub-sector deep detailed datasets do not show the datasets of sub-sectors 45.1 and 45.5. Their activity is so small that the KSH (Central Statistical Office) does not publish their data sets. Furthermore, the recently established sector level social dialogue committee also covers the following sub-sectors:

- 02 Forestry (Erdőgazdálkodás)
- 20 Manufacture of wood and of wood and cork, except furniture, manufacture of articles of straw and plaiting materials (Fafeldolgozás, fonottáru gyártása)
- 26 Manufacture of other non-mineral products (Nemfém ásványi termékek gyártása)
- 36 Manufacture of furniture and other products (Bútorgyártás, máshová nem sorolt feldolgozóipari termék gyártása).

1.2. - Socio-economic features

Following the “transformation recession” between 1989 and 1996, the output and the employment of the Hungarian construction sector has grown steadily since 1996. 2002 saw extraordinary development. The construction boom is mainly due to the increasing public infrastructure investments and to the new housing policy, which is backed up by the banks with subsidised loans, whereas the demand by companies for construction has not changed.

According to the estimates of the construction unions’ leaders in 2000, there may be around 268 000 people working partly or fully in the industry (247 000 men and 21 000 women⁸⁰). This estimate seems reliable given the Labour Force Survey dataset. The rate of employees with fixed term contracts in construction also seems to be lower than expected: only 12 per cent of all employees, but it is somewhat higher for semi-skilled and unskilled workers, 15 and 25 per cent, respectively. Similarly, reliable estimates cannot be gained from regular statistical surveys for other forms of employment status (casual, apprenticeship, etc.).

All accounts suggest that the informal economy is important in the construction sector. The composition of the informal economy stems from the company structure of the industry (the vast majority of construction firms are small). The extensive use of subcontractors is, reportedly, one of the major sources of illegal employment on major construction sites, as sub-contractors, small firms in most cases, tend to use non-registered employment. Illegal foreign construction workers for instance, are often employed directly by households to build or renovate flats and houses and frequently work for small enterprises too. According to sources familiar with the industry, there are about 200,000 informal employees working in the industry, approximately double the approximate 110,000 employees working in registered workplaces. A manual worker in the construction industry, working 2-3 weekends out of a month, could earn as much from this as half his/her monthly earnings in formal employment in the industry.

As far as the company structure is concerned, one observes a considerable fragmentation within the industry, which seems to increase over the years. Only 34 out of 75.516 firms had more than 250 employees, and a further 375 companies had more than 50 but less than 249 employees in 2002.

Number of enterprises in construction and of employment by size of employees, December 2002

Number of employees	Number of enterprises	Employment*	Employment [%]
Less than 5 persons	67201	58246	42.9
5-9 persons	4463	19256	14.2
10-19 persons	2338	10379	7.6
20-49 persons	1105	17202	12.7
50-249 persons	375	21701	16.0
More than 250 persons	34	8910	6.6

⁸⁰ Source: Statistical Yearbook 2000, CSO, Budapest, 2001.

Total	75516	135694	100.0
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* Based on Institutional statistics

It should be noted, however, that 70 undertakings had more than 10 billion HUF turnover in 2001 and the largest 15 undertakings have provided about 40% of all output of the construction industry. The privatisation in the sector ended for, practical purposes, in the mid-nineties. Additionally, only about 1.4% of undertakings in the sector had foreign participation at that time⁸¹.

02.0 Forestry (*Erdőgazdálkodás*)

Unfortunately, KSH databases do not provide data on forestry alone. According to union sources, state owned forestry companies own 68% of the forestry sector. They employ about 8000 employees altogether. The majority of employees are white-collar professionals. Beyond state owned forestries, there are a small number of co-operatives formed by sole proprietors. Nonetheless, about one third of forests are cultivated by 200.000 small sole proprietors, who lack any associative form of organisation.

20 Manufacture of wood and of wood and cork, except furniture, manufacture of articles of straw and plaiting materials (*Fafeldolgozás, fonottáru gyártása*)

This industry accounted for 1.1% of all industrial production and employed 21.811 employees in 2002. Productivity has increased, but the average wage level in the sub-sector is considerably lower than in the industry in general⁸².

26 Manufacture of other non-mineral products (*Nemfém ásványi termékek gyártása*) (26.1-26.8)

For practical purposes, the manufacture of other non-mineral products covers construction material manufacturing. In the last decade, as a general trend, the importance of the sector, in percentage terms, has declined. Nonetheless, its output increased by 45% between 1998 and 2001. In 2002, 80% of undertakings were small and micro enterprises with less than 10 employees⁸³. Only about 5.9% of undertakings in the sector had foreign participation at that time⁸⁴. This industry accounted for 2.7% of all industrial production and employed 28.188 employees in 2002. Unlike the employment, productivity has increased. The average wage level in the sub-sector is higher than in the industry across the board⁸⁵.

36 Manufacture of furniture and other non-classifiable products (*Bútorgyártás, máshová nem sorolt feldolgozóipari termék gyártása*). (36.1)

This industry accounted for 1.4% of all industrial production and employed 28.757 employees in 2002. Productivity has increased and the average wage level in the sub-sector is considerably lower than in the industry in general⁸⁶.

2. Description of the industrial relations in the sector

2.1. - Description of the tripartite concertation

No pact in tripartite institutions has been concluded. Most of its work relates to discussion of drafts prepared by the respective ministries. In fact, the Construction sector is a highly segmented sector. The Ministry of Construction ceased to exist in 1998 and its portfolio was divided up between various ministries, including the Ministries of Economic Affairs, Transportation, Environmental Affairs, and of Agriculture and Local Development Affairs. Thus, there is no single government partner to facilitate sector policy and accompanying social dialogue. Nonetheless, it emerged that the social partners deem the Ministry of Economic Affairs to be the more responsible partner on behalf of the government. Nevertheless, representatives of employers' associations have complained that there is no real readiness to take up sector responsibilities within the ministry. Within the

⁸¹ Kiss, Attila-Jankelovics, János: Építőipar, Építőanyagipar, Piaccgazdaság Alapítvány, 2003.

⁸² Based on statistical data sets provided by the KSH, Ipari és építőipar 2002. évi tevékenysége, KSH. 2003

⁸³ Kiss, Attila-Jankelovics, János: Építőipar, Építőanyagipar, Piaccgazdaság Alapítvány, 2003.

⁸⁴ Kiss, Attila-Jankelovics, János: Építőipar, Építőanyagipar, Piaccgazdaság Alapítvány, 2003.

⁸⁵ Based on statistical data sets provided by the KSH, Ipari és építőipar 2002. évi tevékenysége, KSH. 2003

⁸⁶ Based on statistical data sets provided by the KSH, Ipari és építőipar 2002. évi tevékenysége, KSH. 2003

framework of the Prime Minister's Office, there exists an ad hoc institution, the Construction Forum (Építési Fórum), in which representatives of different business interests have some possibility of consulting on bills and other government policy documents. The government, elected in 2002, has recently established the National Flat and Construction Sector Office (Országos Lakás- és Építésügyi Hivatal, OLÉH), within the portfolio of Ministry of Home Affairs. Nonetheless, according to the opinion of ÉVOSZ, the OLÉH only has responsibility for a small part of the construction industry, and within this portfolio it lacks the necessary competence and authority to provide regulation and guidance for the industry.⁸⁷

As far as the forestry industry is concerned, social partners in forestry are part of Földművelésügyi és Vidék Fejlesztési Érdekegyeztető Tanács (Agriculture and Regional Development Council, FÖVÉT), which is the tripartite social dialogue commission of Ministry of Agriculture and Regional Development (Földművelési és Vidékfejlesztési Minisztérium, FVM). Establishment of FÖVÉT took place on July 2003 and it was established by 21 organisations, representing various sub-sectors of agriculture and regional development. Among the organisations discussed by this report, FAGOSZ, EFDSZ are members of FÖVÉT. The president of FÖVÉT is the State Secretary of the Ministry. FÖVÉT has three subcommittees: the Economic Committee, the Employment Committee and the Public Employment Committee. The social partners are pleased with the work of FÖVÉT and consider that it provides a valuable social dialogue over major issues in the sector. Even if subsector CB is unrelated to tripartite social dialogue, there are informal linkages between CB and tripartite social dialogue in the case of the forestry industry, where the sub-sector agreement covers the state-owned forestry companies for all practical purposes. For the sub-sector, the issues discussed in the tripartite social dialogue have direct consequences for the content of the sub-sector CA.

2.2. - Description of the bipartite social dialogue

There is no direct link between the tripartite and bipartite social dialogues: the tripartite social dialogue takes place at ministry level and acts rather as a consultative forum on various issues related to the administrative and governmental tasks of ministries and the new sector level bipartite social dialogue body is a cross sub-sector body, which does not have a clear mandate and seems to work without the support of the ministries responsible for sector governance. Its work is supported by the Ministry of Labour and Employment, and which rather sees its role as that of facilitating bipartite social dialogue and not being involved in sector issues, which are the responsibility of other ministries.

The sector social dialogue committee was established on 15th September 2003. It covers not only construction industries (45), but also the additional sub-sectors 02, 20, 26 and 36. The extension of the concept of the industry, was, reportedly, requested by unions in particular, since their traditional structure covers the construction, construction material and wood industries. The sector committee consists of the following organisations:

- Employee's side: ÉFÉDOSZSZ, ÉTSZOSZ, EFDSZ.
- Employers' side: ÉVOSZ, ÉÉSZT, MCSZ, MÉASZ, MBFSZ, FAGOSZ, IPOSZ, OAFSZ.

The unions were especially expecting that the sector social dialogue committee would provide a forum for concluding a sector CA in the industry. In March 2004, the meeting of the committee, from the employer's side, suggested that the first tasks of the committee should involve tackling the high injury rate in the industry and should provide the means to promote health and safety measures. The employers also supported the idea that the committee should develop policies in order to reduce illegal employment in the industry.

2.2.1. - At sector level

With the collapse of sector level CB, hardly any negotiations now take place between ÉVOSZ and the union federations apart from mutual expressions of the goodwill of partners to each other. It was the ÉVOSZ that recently approached the trade union associations to begin a new round of sector CB. According to the union side, the major reason for such an initiative on behalf of ÉVOSZ is to control the labour market through means of a CA. In other words, the major companies, which set the policy agenda of ÉVOSZ, hope that through a wage-scale agreement they can limit the competition of small and medium-size enterprises. Nevertheless, there are major structural problems on both sides that can effectively block negotiations between the employers and the unions. Within ÉVOSZ, the major companies do not have the power to impose their will on SMEs. Thus there is little possibility of any draft agreement going beyond the mandatory minimum standards set by legal regulations. Nor do unions have the striking power to be able to force non-voting companies to accept stricter regulations. Nevertheless, the unions hope that they will be able to reach a voluntary multi-employer agreement⁸⁸ with some of the major companies

⁸⁷ See: Népszabadság, 2004. 03.06.

⁸⁸ In 1991 a voluntary framework multi-employer agreement was concluded between EVOSZ and ÉFODOSZSZ for the Construction sector. This voluntary framework agreement, however, covered only a handful of companies, which joined it voluntarily. The agreement was never extended to the whole construction industry. A couple of years later, the agreement ceased to exist. It was ÉVOSZ, reportedly, who prompted the employers' side to walk away from any negotiations (Ibid.). On the other hand, the union side was unable to put any considerable pressure on companies and on ÉVOSZ to conclude a new agreement.

and that this might be extended to the whole sector by the government. But this is a “Catch 22” situation, as major companies are afraid of signing an agreement that would set stricter conditions for them, without having the guarantee that the voluntary agreement will be extended later.

There are two sub-sectors CA which exist in the ‘wider’ construction industry, as covered by the sector social dialogue committee. One is concluded between FAGOSZ and EFDSZ covering state owned forestry companies and related research institutions and administrative offices. The second covers the furniture manufacturing industry. We also note that the sector social dialogue committee has held its third meeting up to now. It has only succeeded in establishing its basic ground rules and thus it has not had any practical experience yet. In order to use the forum to be the venue of sector CB, the necessary legal framework is still missing, and more importantly, so is the willingness of the employers to negotiate. Moreover, the committee covers such a wide – and highly differentiated area – that makes it highly questionable that it really could work out any effective measures, beyond certain vague initiatives.

2.2.2. - At enterprise level

In the construction industry, the major form of CB takes place at workplace level. However, the number of companies that have workplace level agreements has decreased substantially. In about 50 companies, terms and conditions of employment were regulated by CA in 1999. These companies are still among the major players in the industry, at least in terms of employment, since they employ 16,000 people. A CA exists in 16 of the 23 firms employing more than 300 people. In the ‘wider’ construction industry, covered by the sector social dialogue committee, the trend is similar to the construction industry. The major companies, especially the successor organisations of former state owned enterprises are covered by local CAs. Nonetheless, the importance of these agreements varies widely depending the nature and fragmentation of the sub sectors.

CAs are legally binding contracts, which cover all employees in a given undertaking under the coverage of the agreement, regardless of their union membership status. CAs normally function as an ‘accompanying’ regulation of the very detailed labour code, providing local regulation for such issues as the actual working time regime, conditions of work and they also regulate issues concerning the actual rules of hiring and firing. Under normal circumstances they also provide regulatory guidance on some health and safety issues, working clothes provisions, and social and welfare benefits and the eligibility for those benefits. As far as wage regulation is concerned, they normally set the wage formula (namely it is used for piece work or for hourly paid workers), the elements of the wage formula (basic wage, contingent wage elements, shift benefits, overtime benefits and certain supplementary benefits (like cold weather benefit etc)). As far as the wage tariff is concerned, normally they establish minimum wages for very broad categories of workers (like: unskilled workers, semi-skilled, skilled, masters) or wide wage bands for the same categories. In both cases, it is the unilateral right of the management to settle through individual negotiation with the employee concerned his/her actual basic hourly (monthly) wage and its increase.

3. Description of the organisations active in the sector

As far as both unions and employers’ associations are concerned, they are required to hold elections regularly, at federal level, (and in case of sub-federal and workplace level organisations at sub federal and organisational level). These election rules are normally regulated in the byelaws. It is customary to have elections every four years. Byelaws normally stipulate secret ballots, in which each member has one equal vote and any member can stand as a candidate.

At sub-federal and federal level, delegates of member organisations (there are two variations here: each member organisation has one vote, or each member organisation has a vote relating to the size of its membership according to a certain formula) elect the leadership bodies and representatives of the organisation as required by these byelaws. On the union side, each organisation is entitled by its byelaw to conduct CAs, but the actual capacity of the union to conduct such an agreement depends on the fulfilment of requirements set by the Labour Code. On the employer’s side, the issue is more complicated. Although most byelaws say that it is the task of the federal association to negotiate with unions, these byelaws set rules which define under what conditions an employers’ association could conclude a binding agreement. Consequently, in practice, most of CAs reached at sector level are signed not only by the respective employers’ association, but by those member companies which are ready to accept the stipulations of the agreement. Thus, we should rather speak about voluntary multi-employer agreements, than a sector agreement covering all members of the employers’ association. None of these agreements cover non-member undertakings.

3.1. - Workers’ Organisations

Trade unions, in general, went through a major decentralisation and decomposition process during the 1990s in the construction industry. Currently, there are three trade union federations in the industry. They were set up in the early 1990s and their organisational structure reflects the tendency to decentralisation, which took place after the transition in the union movement. All three federations are loose umbrella organisations of their member-unions, which could be sub-sector federations and/or company unions. The sub-sector federations and company unions have their own legal identity and assets and they pursue autonomous policies on behalf of their members. The national associations only

receive a small fraction of membership dues and their financial survival practically rests on renting trade union facilities. The federations have a small staff, hardly sufficient to provide guidance, expertise and services for the member organisations.

In 2002, ÉTSZOSZ, ÉFEDOSZSZ and EFDSZ have concluded a cooperation agreement. The cooperation agreement underpinned the cooperation among unions in setting up the sector social dialogue committee.⁸⁹

Workplace union organisations can only be found in those major companies of the industry that are the successor organisations of the former state owned companies. Thus, all these workplace unions underwent a major crisis and reorganisation during the 1990s due to the crisis in these companies. Most of them became relatively small unions at the given company, representing only one-third of employees, on average. On the other hand, the unions were practically unable to organise workers in the emerging small and medium-sized enterprise sector and at the green-field sites of foreign investors.⁹⁰

The Labour Force Survey (LFS) data suggest that union presence in the construction industry (TEÁOR 45) is somewhat weaker than in the whole economy. The same holds for trade union membership, CB coverage and the presence of Works Councils⁹¹. The Labour Force Survey also shows that the presence of unions is greater in the big-firm sector of the industry, while their presence in smaller firms is merely fortuitous.

a) Építő, Fa- és Építőanyagipari Dolgozók Szakszervezeteinek Szövetsége (Federation of Building, Wood and Building Industry Workers' Unions, ÉFÉDOSZSZ),

ÉFÉDOSZSZ is the major union federation in the construction industry. It belongs to the MSZOSZ (*Magyar Szakszervezetek Országos Szövetsége* – National Confederation of Hungarian Trade Unions) and is the successor organisation of the former communist Construction Workers Unions, which once had 400,000 members. ÉFÉDOSZSZ has lost the vast majority of its members over the last 15 years and now has fewer than 12,000. The loss of membership has also weakened the financial base of ÉFÉDOSZSZ was forced to leave its huge headquarters and lay off much of its staff. Currently, the ÉFÉDOSZSZ is an understaffed organisation with scarce resources to provide wide range services to member organisations.

ÉFÉDOSZSZ consists of six sub-industrial and three territorial union associations. Each of the nine associations is independent, with its own legal identity and assets, and conducts an autonomous policy. These associations were established during the post-transition period of decentralisation. Their set up reflected both the then existing power-configuration within the once monolithic union and the demarcations of the industry. The establishment of three regional federations can be seen rather as the consequence of the powerful position of their then leaders than as the demarcation of the industry in the early nineties.

During the elections campaign of 2001, works councillors were elected in 70 companies belonging to the EFEDOSZSZ out of 123, where there is an EFEDOSZSZ union section working.⁹² ÉFÉDOSZSZ is member of the European Federation of Building and Woodworkers (EFBWW).

b) Építőipari és Társult Szakszervezetek Országos Szövetsége (National Confederation of Building Workers' and Associated Trade Unions, ÉTSZOSZ).⁹³

ÉTSZOSZ is the member organisation of the Munkástanácsok Országos Szövetsége (National Federation of Workers' Councils, abbreviation MOSZ). ÉTSZOSZ originally belonged to another confederation, the Független Szakszervezetek Ligája (League of Free Trade Unions, abbreviation LIGA). Originally it was set up as the LIGA-Association of Construction Workers' Unions in 1992 and at that time embraced five company union sections and 4,000-5,000 members. Some smaller unions also joined the LIGA-Association of Construction Workers' Unions due to the factional in-fights within LIGA, so that it became a sort of 'general union'. In early 2000 the association left LIGA and joined MOSZ and changed its name to ÉTSZOSZ. Following joining to MOSZ, unions belonging to Construction sector of MOSZ has joined to ÉTSZOSZ in 2001. Currently ÉTSZOSZ has about 4.000-5,000 members from the construction industry. Reportedly, it has another 2000-3000 members from other industries, like road transport or information technology.

ÉTSZOSZ consists of 14 workplace level unions. Typically, union density is fairly low at workplaces. The best figures are no higher than 30-40% of density. Only a handful of unions have such a density, the majority of unions have lower density at their workplaces. Unions typically enlist skilled and unskilled blue-collar workers, line managers and

⁸⁹ Based on interview with Tamás Harth.

⁹⁰ Harth, 2002.

⁹¹ The Trade union presence represents 8.3% in the sector of construction against 37.3% for the whole economy; the trade union membership represents 3.6% in the sector of construction against 19.7% for the whole economy; the presence of Works Councils represents 3.8% in the sector of construction against 20.3% for the whole economy and the coverage of CA registered (1998) represents 12.0% for the sector of construction against 37.0% for the whole economy.

⁹² Kemecei, 2002

⁹³ All information is based on interview with Tamás Harth, President of ÉTSZOSZ.

administrative staff. Union members are typically men, but female union members can be found among the white-collar union members in administrative positions. Typically, employees with short-term employment contracts are not unionised employees.

It has one member-organisation, which enlists individual union members across industries working in workplaces, which do not have a workplace union section (ÉTVOSZ – Union of Individual Union Members and Self Employed). ÉTVOSZ has approximately 200 members, some of them from the Construction sector. Approximately, 10 unions are working at companies belonging to ÉVOSZ and one union is working at a company belonging to FAGOSZ. According to the information given, about 50% of these 14 workplaces have workplace level CAs. At two workplaces, unions belonging to ÉTSZOSZ are working parallel with unions belonging to ÉFEDOSZSZ.

ÉTSZOSZ does not have a statistical database on works council elections results.

ÉFEDOSZSZ is member of the European Federation of Building and Woodworkers (EFBWW). ÉTSZOSZ is also a member of the Construction Sector Union of the World Confederation of Labour (WCL). Since 1998, the President of ÉTSZOSZ represents the Hungarian construction unions in the European level sector social dialogue committee as an invited observer.

c) Erdészeti és Fajpári Dolgozók Szakszervezete (Trade Union of Forestry and Wood Industry Employees, EFDSZ)⁹⁴

The EFDSZ was established in 1993. Before 1993, forestry and wood industry employees were organised by the Union Association of Agricultural Employees (MEDOSZ), a member organisation of MSZOSZ. Unions organising forestry and wood industry employees formed a section within MEDOSZ. In 1993, these unions, having dissatisfied with the policy of MEDOSZ, left the association and constituted themselves as an EFDSZ, a federation directly affiliated to MSZOSZ. In 1995, following a referendum, EFDSZ left MSZOSZ and joined to Confederation of Unions of Professionals (Értelmiségi Szakszervezeti Tömörülés, ESZT) as observers.

The union organises employees of 19 state owned forestry companies, research institutes and state administration offices related to forestry. In addition, it organises employees in the wood industry, especially sawmills and parquet manufacturing companies. EFDSZ in 1993 had 12-13.0000 members, including pensioners and non-paying members. The union currently has 6.500 active members and 2.500 pensioners and non-paying members. The membership-decline reflected the shrinkage of employment in forestry companies. The decline has stopped now and the union has stabilised its presence and its coverage. In 2002, the number of union members increased by 300.

70% of members are white collar workers, and 30% of them are blue-collar employees. The composition of membership reflects the composition of the workforce of forestry undertakings. These micro and small private enterprises are not unionised. About 80% of membership is employed in the forestry industry and the rest in wood manufacturing companies. Here, two-three major companies represent the bulk of the membership, and a smaller fraction of members employed by small and medium sized enterprises closely connected to forestry companies. This state-owned section of forestry, in which the union organises employees, employs about 8000 people and there are an additional 1.500 employed in research institutes and the state administration dealing with forestry. Thus, the union organises approximately two-thirds of its sub-sector. The organisation of sole proprietors in forestry is outside the scope of the union. Sole proprietors number approximately 200.000 and own about 38% of forestry. These sole proprietors typically own 1-2 hectares of wood and run it as part of a family business.

On an annual basis, the union concludes a sector level CA which covers all forestry enterprises within its remit. The main negotiating partner of the union is FAGOSZ, but each company joins the agreement voluntarily. The CB process – to a certain extent – a quasi-tripartite bargaining as the real decision maker on wage setting is the State Property Agency (ÁPV Rt), who owns the 19 forestry companies, and whose representatives are also involved in the bargaining process. The sector agreement sets minimum standards. Additionally, each company organised by the union, has a company level CA, which regulates terms and conditions. The union participates in the Földművelésügyi és Vidék Fejlesztési Érdekegyeztető Tanács (Agriculture and Regional Development Council, FÖVÉT), which is the tripartite social dialogue commission of Ministry of Agriculture and Regional Development (Földművelési és Vidékfejlesztési Minisztérium, FVM). The union maintains a close working relationship with the State Property Agency (ÁPV Rt), who owns the 19 forestry companies. In each company, organised by EFDSZ, there is a works council. 90% of works councillors are union activists. The union is run by a small office. The union employs two full time employees: the president of the union and a technical assistant.

The union is member of the European Federation of Building and Woodworkers (EFBWW).

Non-affiliated unions

According to the information of unions, there are a further 4000 union members to be found in autonomous company union organisations, not belonging to any of the three union federations above listed.⁹⁵ None of the smaller company based unions are members of the sector social dialogue committee.

⁹⁴ Information based on interview with Miklós Herczegh, President of EFDSZ

3.2. - Employers' Organisations

a) Építőipari Vállalkozók Országos Szövetsége (National Federation of Hungarian Contractors, ÉVOSZ)

ÉVOSZ was founded in October 1989. It was the sector successor organisation of the quasi-employers' organisation of Hungary's socialist past, which was a quasi-mandatory organisation for the state-owned companies in the construction industry. ÉVOSZ is now a voluntary, independent and strong organisation with well established companies. Its main task is to provide business services and lobby services to its member-organisations. ÉVOSZ also hopes to acquire the authority to provide self-regulation in certain areas and sub-sectors in the industry.

At present it has approximately 540 member companies. ÉVOSZ is active in the organisation of members and has had some success in increasing its membership. Given the volatility of the industry, annually 50-60 member companies go into bankruptcy, but the number of new entrants is higher than the number of bankrupted companies. Two years ago it had about 500 member companies. According to ÉVOSZ, these 540 companies are the most important ones in the construction industry, providing about 66% of the output of the industry. According to union sources, member-companies of ÉVOSZ employ around 10.000 employees.⁹⁶ ÉVOSZ, nonetheless, does not have a statistical database on employment records and industrial relations activities of the member-companies.

ÉVOSZ is also expanding its profile. Recently, a section for window blinds was set up, and the setting up of new sub-sector associations for companies dealing with scaffold construction and working with asbestos materials is underway. One of the reasons of the success of ÉVOSZ, that it is providing an infrastructure to new entrants, including the well-established network towards regulative authorities. For example, this well established nature of ÉVOSZ helped section for dry wall contractors to lobby successfully to include drywall making into the National Skill Registry and to launch an educational program. Its members are the most prestigious Hungarian building contractors, numerous small- and medium-sized enterprises also became members of ÉVOSZ. The attractiveness of ÉVOSZ is partly attributable to the fact that the organisation has been involved in the decision-making process on the issuing of licences for contracting abroad and posting workers⁹⁷. The membership fee to ÉVOSZ is between 35.000-400.000 HUF annually. ÉVOSZ is one of the biggest employer organisations in terms of office employees. It employs 8 full time employees, which allows a wide range of services to be provided to its member companies.

ÉVOSZ has been a member of FIEC since 1993. It is also a member of FISE and Eurowindow. ÉVOSZ is particularly active in the European arena, with close relationships with employers' organisations in Germany, France and Switzerland. ÉVOSZ consists of an eight sub-sector associations. Although ÉVOSZ has a special section devoted to SMEs, it mainly represents the relatively big players in the industry; even the byelaws of the sections sometimes define minimum thresholds for membership. ÉVOSZ is a member organisation of two nationally representative employers' federations, the Confederation of Hungarian Employers and Industrialists (Munkaadók és Gyáriparosok Országos Szövetsége, MGYOSZ) and the National Association of Entrepreneurs and Employers (Vállalkozók és Munkáltatók Országos Szövetsége, VOSZ).

b) Fagazdasági Országos Szakmai Szövetség (Hungarian Federation of Forestry and Wood Industries, FAGOSZ)

FAGOSZ is a voluntary employers' association, representing undertakings in forestry, wood manufacturing, and related trading companies. FAGOSZ was established by 34 companies in 1990. In 2003, it had 181 member organisations, among them 179 undertakings, one federated association with 800 members and one associated association with 30 members. Among member companies, there are 38 forestry companies, 57 wood-manufacturing enterprises, 33 wood related trading companies, 37 supplier companies, and 8 educational institutions. Member companies in their respective sub sectors represent between 60 and 100% of industrial output.

It concluded a sector CA covering forestry in 1992 with EFDSZ. The agreement was last renewed in 2002. The wage-agreement part is negotiated annually. It has three sections : the sawmill section, the forestry section and the parquet manufacturing section. FAGOSZ participates in the Agriculture and Regional Development Council (FŐVÉT). It is member of CEI-Bois. FAGOSZ also maintains close relationship with CEPF and EOS. It is also member of MGYOSZ.

c) Ipartestületek Országos Szövetsége (Construction Section of the National Federation of Craftsmen Boards, IPOSZ)

The Construction Section of the National Federation of Craftsmen Boards (Ipartestületek Országos Szövetsége, IPOSZ) is also a successor organisation to a state-socialist interest representational body-(KIOSZ (Kisiparosok Országos Szervezete), which was set up to represent private entrepreneurs (micro enterprises). IPOSZ is a voluntary

⁹⁵ Harth, 2002.

⁹⁶ Harth, 2002.

⁹⁷ Interview with János Nagy.

organisation. Nonetheless, it has maintained its profile and still represents almost only micro-businesses, and mainly self-employed construction small business people. The IPOSZ employs a couple of officers and experts in the national headquarters, who provide assistance to the regional bodies to which members are attached. However, in major localities the local boards have specialised sub-sections devoted to trading in the construction industry and repair services. According to estimates, in the local organisations there are approximately 16,000 members dealing with the construction trades, belonging to various regional, territorial and professional member organisations. Recently, the Construction Council was set up (Építőipari Bizottság). This coordinates the work of IPOSZ on the Construction sector. In 2000, the Association of Small and Medium-sized Enterprises of the Construction Sector (Építőipari Kis- és Középvállalkozók Szövetsége) was set up to represent the interests of micro and small enterprises in the sector. Since 1999, IPOSZ has had observer status in the EBC (European Builders Confederation), which is itself an associate member of UEPME.

d) Magyar Építőanyagipari Szövetség (Hungarian Association of Building Material Industry, MÉASZ)

The MÉASZ was established in 1991 to represent companies manufacturing products for the construction industry, which are represented in the statistics, partly as manufacturers of other non-mineral products (TEÁOR 26), but also as the construction industry (TEÁOR 45). The major function of the organisation is to represent the interests of companies and to promote the interests of the sub-sector. The major focus of interest representation is business related. Nonetheless, the bye rule of the organisation authorises MÉASZ to represent the interests of member companies in the area of social dialogue also. MÉASZ has 170 member companies, which provide two-thirds of the output of the construction material manufacturing industry. Nonetheless, among member undertakings, one can also find construction companies, research, marketing and retail trade companies related to the construction and construction material manufacturing industries. Member companies of MÉASZ provide about one quarter of the output of the construction industry. It is a member of MGYOSZ.

e) Országos Asztalos és Faipari Szövetség (National Carpenter and Wood Industry Association (OAFSZ))

The OAFSZ⁹⁸ was established in 1990. It represented the small and medium sized enterprises in the carpentry and wood industry. It has about 1.100 member companies. OAFSZ joined IPOSZ in 1991. It has been a member of the Internationale Union des Schreiner- und Möbelhandwerk since 1992. It concluded a co-operation agreement with FAGOSZ in 2000, which includes development of common services to member organisations. It consists of countrywide regional associations, which provide local services to the member undertakings. Membership fees are between 10.500 and 20.000 HUF annually. The OAFSZ is primarily a business interest association, which provides a wide range of services to their members.

f) Magyar Bútor és Faipari Szövetség (Association of Hungarian Furniture Manufacturers, MBFSZ)

The MBFSZ was established as Bútorvállalkozók Országos Szövetsége (Association of Hungarian Furniture Manufacturers)⁹⁹ in 1990 as the successor organisation of the Furniture Industry Section of Magyar Gazdasági Kamara. It was established by 43 companies: 30 manufacturing companies, 5 trading companies and 8 other undertakings related to the furniture industry. In the early nineties, in the midst of the restructuring of the industry, the membership of the organisation fluctuated between 60 and 80 companies. Following the consolidation of the industry, the MBFSZ also expanded its activities. Currently, it has 106 members, among them 54 manufacturing companies, 16 supplier companies and 29 trading companies. The member companies are providing approximately 40% of the output of the industry. It is the member of UEA and CEI-Bois, and also member of the sector social dialogue committee. Beyond business interest representation, MBFSZ is active in the field of industrial relations. It concluded a sector level CA. It is member of MGYOSZ.

g) Magyar Cementipari Szövetség (Hungarian Cement Association, MCSZ)

MCSZ was established by companies producing cement, lime and related services in 1990. As from 1992, MCSZ was an Associate member and from April 1, 2000 an Ordinary Member of the European Cement Association (CEMBUREAU) and is an Associate Member of the German Cement Association (VDZ). It has 10 member organisations. The associations cover all cement plants and related research institutes in Hungary. It is a member of MGYOSZ.

⁹⁸ www.oafsz.hu

⁹⁹ www.butorszovetseg.hu

h) Építési és Építésügyi Szakmai Testület (Professional Body of the Construction Industry, ÉÉSZT)

ÉÉSZT is a professional body of the construction industry, bringing together all the major employers' associations, research institutions and professionals to provide a forum for professional discussions concerning the industry. The body is not a traditional employers' association, but it has a major role in facilitating professional debates in the industry over a wide range of issues.

i) Ipari és Kereskedelmi Kamarák (Chambers of Industry and Commerce)

The Chambers of Industry and Commerce with mandatory membership were set up by the Law on Economic Chambers in 1994. The law also delegated a number of public administration functions to these chambers. Between 1994 and 1998, chambers were set up on a regional basis, including their sections for the construction industry. In 1999, however, the mandatory membership of the Chambers was repealed and these public functions were revoked. Consequently, the Chambers became a sort of voluntary business association offering various services to members, including trading services, lobbying and economic interest representation. Thus Construction Industry Sections in chambers of in some counties can still be found, most notably in Budapest.¹⁰⁰ Their importance, however, is minor compared to the above-mentioned major organisations. Chambers of Industry and Commerce are not members of the sector social dialogue committee.

¹⁰⁰ The Budapest Chamber for Industry and Commerce is markedly engaged to lobbying in the construction industry, however, this role is partly attributable to the President of the Chamber who was the former secretary of ÉVOSZ.

Latvia

1. Description of the sector

1.1. - Delimitation and scope of activities

The activities included in the Construction sector from the national point of view in Latvia are close to those defined by the NACE classification. However, many companies do not formally differentiate the services they offer, offering all activities as one product. This appears to be especially true of the big multinational construction companies that have entered the Latvian market.

1.2. - Socio-economic features

According to the National Building Programme (Būvniecības nacionālā programma), cooperation between construction companies in Latvia has developed only slowly. Companies are more willing to hire extra workers for a particular project than to share the work with other companies.

The following paragraphs describe statistical data on the construction industry provided by the Central Statistical Bureau of Latvia, the Latvian Construction Contractors Association (LCCA), and Latvian Builders' Trade Union (LBTU).

Since 1995, the construction industry has been one of the most dynamic sectors in the Latvian economy, and the statistics suggest that this development will continue in the future. From 1996 to 2001, production volume in the construction industry grew on average by 8.8% per year, and in 2002 the growth rate was 10.8%. In 2002 there were around 2100 active companies operating in the Construction sector, 90% of which belonged to the SME category, i.e. employing less than 250 workers. The construction industry made up 6.1% of the gross domestic product in 2002 and around 6% of total employment. If construction related industries are included, the sector makes up 13% of employment. However these figures understate true employment, since they include workers who are permanently employed by construction companies but exclude workers contracted for a single project. With respect to the qualifications of workers, the data from the LCCA and LBTU shows that the building industry is characterised by a high density of low qualified labour. The building industry is almost entirely in private hands and the state now owns only a tiny part of the sector (according to the Central Statistical Bureau of Latvia, it is less than 0.5%). Research undertaken by the Economic Institute of the Latvian Science Academy (LSA) suggests that the services offered by Latvian building companies are of low quality and technologically inefficient. It is argued that if no active steps are taken to promote fast development, Latvian building companies will not be competitive in the European market. The current situation in the Latvian building market now is advantageous for the entry of international companies (argues LSA). Taking into account the importance of the Construction sector for the Latvian economy, attention needs to be paid to the development of local firms. To ensure the competitive development of the building industry and the adjustment of standards to European norms, in August 2002 the Cabinet of Ministers of Latvia accepted the National Building Programme. The programme has a time scale of 10 years and its main provisions are: to ensure the integration of European Union laws with the building standards of Latvia; to ensure a high quality and energy effective building process; to prepare competitive building specialists; to develop a competitive building science. There are no official estimates of the underground economy in construction, though construction is meant to be a sector where it is rather important and the latest estimates suggest that the underground economy overall in Latvia might correspond to 15-18% of GDP. So in construction it is likely to have a bigger share than overall. There are approximately 120 000 SW, but no other statistical data, e.g. on workers working on a contract basis or categories of SW, is available.

Contextual data

Companies¹⁰¹

	Number of Companies	% companies without SW	% companies with <49 SW	% Companies 50-249 SW	% companies with >250 SW
Total of the	2115	ND	92 %	7.4 %	0.5 %

¹⁰¹ division of sub-sectors is impossible, statistical data is available only for the whole building industry.

sector					
SW: SW					

The second table "Workers" is impossible to fill in because the statistical data available has different as compared with the questionnaire.

2. Description of industrial relations in the sector

The social partners active in this sector of economy are the Latvian Builders' Trade Union (LBTU) which represents workers of the building industry and the Latvian Construction Contractors Association (LCCA) which represents employers. Social dialogue in this sector occurs at the higher-than-enterprise level, called in Latvia the regional level, between a trade union and particular employer, as well as at the enterprise level.

2.1. - Description of the tripartite concertation

Organisations taking part in tripartite concertation are the government, Latvian Employers' Confederation and Free Trade Unions' Federation of Latvia. LCCA and LBTU take part only in instances where their experience is required. These meetings take place very rarely and exceptionally. Both organisations, LCCA and LBTU, participate in tripartite concertation as representatives of higher institutions. For the employees' side this institution is the Free Trade Unions' Federation of Latvia (Latvijas Brīvo arodbiedrību savienība), and the LBTU is a full member of this organisation. The LCCA, in turn, represents the interests of employers through the Latvian Employers' Confederation (Latvijas Darba devēju konfederācija). The Construction sector organisations participate only as consultants when matters relevant to the Construction sector are considered in the National Tripartite Cooperation Council, the national level tripartite social process instrument. Issues concerning the building industry are not discussed very often. There is no agreement specific to the construction industry.

2.2. - Description of the bipartite social dialogue

According to Ms Māra Tomsone (LBTU president) social dialogue in the building industry in Latvia is developing at both sector and higher-than-enterprise levels. However, the process is slow, because not all companies respect the legislation and agreements between employees' and employers' organisations. Moreover, the controlling bodies do not work efficiently, and it is almost impossible to force employers to follow agreements against their will. Nevertheless, Ms Tomsone argues that there has been progress every year, with the situation regarding employee-employer relationships showing consistent improvement. More details are presented below. The trade union tries to pay a lot of attention to the social dialogue at the sector level, as it covers a larger number of companies and is easier to control. Nevertheless not all the companies working in the sector are members of the LCCA, thus there is a need for agreements at the higher-than-enterprise level. LCCA and LBTU have close and productive working relations, which have resulted in a number of agreements that are mentioned in the report. These two organisations work together on the process of developing, implementing and supervising the agreements. To make the agreements work, they must be implemented under the law, especially with respect to sector and higher-than-enterprise levels. At the enterprise level, implementation is done more in terms of a CA.

2.2.1. - At sector level

According to the local classification, this level is defined as social dialogue at the national level between a trade union and employers' organisations¹⁰². At this level there are two main players, the LBTU from the workers' side and the LCCA from the employers' side. These two social partners have established good cooperation in recent years. There is an obligation to participate in CB at sector level only for those companies that are the members of an agreement. At this level the LBTU and the LCCA have signed several agreements, the most important of which are:

- "General agreement on the minimum rate per hour" signed in 1998. As shown the statistics provided by the LBTU after this agreement, the average monthly salary in the building industry has increased by 40%.
- "Agreement on the employment of foreign workers in Latvia" signed in 2000. This agreement includes the control and definition of penalties for companies that do not respect the Labour Law of the Republic of Latvia and agreements with the trade union. Penalties included: the cancellation of construction licences and exclusion from

¹⁰² Source: Free Trade Unions' Federation of Latvia webpage.

the employers' organisation, particularly the Latvian Construction Contractors Association. According to Ms Tomsonė this agreement has helped to establish a mechanism, which protects workers and the industry itself from illegal actions from the employers' side in terms of employment processes.

- "General agreement about professional education in the construction industry" signed in 2001. LBTU and LCCA have agreed on the provision of internship places in companies for students of trade schools in Riga and other regions of Latvia. This agreement aims to increase the competence level of new workers in the industry and also helped the trade union to control the process of internship.

The number of CAs signed at this level is 10, and almost a half of them cover the interchange procedures between the two organisations. The points that are discussed in the agreements and not covered by the labour law are specific social benefits for the employees. Other agreements signed during the cooperation between these two parties mainly cover the working process of both organisations and their inter-relationship. Taking into account the number of members in both organisations it could be estimated that the agreements signed by LBTU and LCCA cover around 60% of the people connected with the building industry. Agreements at the sector level between LCCA and LBTU refer only to the companies that are the members of the LCCA.

2.2.2. - At « higher than enterprise » level

According to the local classification, this level is defined as social dialogue at the regional level between a trade union and employer¹⁰³. Ms Tomsonė argues that LBTU takes an active part in this level of social dialogue. According to the Labour Law of the Republic of Latvia (article 101), "*the employer is not allowed to hire a worker – a member of the trade union – without an agreement from the relevant trade union*". LBTU follows this part of the legislation and controls the employment process of every member of the trade union. There are 16 CAs signed. The signatory parties are LBTU and companies working in the construction industry, and generally agreements are signed for the period of three years. The coverage rate of the CAs in comparison with total number of enterprises and total number of SW is not available because the statistical information for the number of workers in this sector is not transparent enough and it is impossible to make any comparison. Nevertheless, we know that 50 enterprises signed CAs at this level, which are mainly with large companies employing a medium number of workers. Multi-national companies are especially interested in this kind of agreement, since they want to protect their employer's rights where the labour law has misleading points. The agreements cover the employees only of those companies that have signed it. Regional agreements between the LBTU and employers, parties usually agree on the wage rate; work protection; employment contract; future possibilities to increase qualifications; work order in the company; mutual rights and obligations; social questions; health insurance; use of free time. There are also general agreements signed with more than 50 companies operating in the construction industry. These agreements also cover improvements of working conditions for employees, work clothing and other aspects of protection related issues, as well as the conditions of work for women and young people. Companies participating in these agreements are mainly large companies employing a medium number of workers. Usually there are no conflicts between the parties, as every agreement is thoroughly discussed by both parties (LBTU and the companies participating in the bargaining).

2.2.3. - At enterprise level

In theory, the bipartite social dialogue exists at enterprise level, but the only difference between higher-than-enterprise and enterprise levels is that in the first of these, several companies participate and in the second, only one. The questions covered at both levels are the same. There is no particular difference between higher-than-enterprise and enterprise levels agreements. What differs, is that the agreements are signed between one particular employer and the trade union (for the enterprise level), or with several employers in a particular region (for higher-than-enterprise level). The questions covered are the same as mentioned in the higher-than-enterprise level part: work protection; social and legal aspects of the employment; salary related issues.

The number of agreements is 14 and they cover companies that have not entered into a regional agreement. The enterprises which have signed CAs are the companies with medium and higher numbers of workers. The representative of the trade union argues that the number of agreements is not high because the LBTU tries to increase the number of sector and higher-than-enterprise agreements as these levels cover bigger number of questions and give more security and control. The same as at the higher-than-enterprise level agreements are generally signed for the period of 3 years.

¹⁰³ Source: Free Trade Unions' Federation of Latvia webpage.

3. Description of the organisations active in the sector

3.1. - Workers' Organisation

The Latvian Builders' Trade Union (Latvijas Celtnieku Arodbiedrība), LBTU was established on May 23rd, 1990 with the aim of protecting the interests of workers in the building industry. Since the foundation of the trade union Ms Mara Tomšone has taken been its president. The trade union now has more than 3 000 members from the following sectors: construction, production of construction materials, construction design, students of trade schools.

Becoming a member of LBTU is fully voluntary. Applicants must pay an entrance fee that is 1% of the minimum monthly wage rate in the country. The entrance fee from members is not the only way of funding, the trade union also has fees for some of the seminars and lectures that it organises. Moreover, they receive some support from the government through the Free Trade Unions' Federation of Latvia. The application is processed by the board of the trade union and the decision is taken for every individual applicant.

The main aim of the organisation is to protect its members according to international legal norms and laws of the Republic of Latvia. According to the statutes, LBTU: *"unites workers in their relations with state institutions, employers and their organisations, signs agreements with employers and general agreements with employers' organisations."* There is no difference in the type of membership. There are no elections, the president of the trade union was appointed by the Free Trade Unions' Federation of Latvia and has kept her position until now.

As discussed above, the LBTU plays an active role in the social dialogue. It has very good working relations with the LCCA, and their co-operation has led to several general agreements described in more detail above. The LBTU takes part also in the development of state policies related to the industry and participates in the tripartite concertation as a consultant in questions related to the building industry and employee-employer relationships in it. The LBTU educates its members, so that their knowledge corresponds to the demands of the market. LBTU organises seminars and courses on building and construction related issues, and informs its members about further study opportunities in Latvia and abroad. During the last year LBTU has also organised several lectures on labour legislation, the pension system in Latvia, and the possibilities of professional education. The LBTU works at resolving collective disputes between workers and employers; it takes decisions about strikes and picketing. The LBTU also protects the rights of its members in judicial matters and offers consultation to its members free of charge on legal and social issues, provides financial help to its members, works on the development of the professional education system in the sector and cooperates with the teachers and students of the trade schools in Riga and across Latvia. The LBTU co-operates with other Latvian and international trade unions. The LBTU central office in Riga employs 4 SW who are responsible for organisational tasks, and contacts with members and cooperation partners. Moreover, the LBTU also has regional centres in the biggest town of Latvia – Daugavpils, Liepāja, Rēzekne, Jelgava, Cēsis, Bauska, Brocēni, Aizkraukle, Ogre, and Vangaži. The central office co-operates with its regional representatives and their opinion and experience is taken into account during the decision making process. To ensure the active participation of regional centres and workers of the Construction sector from all Latvian regions, the LBTU organises a congress, a members' assembly, several times a year. This is the highest organisational institution that takes decisions that concern workers of the whole industry and where the participation of all members is crucial. There are also several lower level institutions, such as the general board and regional boards that mainly agree on strategies of the trade union in regional matters, and take decisions concerning admission of new members. The LBTU constantly issues information bulletins that cover news from the labour market, the building industry, and legislation. Special attention is paid to the distribution of these bulletins to the members of the regional offices.

The LBTU is a full member of Free Trade Unions' Federation of Latvia and the International Federation of Building and Wood Workers (IFBWW). By this co-operation the LBTU participates in experience and knowledge exchange at both national and international levels. The LBTU has taken an active part in the European Union Phare programmes "Professional Education – 2000" and "Structure of the professional qualification in the Construction sector" development. During these projects development the education system in the trade schools has been improved and the quality of graduates enhanced.

Trade Union

Organisation		Type of SW	Members	Members working in the sector	Density	T	CB	National affiliations	International affiliations*
<u>Original name</u>	<u>English name</u>	<u>Type</u>	<u>Number</u>	<u>Number</u>	<u>%</u>	<u>yes/no</u>	<u>yes/no</u>		

Latvijas Celtnieku Arodbiedrība	Latvian Builders' Trade Union	Construction; Production of construction materials; Construction design; Students of trade schools	3 000	3 000	5%	Yes (as a consultant)	Yes	Free Trade Unions' Federation of Latvia,	International Federation of Building and Wood Workers
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*Specify if it is an observer member

3.2. - Employers' Organisation¹⁰⁴

On June 27, 1996, 57 of the biggest construction companies in Latvia united to establish a public organisation, the Latvian Construction Contractors Association (Latvijas Būvnieku asociācija), LCCA. The aim of LCCA is to co-ordinate and protect interests of the members of the Association in the building market, as well as in the relations between employers and employees, and with customers. The mission of the LCCA is:

- to participate in the elaboration of the conceptions of the construction building business relations and strategy proposals;
- to participate in the elaboration of the building business specialist training systems and strategies;
- to participate in the preparation of setting up standard business documents, including construction tender requirements preparation and improvement, getting involved into its verification;
- elaboration of propositions for the Building Council on organisation of designing, construction and investment of important public buildings;
- to represent and protect the interests of members in organs of the state and government, relations with other corporations and physical people, legal proceedings;
- to organise legal assistance and consultations against unfair competition;
- to systematise and recommend progressive production experience to members;
- to organise research of the building market and elaboration of recommendations;
- to promote the prestige of members of the Association in Latvia and abroad.

To achieve the above mentioned mission, the LCCA uses the following working methods: the association organises professional training, seminars, exhibitions and other events – to upgrade construction quality and promote business activity. For educational reasons LCCA cooperates with the centre "BUTS" that works on the development of professional education programmes. The association co-ordinates its work with public organisations in Latvia, and similar organisations abroad. The association publishes special documents on standards and other informational materials.

The LCCA has regional representatives in the biggest towns of Latvia – Daugavpils, Liepāja, Valmiera, Jelgava, Cēsis, Rēzekne; this helps to establish cooperation with building companies working in different regions of Latvia. Today the LCCA has more than 200 members including construction companies and organisations connected with the construction industry. Its members are both SMEs, and big national and multi-national corporations. In 2001, the construction companies belonging to the Association carried out more than 77% of all building works in Latvia. Moreover, the construction industry employs more than 19 800 employees from members' companies (this is approximately 35% of the all people employed in the building industry), including 1 500 certified specialist (statistics obtained by LCCA). To become a member of the LCCA, companies are required to pay an entrance fee that amounts to 200 LVL, and every year a membership fee that depends on the turnover of the company. Sources of funding of the LCCA are entrance and membership fees; donations from individuals and people legal entities; income from the entrepreneurial activities of the Association; funds coming from members to finance specific projects; other allowed income. The highest institution of the LCCA is an assembly, which is organised by the board of the LCCA. The assembly takes place at least once a year. During this meeting, the members of the LCCA take decisions that concern the working process of the Association, therefore the presence of at least half of all members is required. Every three years the assembly elects 7 members to the board of the Association.

The LCCA is a member of the Latvian Chamber of Commerce and Industry. The LCCA is a collective member of the Latvian Employers' Confederation (Latvijas Darba devēju konfederācijas), through which it represents the interests of employers in the National Tripartite Cooperation Council. The LCCA is a member of the Licence Committee, Building Materials and Building Articles, Quality Evaluation Centre Supervision Council, Latvian Republic Purchase Supervision Office Complaint Consideration Committee, Latvian Republic Standardisation Committee, Consultative Council of the Latvian Hipoteku and Zemes Bank.

¹⁰⁴ The LCCA declined to give a personal interview, saying that all the information it was prepared to provide could be found on its web-site. Thus all the information presented below was taken from publicly available sources – the LCCA official homepage (<http://www.building.lv/lba>) and publications in Latvian newspapers.

The LCCA cooperates with the following organisations working in the building and building related industries in Latvia: The Building Council; The Building Department; The Commission for Licensing for Design and Construction, Ministry of Economics; Latvian Architects Society; Latvian Civil Engineers Society; Latvian Building Materials Producers' Association; Latvian Building Materials Traders' Association; Latvian Wayfarers' Association; Latvian Builders' Trade Union; Latvian Employers' Confederation; Latvian Electricians' Society; Latvian Electrical Constructors' Association; Latvian Geotechnical Union; Latvian Window and Door Manufacturers' Association; Latvian Heating, Gas and Water Technology Engineers' Union. LCCA has also established cooperation with similar Construction sector organisations in Lithuania (Lithuanian Builders Association), Estonia (Estonian Association of Construction Entrepreneurs), Germany (German Association of Building Industry), Finland (Confederation of Finnish Construction Industries RT), USA (National Association of Home Builders of the U.S.), and Russia (Russian International Builders Union). LCCA is now working on cooperation agreement with Swedish Builders Federation.

Employers' organisations

Organisation		Sub-sectors covered	Companies	SW	Density Companies	Density SW	T	CB	National affiliations
Original name	English name		number	number	%	%	yes/no	yes/no	
Latvijas Būvnieku Asociācija	Latvian Construction Contractors Association	All	200	19 800	9.5%	35%	Yes (as a consultant)	Yes	<ul style="list-style-type: none"> • Latvian Chamber of Commerce and Industry • Latvian Employers' Confederation • Licence Committee • Building Materials and Building Articles Quality Evaluation Centre Supervision Council • Latvian Republic Purchase Supervision Office Complaint Consideration Committee • Latvian Republic Standardisation Committee • Consultative Council of the Latvian Hipoteku and Zemes Bank

*Specify if it is an observer member

Lithuania

1. Description of the sector

1.1. - Delimitation and scope of activities

In Lithuania, the scope of the Construction sector conforms to NACE 45. For national statistical purposes the sector is subdivided exactly as in the NACE subdivision.

1.2. - Socio-economic features

The value added of the Construction sector to the Lithuanian economy was 1,538 mln LTL (\$384 mln) in 2001. This was 5% of overall GDP. In 2001 there were 96.4 thousand workers in the sector, which represented 6% of overall employment.

As in all countries, the underground economy is particularly prominent in the Construction sector. Approximately a quarter of work is done illegally; hence a large part of the work force in the Construction sector works without social protection, and in particular without social accident compensation insurance.

The industry includes a wide variety of firms, from multinationals to individual enterprises. Unfortunately, official statistics are not available on the distribution of firms by number of workers. However, there are firms right across the size range from small groups of fewer than 10 workers to large companies employing more than 500. Approximately 10% of Construction sector employees work in administration. Others work in manual and skilled jobs and as foremen. These workers include people with a wide variety of education; some people with the highest level of education are forced to work at relatively unskilled jobs. Average wages in the sector are currently approximately 1,200 LTL (€350). In 2001 92% of sector jobs were occupied by men. Women tend to work as painters or in other finishing work. Competition is very strong in this sector. The sector has proven impossible to regulate effectively. This leads to worries that the level of competition could be socially harmful; some buildings have been completed so fast that it is hard to believe they are safe. Hence the main elements of competition appear to be price and speed of completion.

The Construction sector suffered a serious decline after Lithuania's separation from the USSR. In recent years, the sector has started to recover, however, and grows approx 20% per year. Many Lithuanians have also travelled abroad to work on construction projects, usually illegally. By some estimates up to 100,000 Lithuanians are engaged in such work. Together with the recent expansion of the domestic sector, this means that there is now a shortage of construction workers in Lithuania. The sector is completely privatised. Other significant developments could be the appearance of a shortage of construction workers, and a particular acceleration of large construction projects in the capital in the last couple of years.

Contextual data

Companies

Sub-sectors	Number of Companies	% companies without SW	% companies with <10 SW	% Companies 10-100 SW	% companies with > 100 SW
Sub-sectors	ND	ND	ND	ND	ND
Total of the sector	2470	ND	ND	ND	ND

Sources: *Statistics Lithuania (2003)*. 2002 Statistical Yearbook of Lithuania (*Vilnius*).

Workers

Sub-sectors	Number of workers	Number of SW	Number of SW/number of SW in the country (%)	Number of SW in companies <10 SW/number of SW in the sector (%)	Number of SW in companies 10-100 SW/number of SW in the sector (%)	Number of SW in companies >100 SW/number of SW in the sector (%)
Sub-sectors	ND	ND	ND	ND	ND	ND
Total of the sector	96400	96400	6	ND	ND	ND

Sources: *Statistics Lithuania (2003)*. 2002 Statistical Yearbook of Lithuania (*Vilnius*).

2. Description of the industrial relations in the sector

2.1. - Description of the tripartite concertation

There is no tripartite concertation within the Construction sector. Representatives of construction labour and employees do participate in the national tripartite council through their representatives at the national confederations. Also the Lithuanian Builders' Association (LSA) does have regular meetings with different government ministries. However, these do not involve the Lithuanian Building Workers' Trade Union (LSPS).

2.2. - Description of the bipartite social dialogue

Bipartite social dialogue has taken place only at the enterprise level. There is no active encouragement for social dialogue from government. The LSA feels that the LSPS does not represent a large enough proportion of workers to negotiate with. The LSPS argues that the LSA is largely a lobbying organisation and thus not so interested in discussions with unions. However, some preliminary discussions have taken place between these two organisations. Such negotiations should be placed in context; in Lithuania not a single branch of industry has completed a CA at the sector level. The main argument of the LSA against negotiating a CA in the Construction sector is that their statute does not grant them this role.

At the enterprise level 30 CAs have been signed. CAs cover many issues including wages, working time, working conditions and insurance. They are signed for 1 or 2 year periods. There do not appear to be any pressures currently to change the nature of the agreements, other than the more fundamental issue of whether companies will be able to replace unions with "labour councils". Approx 1% of companies are covered by CAs but these agreements cover up to 3% of workers. 30 enterprises have signed CAs at the enterprise level. They represent a mix of types but on the whole are relatively large companies. It is almost impossible to unionise small building firms, these often work completely outside the formal sector. Approximately 3,000 workers are covered by the CAs. Under Lithuanian law, any CA automatically covers all workers in the firm. However, the union will not defend workers who are not union members.

The new Lithuanian Labour Code, which came into force at the beginning of 2004, also has a provision for *Labour Councils*, which would be established by companies for their workers and be allowed to make CAs, but would not have the independence of unions. So far Lithuanian unions have blocked implementation of this provision of the Code. The new Labour Code also allows national unions to sign CAs with firms. Hence the LSPS is now preparing the first of these. Employers often oppose any attempts to organise workers. They threaten and fire employees who attempt to do so. It is very difficult to prove this in court; hence it is a significant barrier to unionisation.

3. Description of the organisations active in the sector

3.1. - Workers' Organisation

Lietuvos statybininku profesine sąjunga, Lithuanian Building Workers' Trade Union, 1992, all construction

Trade union organisation of construction workers began to be established at the end of the 19th century in Lithuania. They were united during the 1905 revolution and emerged more formally with the independence of Lithuania. The Lithuanian Trade Union of Builders was registered in 1921. Agreements with employers were concluded but activities were suspended in 1926 during the liquidation of Lithuanian trade unions. However, the union did not cease to exist and a strike of 2,000 construction workers in Kaunas in 1939 was victorious. Under the Soviet regime the trade union sought to protect its members and give assistance to them. The trade union was restored in 1990 and in 1992 united 160 enterprise level unions with 60 thousand members.

Members pay 1% of their salary to their firm level union. These enterprise unions pay from 5 to 20 % of their revenue to the national union. Some funding is obtained from international projects (e.g. "Strengthening Trade Unions in the Construction sector Around the Baltic Sea") from European Union and other funds. However, these fund only project related expenses. There are five SW working for the organisation. There are 3,000 individual members. All are currently employed or are on temporary lay over. All the 3,000 are members working in the sector. The density is as follows : $3000/96400 = 3\%$. As managers are not allowed to join unions in Lithuania, members are manual workers, skilled workers and foremen. The unions do not contain retired members. Elections take place at congresses every four years. The enterprise unions send delegates to the national congress to vote in these elections. The union president is elected there as is the Supervisory Board. The congress may also amend the union statutes. The union is currently preparing a project regarding the possibility of taking part in consultations at the sector level. Because the new labour code allows national unions to make CAs with enterprises,

they are now preparing the first of these. Enterprise level members have been able to sign CAs with firms for some time. As said above, there is no tripartite cooperation at the sector level. Hence the national union only participates in tripartite negotiations through its membership in the intersector union confederation. The organisation is affiliated directly to Lietuvos profesiniu sajungu konfederacija/Lithuanian Confederation of Trade Unions (national organisation), indirectly to ETUC (European organisation).

Trade Union

Organisation		Type of SW	Members	Members working in the sector	Density	T	CB	National affiliations		European affiliations*		International affiliations*	
Original name	English name	Type	Number	Number	%	yes/no	yes/no	Direct	Indirect	Direct	Indirect	Direct	Indirect
Lietuvos statybininku profesine sajunga	Lithuanian Building Workers' Trade Union	Manual and skilled	3000	All	3	No	Yes	LPSK	None	None	ETUC	None	None

*Specify if it is an observer member

3.2.- Employers' Organisation

Lietuvos statybininku asociacija, Lithuanian Builders' Association, 1995, all sectors of the construction industry

In 1993, 24 of the largest construction companies, with the approval of the Lithuanian Government, formed the Lithuanian Builders' Association. It was formally registered in 1995. Today the Association includes 125 licensed enterprises and organisations involved in design work, construction, manufacturing of building materials and structures, training, insurance and some other businesses. Recently there have been erected or renovated a number of office buildings, banks, hotels, shopping centers with expressive architecture in Lithuania. Construction of modern comfortable dwelling houses, constructions for environmental, industrial and engineering purposes are currently in progress. Many design work and construction enterprises are experienced in construction work in foreign countries or are collaborating with foreign investors in Lithuania. Both Lithuanian and European standards are being made available for design work enterprises. Industrial enterprises are modernized, manufacturing modern equipment of high quality; most of them are holders of international quality certificates¹⁰⁵. The Association has close contacts with executive authorities, Lithuanian Confederation of Industrialists (being a member thereof) in drafting of laws, resolutions and regulations advantageous to business. The Association is actively involved in the organisation of expositions on national and international levels. It has entered into co-operation agreements with the German Construction Association, French Construction Federation, Latvian Construction Association, Polish Construction House in addition to collaboration with similar organisations in other countries.

Membership dues are negotiated with each firm when it joins the association. They take into account various factors of firm size but it is not possible to use a simple formula based on number of workers or other such criteria. Hence this is a matter of negotiation. There are 6 SW working for the organisation: President, Executive Director, Senior Assistant, Accountant, Lawyer and Consultant. The total number of enterprises represented by the organisation is 125, and more than half of the industry's 76 thousand¹⁰⁶ construction workers are employed by Association member firms as SW. The density for the companies is $125/2470 = 5\%$. The employers' organisation was not able to give a figure for the number of workers employed by its 125 member firms. It seems that more than half of industry employees are employed there. The members include construction companies, design companies, industrial materials companies and business service enterprises (including educational institutions). The Association does not take part in consultations as it does not find the current union sufficiently large to engage as a partner, and is waiting for the further development of the union for negotiation or signature of CAs. There is no data on the number of CAs signed by the organisation. The organisation takes part in tripartite concertation only through its membership in the inter-sector confederation and only on national inter-sector issues.

The Lithuanian Builders' Association is affiliated to Lietuvos pramoninku konfederacija/Lithuanian Confederation of Industrialists (national organisation), and indirectly on the one hand to the Union of Industrial and Employers' Confederations of Europe and on the other hand to International Organisation of Employers and to International Confederation of Industrialists and Business People.

¹⁰⁵ Seeking to introduce quality management systems and thus, have an opportunity to bid not only in Lithuanian but in international tenders as well, most of the enterprises have implemented or are proceeding with implementation of the quality management systems according to international standards ISO-9000 and ISO-14000.

¹⁰⁶ This is much lower than the official number but reflects the continuing decline since 2002; the official figures probably include workers who are not really active.

Employers' organisations

Organisation		Sub-sectors covered	Companies	SW	Density Companies	Density SW	T	CB	National affiliations		European affiliations*		International affiliations*	
Original name	English name		number	number	%	%	yes/no	yes/no	Direct	Indirect	Direct	Indirect	Direct	Indirect
Lietuvos statybininku asociacija	Lithuanian Builders' Association	All	125	ND	5	>50	No	No	LPK		None	UIECE	None	IOE

* Specify if it is an observer member

Malta

1. Description of the sector

1.1. - Delimitation and scope of activities

The Employment Training Centre (ETC) in its statistics about the sector spread of workers in the Maltese labour market includes quarrying and oil drilling in the Construction sector. In the Labour Force Survey (LFS), conducted by the National Statistics Office (NSO), quarrying and oil drilling are separated from the construction activities. The NSO adheres strictly to the NACE standardised nomenclature of activities.

1.2. - Socio-economic features

The construction industry in Malta during the year 2002 registered an increase of 12.1% over the same period of 2001¹⁰⁷. The value added stood at Lm48.4 million or 3.4% of the Gross Domestic Product¹⁰⁸. The speeding up of work on a new general hospital, the increase in the outlay on construction and upgrading of roads and work in progress at the ferry terminal linking Malta with Gozo contributed significantly to this higher turnover¹⁰⁹. These are all Government outlays on construction which were higher than in 2001. In 2003, the nominal contribution of the Construction and Quarrying sector to the GDP decreased marginally to 3.3 per cent from 3.4 per cent in 2002¹¹⁰. The value added attributable to this industry went down by Lm0.3 million to Lm48.1 million, a reduction of 0.7 per cent over the previous year. Employment income remained unchanged at Lm32.6 million, with the public sector reducing its share and the private sector registering a 6.1 per cent increase in labour costs. During the year under review the profit component diminished by Lm0.3 million to 15.5 million, a year-on-year drop of 2.0 per cent (NSO; 58/2004).

Employment in Construction, Quarrying and Oil Drilling

1999	2000	2001	2002	2003
5539 (4.0%)*	6036 (4.2%)*	6759 (4.8%)*	6916 (5.05%)*	6868 (5.0%)*

Source : Employment Training Corporation (ETC). * percentage in relation to gainfully occupied.

The great majority of workers employed in Construction are males (96%). The majority of people working in Construction are employed as craft and related trades workers (52%). Elementary occupations and plant and machine operators and assemblers are two other occupations that are considerably represented in the sector (17% and 12% respectively). The majority of females employed in Construction work as clerks (55%). The employment rate in Construction has a tendency to fluctuate because it depends on the number and type of construction projects which are underway. This can explain the surge in employees in 2002, when compared with the previous and subsequent years (about 800 more employees). However, when one looks at the specific occupations of these employees some consistent trends are noticeable. In the past three years, the number of people categorised as legislators, senior officials and managers, professionals, and elementary occupations has decreased. On the other hand, the number of technicians and associate professionals, and clerks has increased considerably. While, as was argued earlier, the number of craft and related trades workers fluctuates considerably, their relative importance compared to the other categories of workers is increasing every year. Although the majority of people working in the Construction sector are employees (73%), the proportion of self-employed is not negligible (18%). As regards the professional status of employees, in the past three years no trend can be identified, but we note that 96% of

¹⁰⁷ Central Bank of Malta, 2002 p.34.

¹⁰⁸ NSO; 58/2004.

¹⁰⁹ Central of Malta, 2002, p.34.

¹¹⁰ This downward trend in 2003 is not reflected in the Labour Force Survey (LFS) of the National Statistics Office (NSO). The LFS, designed to satisfy concepts and definitions outlined by Eurostat, comprises all people who during the reference week worked for at least one hour for a wage or salary in cash or in kind, employees who were not at work due to undergoing training and even unpaid family workers such as people who worked without pay in family business. The LFS figures therefore tend to be higher than those provided by the ETC which are based on those registered as gainful employed people. In fact the LFS figure for employees in the Construction sector for 2003 is 11,214 (NSO 53/2004), representing 7.6 per cent of total employed people.

those who work in Construction are employed on a full-time basis. In line with other employment sectors, this figure drops down to 84% in the case of females. A marginal increase (6%) in the proportion of part-time employees was registered between 2001 and 2003. The ratio of men working in Construction increases with age; 19% are in the 15-24 age bracket and 27% are in the 45-54 age bracket. A sharp decline is, however, noticeable in the 55-64 age bracket (10%). While the female figures should be treated with caution, due to under representation, they still show indications of different trends from those of males. The largest number of female employees in this sector are concentrated in the 15-24 age group (39%). This decreases, reaching a minimum in the 35-44 age group, but increases again in the 45-54 age group. These figures are in line with the general work-related patterns of female employment in Malta. Married women tend to stop working during the child-bearing age and go back to work when the children grow older. Nevertheless, the figures for 2003 did not reflect the trends shown in the previous two years. While the number of workers of the 45-54 age group decreased in 2003 the number of workers in the 15-24 and 25-34 age bracket continued to show increases. Up to 2002, the number of employees in the 45-54 age groups were more than double those in the 15-24 age bracket. In 2003, this difference narrowed down considerably. On the other hand, the ratios of the 35-44 and 55-64 age brackets have remained constant. The weighted average weekly wage rose from Lm81.90 in 2002 to Lm83.65 in 2003. This increase of Lm1.75 represents an increase of 2.1 per cent¹¹¹. It should also be noted that public sector workers in construction amount to only about two per cent.

According to the chairperson of the Building Industry Consultative Council (BICC) it is very difficult to quantify the underground economy. However, according to one of the major contractors, who is the President of the Federation of Building and Civil Engineering Contractors (FOBC) the number of people in the underground economy would be approximately one thousand, which would be equivalent to about ten per cent of the workers employed in the Construction sector. Multi-national Companies (MNCs) in the construction industry operate on an *ad hoc* basis in the sense that they make their presence felt when there is a tender issued by the government for a big project such as the building of a new hospital. The tender for the major part of this project is undertaken by an MNC. Atypical work exists but it cannot be quantified because it tends to be seasonal or according to schedule of work.

The competitive strategies adopted by firms are based mainly on cost. This was confirmed by the chairperson of BICC and the secretary of the Technology and Electronics Section (under whose charge the Construction sector falls) of the General Workers Union (GWU). However the chairperson of FOBC stated that their federation has continuously insisted in the meetings held by BICC on making a classification of firms (similar to the grading of hotels) so as to facilitate bidding processes. He insisted that there are firms who have invested heavily in equipment and resources and they can therefore be differentiated from others. The President of the Building and Construction Section of the Association of General Retailers and Traders (GRTU) tends to concur with the latter view. He said that there are a number of small firms which can undertake only a part of a large project, whereas there are a few big contracting firms which can undertake the whole range of tasks of a project.

At present, the construction industry in Malta is suffering from a shortage of labour. All those interviewed confirmed this view. Even the Annual Report of the Central Bank of Malta comments on the mismatch between supply and demand for skilled workers in this sector leading to a higher operating cost of labour¹¹². According to the president of the FOBC this shortage is due mainly to two factors namely: workers being attracted to other sectors and lack of training at every level for the necessary level of skills demanded by the industry. As this shortage is acknowledged by all the actors involved in this sector, the FOBC insists that its request to issue work permits to foreigners, especially those from the Balkan countries, should be granted by the public authorities¹¹³. The industry is in a state of flux. There seem to be neither signs of expansion nor of any serious shrinkage. Construction in hotels has reached saturation point and once the two major projects (building of a new hospital and ferry terminal) are completed the industry may go through a sluggish time. However, the other projects under development, namely the new cruise liner terminal and harbour development should keep the demand for employment in this sector at similar levels for the coming years.

¹¹¹ Economic Policy Division, 2003, pp.148-149.

¹¹² Central Bank of Malta, 2002, p. 35.

¹¹³ Business Weekly 5-11 April 2001.

Contextual data¹¹⁴

Companies

Sub-sectors (Nace)	Number of Companies	% companies without SW	% companies with <10 SW	% Companies 10-100 SW	% companies with > 100 SW
45.11	75	42.7	52	5.3	
45.21	988	55.6	40.6	3.4	0.4
45.22	26	61.5	38.5		
45.23	31	6.5	54.8	38.7	
45.24	6	33.3	33.3	33.3	
45.25	23	52.2	43.5	4.3	
45.31	477	68.1	28.1	3.4	0.4
45.32	8	87.5	12.5		
45.33	109	74.3	22.0	3.7	
45.34	138	84.1	15.2	0.7	
45.41	830	80.0	19.6	0.4	
45.42	22	54.5	36.4	9.1	
45.43	463	89.4	10.6		
45.44	195	94.9	5.1		
45.45	228	81.1	18.0	0.9	
45.5	49	87.8	10.2	2.0	
Total of the sector	3668	72.1	25.5	2.2	0.2

Source Business Statistics Unit

Workers

Sub-sectors (Nace)	Number of workers	Number of SW	Number of SW/number of SW in the country (%)	Number of SW in companies <10 SW/number of SW in the sector (%)	Number of SW in companies 10-100 SW/number of SW in the sector (%)	Number of SW in companies >100 SW/number of SW in the sector (%)
45.11	221	164	0.1	2.0	1.3	
45.21	3306	2490	2.0	15.7	18.2	16.2
45.22	39	21		0.4		
45.23	408	405	0.3	0.9	7.2	
45.24	59	56		0.1	1.0	
45.25	54	39		0.5	0.3	
45.31	1438	1057	0.8	5.1	8.0	8.2
45.32	8	1				
45.33	218	127	0.1	0.9	1.7	
45.34	186	67	0.1	0.6	0.7	
45.41	1002	277	0.2	4.0	1.5	

¹¹⁴ n.b. The data of the Business Statistics Unit is derived from a census among all the companies operating in Malta. The statistics and table in the text are derived from the Labour Force Survey which consists of a questionnaire sent to individuals. The figures between the two sources do not usually tally.

45.42	74	56		0.2	0.9	
45.43	500	63	0.1	1.3		
45.44	205	12		0.2		
45.45	301	103	0.1	1.4	0.6	
45.5	80	33		0.5	0.2	
Total of the sector	8099	4971	4.0	34.0	41.6	24.4

Source: Business Statistics Unit

2. Description of the industrial relations in the sector

2.1.- Description of the tripartite concertation

The tripartite concertation in this sector takes place at Building Industry Consultative Council (BICC). It is non statutory. The BICC is the main forum for tripartite concertation at sector level in the building industry in Malta. It was set up in 1997 by the government to allow greater participation of non-Government entities, with direct interests in building and construction, to recommend a framework of policies and procedures which should govern this industry. BICC provides a forum in which the problems and issues of building industry are discussed. Another major role is to advise the government and the private sector on ways of upgrading and monitoring of the building industry, taking into account the specific situation of Malta. The consultation that takes place is not about industrial relations issues, it is more about technical issues such as: Standard Conditions of Contract; Minerals Subject Plan; Policy and Design Guidance; Building Regulations; Tendering Procedures. Courses are organised for Professional Development, Middle Management and for masons. The BICC is used as a platform for discussion about government policies and local plans, issues of health and safety, the sharing of knowledge in the sector, public private partnership projects and continuing professional development of workers in the sector. At present, it is running two courses on 'Basic Road Design and Construction' and 'Stone Preservation Techniques'. The Government also consults BICC in the formation of new construction companies. Issues regarding CAs are not addressed in this tripartite concertation institution.

The social partners are among the main actors involved in this concertation exercise. The General Workers Union (GWU), the Confederation of Malta Trade Unions (CMTU), and the Union of United Workers (UHM) have a representative in this Council. From the employers' side, there are The Malta Federation of Industry (FOI), The Chamber of Commerce and the Association of General Retailers and Traders (GRTU) with a representative in the Council. The Federation of Building and Civil Engineering Contractors (FOBC) which has recently joined the FOI is also represented. The government is represented by the Ministry of Education, the Housing Authority and the Lands Department. Other institutions represented in the Council are the Malta Environment and Planning Authority, the Health and Safety Authority, the Association of Estate Agents, the Chamber of Professional Engineers, and the Chamber of Architects. According to the chairperson of BICC, two other organisations which ideally should form part of the Council are the Malta Resources Authority (MRA)¹¹⁵ and Malta Enterprise (ME)¹¹⁶.

BICC is mainly funded by government but it also tries to generate money by means of training courses which it organises on a regular basis. As an institution it provides premises, organisation and administrative support that enables tripartite concertation to happen on regular basis. However since the forum is of a consultative nature it cannot enforce any agreements even though it can put pressure on the players to conform to the rules and regulations relating to the industry.

2.2.- Description of the bipartite social dialogue

Bipartite social dialogue takes place at enterprise level. Naturally the trade unions are the key players involved in this bipartite social dialogue. Most of the workers, who are trade union members in this sector, are covered by the Technology and Electronics Section of the GWU. According to the secretary of this section, there is a lack of an effective link between the three different levels, that is sector, higher than enterprise and enterprise level, because the industry is too competitive. This competitive element is also visible amongst workers. Due to the shortage of labour in this sector (the mismatch between supply and demand has already been referred to), attempts are made by employers to

¹¹⁵ The MRA is a public corporate body with regulatory responsibilities relating to water and energy utilities, industrial enterprises exploiting resources such as oil exploration, quarry operators and private abstractors of groundwater, retailers, operators and tradesmen in the regulated sectors.

¹¹⁶ The ME acts as a single point of contact for all enterprises considering trade, investment or commercial links with Malta. It provides a range of practical services and solutions to Maltese enterprises seeking to internationalise their operations and to international companies seeking to trade or invest in Malta.

poach workers. This may dent the solidarity of workers, who think that they have enough bargaining power in this highly competitive market for labour. Moreover the amount of sub-contracting tends to make the industry too fragmented.

The Construction industry can be divided into three phases. The first phase entails the building and includes stone-masons, plasterers and brick-layers. Workers in this phase tend to be either self employed (or what may be termed as 'one man companies') or work in small businesses. These are very difficult to unionise. The second phase consists of installation work and the third phase is what the section secretary termed 'the finishing phase'. The GWU has recognition of representativeness of workers in the last two phases. The procedure of putting agreements into practice is through CAs. There has never been an issue of recognition since the GWU has a majority of members in 11 plants in this sector. This is confirmed by the other general trade union, Union of United Workers (Union Haddiema Magghudin, UHM) whose general secretary stated that there are only about 200 workers in this sector covered by a CA signed by this union. They have not signed any CA with a construction firm, but have signed three agreements with firms which were defined as service providers. The number of CAs signed by the GWU is 23. They are signed by the employer, the union secretary and the shop steward. These agreements are divided into three sections; Duties, Conditions of Employment and Benefits. The latter generally includes an increase in wages over and above the annual mandatory increase in pay announced in the budget. The duration of each CA is normally three years. However there may be some agreements which cover a one year or a four year period. The coverage rate of these CAs according to the GWU section secretary can be classified as follows:

- 1st phase (the first stage of the building process – stone-masons, brick-layers etc) can be just around 2% in the sense that there can be some individual cases where the GWU may be asked to step in for negotiation purposes.
- 2nd phase (installation) and third phase (finishing) about 80% of companies and 60 % of employees (about 1000). The companies are all small and medium sized (SMEs). The number of workers fluctuates, since it depends on the number and type of contracts won by the company.

Apart from the international organisations to which the GWU is affiliated, the union section is affiliated with the International Federation of Building and Wood Workers. There is no bipartite social dialogue at sector level. No procedures exist for extending CAs to parties that are not signatories to the agreement.

3. Description of the organisations active in the sector

3.1.- Workers' Organisations

a) General Workers' Union (GWU)

The GWU is by far the largest trade union in Malta. It boasts a wide representation, reaching 'all sectors' of the Maltese economy, and is especially strong in the public sector and in state owned or controlled enterprises and corporations. The GWU was founded in 1943 in the Naval Dockyard (subsequently named the Malta Drydocks), as a reaction to British colonial policies. The union has eight sections dealing with different employment sectors. The Construction sector falls under the Technology and Electronics Section. The General Workers' Union is funded through the members' subscription fees and through several subsidiary companies and publications.

The GWU has a total of around 47,254 members¹¹⁷. Data about the different categories (e.g. workers, retired etc) is not available. As said above, it has around 1000 members working in the Construction sector and its CAs cover around 60% of all employees working in the "installation" and "finishing" phases of the sector. Data regarding different kinds of membership (e.g. staff/white collar workers, manual/blue-collar workers, managers, and particular professional categories) within the Construction sector is not available. The officials and members of the GWU's Executive Committee are elected by the section's delegates in a General Conference held every two years. The delegates in the conference represent all the groups of GWU members organised in the section. The conference also elects the section's representatives in the National Council-the governing body of the union. The shop steward is the workers' representative at plant level. The number of delegates depends on the size of the industry. The delegates of the section along with shop stewards and group committee members for each and every organised workers' group are elected through general meetings of organised groups every two years. The organisation takes part in consultations at enterprise level. It has the ability to sign CAs. All agreements are signed at the enterprise level. The GWU has signed 23 agreements in this sector.

On an international level, the GWU is affiliated to various networks of other unions and confederations amongst which is the International Confederation of Free Trade Unions¹¹⁸ to which the GWU is one of the founding members. The GWU represents the Maltese workers in the International Labour Organisation (ILO¹¹⁹), Geneva conference and is affiliated

¹¹⁷ Registrar of Trade Unions, 2003.

¹¹⁸ <http://www.icftu.org/>

to the Commonwealth Trade Union Council (CTUC)¹²⁰ and the European Trade Union Confederation (ETUC)¹²¹. The Union is also affiliated to a lot of International/European Trade Secretariats (ITS)¹²². At a national level, the GWU is affiliated to one organisation called: "Din L-Art Helwa" which is an environmentalist non governmental organisation.

b) Union of United Workers (Union Haddiema Magħqudin, UHM)

The UHM was founded in 1966, under the name of Malta Government Clerical Union (MGCU), with membership restricted to clerical employees in the Public Service. In 1973, it changed its name to Malta Government Employees Union (MGEU) and membership was extended to all categories of workers in the Public Service, Parastatal Bodies and Public Corporations. Industrial unrest in 1977 resulted in MGEU being renamed Union Haddiema Magħqudin which, besides widening the aims of the Union, also opened its doors to all workers irrespective of class, sector or grade, and was officially registered in 1978. Most smaller unions merged with the UHM and a large number of workers, from all sectors, joined its ranks. Within a very short time the Union's membership shot up considerably, becoming Malta's second largest union.

The UHM is mainly funded by members' subscriptions. It has around a total of around 25,882 members¹²³. Its CAs cover around 200 workers in the Construction sector. Data regarding different kinds of membership (e.g. staff/white collar workers, manual/blue-collar workers, managers, and particular professional categories) within the Construction sector is not available. The UHM has 25 SW. The UHM's structure is composed of four elements: the group committees, the sections, the general council and the general conference. The group committees are elected on a yearly basis by the rank and file members. They are composed of a chairman, a secretary and three or four members. A group committee is set up for every category of employees. The members also elect the group's representatives on both the section's executive committee and delegates to the section's annual and other meetings. Depending on the group's size, the chairman and/or secretary automatically become members of the section's executive committee. Sections consist of groups of categories of employees. Currently there are seven sections. The Construction sector falls under the Manufacturing and Allied Services section. Each section has an executive committee whose function is to govern the section in accordance with the general policy of the union. The general council is responsible for the administration and general control of the union. It is composed of four officers: the president, vice-president, general secretary and treasurer; and a number of representatives from each section together with a representative for Gozo (Malta's sister island). The general conference elects the officers. This meets annually and is responsible for adopting administrative and financial reports, considering new rules, amendments and motions.

The UHM has been a full member of the International Federation of Employees in the Public Service (INFEDOP) since 1971. The Union is also affiliated to the European Organisation of Public Service Employees (EUROFEDOP). Moreover, through its affiliation with the CMTU, the Union has very good and close relations with the World Confederation of Labour (WCL), the European Trade Confederation (ETUC), the Commonwealth Trade Union Council, and the European Federation of Retired and Elderly Persons (FERPA). The UHM has also contacts and good relations with quite a large number of foreign trade union organisations.

As was mentioned above, both unions take part in tripartite concertation.

Trade Unions

Organisation		Type of SW	Members	Members working in the sector	Density	T	CB	National affiliations		European affiliations*		International affiliations*	
Original name	English name	Type	Number	Number	%	yes/no	yes/no	Direct	Indirect	Direct	Indirect	Direct	Indirect
General Workers' Union	General Workers' Union	All categories of workers	47,254	1000	15	yes	yes	MCESD	Din L-art Helwa	ETUC and others		ICFTU	
Union Haddiema Magħqudin	Union of United Worker	All categories of workers	25,882	200	3	yes	yes	MCESD		ETUC and others		WCL	

¹¹⁹ <http://www.ilo.org/>

¹²⁰ <http://www.commonwealthtuc.org/>

¹²¹ <http://www.etuc.org/>

¹²² ITF, IUF, IFBWW (<http://www.ifbww.org/>), PSI, ITGLWF, IMF, ICEM, UNI, IFWEA, ETF, EFFAT, EPSU, ETUF-TCL, EMF, EMCEF, UNI Europa, EURO WEA, FERPA.

¹²³ Registrar of Trade Unions, 2003.

3.2.- Employers' Organisations

a) Federation of Building and Civil Engineering Contractors (FOBC)

The Federation of Building and Civil Engineering Contractors (FOBC), set up three years ago, is the first ever initiative by employers in the construction industry to form a federation. The aims of this federation as outlined by its president on its launching in December 2000 are: to ensure that all its members will adhere to a suitable Health and Safety Programme; to establish and enforce a standard form of contract and conditions throughout the industry; to eliminate barter arrangements which are draining the contractors' cash flow; to introduce a code of practice for building contractors¹²⁴. At the beginning of this year, in order to strengthen its voice, it joined forces with the Malta Federation of Industries (FOI). The FOBC membership in the FOI is giving the construction industry a more solid and unified voice within a national employers' organisation that comprises virtually the most important actors in this sector. The FOBC president was elected on the FOI Council.

The FOBC does not take part in CB. It is funded by membership fees. It has twenty enterprises within its fold which represents about 60 per cent of the major building contractors and construction engineering companies. The number of SW employed in these companies is about 3500 which represents about 50 per cent of the workers in this sector. Among its members, there are no small companies engaged in building such as tile-layers, stone masons and plasterers. This is a kind of a sub-sector (defined by GWU official as 'first phase') which tends to consist either of very small companies or self employed (what GWU official termed 'one man companies'). The underground economy tends to be quite rampant in this sub-sector. According to the FOBC president, it may be close to the one thousand mark, which, in that case, represents about ten per cent of registered workers in this sector. FOBC is also represented in BICC. It has urged this Council to set up a grading system to classify contractors in order to establish a benchmark for the bidding and awarding of tenders. The FOBC president lamented about the fact that no licence is required to operate as a contractor in Malta. With this state of affairs, he contends that with European Union accession, Maltese contractors may be the victims of unfair competition. Maltese contractors are already suffering from a disadvantage when bidding for a tender. A project, before it starts its real operation, generally needs to go through the preliminaries which consist of such tasks as hoarding, providing lights, employing a watchman, quality control and health and safety measures. These preliminaries involve a lot of expenses which the Maltese contractor, contrary to the big foreign firm, may find it difficult to assimilate. FOBC has been urging the government to give advance payment to allow firms winning a tender to absorb some of the initial cost. The need to conform to European standards such as ISO 900 and to good quality control and safety standards costs money. The small firms bidding for some of the projects generally do not conform to these standards and because of their small size no pressure is exerted on them to conform. This added cost of big firms can put them at a disadvantage in the bidding processes. These are some of the issues raised by the FOBC in the FOI Council and BICC. It has also commissioned the BICC to conduct a survey about the number of trade people in the sector. This is being done because the FOBC requires a breakdown of the categories of workers according to trade. This data is not being provided by the official statistics.

The FOBC therefore acts more as a lobby group rather than as a negotiation institution. However the chairperson does not exclude the fact that, in the near future, it may play a more prominent role at sector level. The code of practice which it has laid down as one of its aims is to reduce the unhealthy competition among its members, which very often leads to poaching of workers.

b) The Association of Retailers and Traders (GRTU)

The GRTU has five divisions under which entrepreneurs can join the Association as members. One of these divisions is the 'Construction and Development division. The sections included in this division are: Hardware Stores; Estate Agents; Concrete Suppliers; Whitewashers and Plasterers; Metalworkers; Tile layers, Tile Manufacturers and Marble Work; Carpenters and Joiners; Stone Works and Building Contractors, Electricians and Plumbers; Handymen; Crane Hire and Drivers (Excavation Work); and Sprayers and Fibreglass Works. The president of this division is also president of the Quarry Owners Association and he represents the GRTU on the Health and Safety Board.

This division does not sign CAs in this sector and is not involved in any negotiation with trade unions. Workers in this division tend to be non-unionised as confirmed by the GWU official, when he referred to work in this division as the 'first phase'. Workers have to be very flexible and multi-skilled to survive in this industry. This factor coupled with the fact that in their work they have to face the forces of nature, tends to instil an element of pride in their work which may not be displayed by other manual workers. They therefore feel that they need no trade union. Indeed a poster displayed at the workplace of a big building contracting firm reads '*Time is money. The shop steward is me*'. According to Manwel Aquilina, the president of this division, most of the workers employed in these sections subscribe to the view expressed in this statement. The president corroborated the statements made by other players about that type of competition, which leads to poaching of workers by employers. The division generally deals directly with government officials, very often about issues such as the transposing of European Union directives and any other policy measures which may affect these sections. The president stated that on average, they have meetings with the President of the Republic four times a year, with the prime minister two times a year and with the Minister under whose portfolio the

¹²⁴ Business Times – 27th Dec 2000 – 2nd January 2001.

Construction sector falls eight times a year, and sometimes even more. During these meetings, the discussions are about the rules being introduced to harmonise with European Union directives. As an example, the president referred to the European Union directive on the weight and size of bricks, which does not take into consideration the type of stone being quarried in Malta. The division had also discussion about working time rules and the problem relating to dust. The president emphasised that the aim of these meetings is to find solutions to problems that might be harmful to the industry rather than to adopt a confrontational approach. These meetings take the form of a bipartite social dialogue between construction firms and the government. The GRTU maintains that it was instrumental in the upgrading of standards, in making the government effect payments to contractors due to them for work done and in the reduction of taxes on sale of property imposed by government, deemed by the association to be too high and harmful to the construction industry.

No precise figures could be given with regard to the number and size of enterprises within this division. However Mr Aquilina estimates that 60 % are small enterprises with less than 20 workers; 35 % are SMEs and the remaining 5% are large companies. The large enterprises have the necessary technological equipment and means to perform a wide range of tasks and can therefore take the work of a whole project. Some of the owners of these large enterprises have also ventured into the hospitality industry (owners of four or five star hotels) and even in entertainment industry (owners of a cinema). The number of workers in these enterprises fluctuates a lot depending on the contract work of the company.

Employers' organisations

Organisation		Sub-sectors covered	Companies number	SW number	Density Companies %	Density SW %	T yes/no	CB yes/no	National affiliations		European affiliations*		International affiliations*	
Original name	English name								Direct	Indirect	Direct	Indirect	Direct	Indirect
Federation of Building and Civil engineering contractors (FOBC)	Federation of Building and Civil engineering contractors (FOBC)	Building Contractors & engineering Firms	22	3500	33	50	yes**	no	no	no	no	no	no	no
Association of Retailers and Traders (GRTU)	Association of Retailers and Traders (GRTU)	Construction and development	ND	ND	ND	ND	yes	no	no	no	Union Europeenne De L'artisanat Et Des Petites Et Moyennes Entreprises (UEAPME)	no	Confédération Internationale Des Agents en Douane (CONFIAD)	no

* Specify if it is an observer member

** Through its representation in BICC and its membership in FOI

Poland

1. Description of the sector

1.1.- Delimitation and scope of activities

The Polish Classification of Activities (Polska Klasyfikacja Działalności, PKD) came into line with the European classification of activities on 1 January 1998¹²⁵, and accordingly matches the NACE nomenclature exactly. As far as the Construction sector is concerned, the field of activities covers all of the nomenclature's Section 45 based on activities in categories 45.1-45.5.

1.2.- Socio-economic features

In 2002, the Construction sector accounted for approximately 5.7% of Gross Domestic Product (GDP), that is to say 44,062 million zlotys¹²⁶ out of a total GDP of 772,248 million zlotys. This percentage of the national wealth has been declining steadily: in 2000, it came to 51,292 million zlotys, or 7.2% of total GDP, and in 2001, it stood at 47,442 million zlotys, or 6.3% of total GDP¹²⁷. The volume of production as expressed in current prices may also be examined by sub-sectors of construction; this shows that volume of production increasingly consists of the construction of buildings to the detriment of installation and completion¹²⁸. Moreover, the structure of production distributed by type of construction highlights the growing share of infrastructures to the detriment of the construction of residential and non-residential buildings¹²⁹. In 2002, the sector employed an average of 575,200 people, that is to say 6.5% of the total employed population of 8,915,700 people. This figure, too, has been falling steadily for several years: in 1995, it was 689,200, or 7.4% of the total employed population; in 2000, it was 661,900, or 7.1%; and in 2001, it was 627,800, or 6.9%¹³⁰. This corresponds to job losses of over 5% between 2000 and 2001, and of more than 8% between 2001 and 2002. According to the trade unions, employment in the sector has fallen faster than that: they say that it declined by 12% between 2001 and 2002, and by 16.5% between 2002 and 2003¹³¹. The recent census¹³² provides more detailed figures of the active population in the sector. This in turn offers an approximate picture of how employment in the Construction sector is distributed. For example, we can see that, when the census took place, the Construction sector was made up of 90.5% men and 9.5% women, and that 64.7% of them lived in towns and cities and 35.3% lived in the country. As for age, the active population was distributed as follows: 9.6% were between 15 and 24, 27.2% were between 23 and 34, 28.8% were between 34 and 44, 28.4% were between 45 and 54, 5.4% were between 55 and 64, and 0.6% were over 65. It is also possible to deduce that 69.7% of the active population were full-time SW, 9.5% were part-time SW, 7.3% were self-employed workers who employ staff, 12.3% were self-employed workers who work on their own, and 1.1% were helpers with indeterminate statuses. Lastly, 9.6% of the active population in the Construction sector have been to university, 2.1% have attended high school, 26.6% have completed middle school (technical studies), 3.7% have gone through middle school (general studies), 46.6% have undergone vocational training, 12.0% have been done elementary schooling, and 0.3% have not completed elementary schooling, or their level of education is unknown. Nearly all the economic units and enterprises that make up the Construction sector are in the private sector, and the overwhelming majority (over 85%) are linked to very small natural persons¹³³. This trend has accelerated over the last few years, and is partly explained by a phenomenon often highlighted by the trade unions: the bankruptcy of certain enterprises resulting in the redundancy of workers, some of whom form small economic units (as self-employed workers or in micro-enterprises) that generally work on the same sites as sub-contractors, and usually on much worse conditions of employment. This development inevitably causes a constant reduction in the number of the larger economic

¹²⁵ Decision of the Council of Ministers of 7/10/1998 published in the Official Journal on 22/10/1998.

¹²⁶ Nominal quotation: 1 euro = 4.7 zlotys (as at 19 March 2004, on the basis of this relatively stable average rate).

¹²⁷ General Statistical Administration: Yearbook 2003 (the yearbook for 2004 will be available in mid-2004).

¹²⁸ Op cit.

¹²⁹ Op cit.

¹³⁰ Op cit.

¹³¹ Source: Interview with Jakub A Kus, National Secretary of the Budowlani trade union. In the report "Construction: Results of activities in 2002", the General Statistical Administration states that average employment in enterprises employing more than 49 workers over the year as a whole fell by 18.8% between 2001 and 2002.

¹³² National population census held on 20 May 2002 – General Statistical Administration.

¹³³ General Statistical Administration: Yearbooks for 2002 and 2003.

units, and an increase in the number of smaller ones. While the number of the smallest economic units (i.e. fewer than 10 workers) has increased by about 2.5% during the last three years, more than a quarter of enterprises with more than 250 workers have disappeared¹³⁴. It follows that these very small enterprises with fewer than ten workers account for the great majority (96%) of enterprises in the Polish Construction sector.

Year	0-9 workers	10-49 workers	50-249 workers	250-999 workers	Over 1000 workers	Total
2001	337,470	12,575	2,383	321	35	352,784
2002	342,409	12,603	2,275	281	29	357,597
2003	345,547	12,654	2,143	230	26	360,600
<i>Index</i> ¹³⁵	102.4	100.6	89.9	71.6	74.3	102.2

Lastly, we should make it clear that these statistics also show that less than 1% of economic units are backed by foreign capital; in other words, this applies to only about 3,300 enterprises¹³⁶. The various data clearly show how the sector has been weakened by the reduction in the number of workers and the atomisation of enterprises. Other indicators relating to 2002 confirm this problem besetting the Polish Construction sector: on the one hand, the financial results of enterprises employing more than 49 workers fell by comparison with the previous year (in practice, only 63.8% of these enterprises (1.3% down on 2001) posted net positive results); on the other hand, the global production of enterprises employing over 9 workers fell by 12.3% by comparison with 2001¹³⁷.

According to the Budowlani trade union, the informal economy probably accounts for about 30% of the sector, although this estimate is hard to verify.

Developments in the sector include a number of instances of acquisitions and concentrations of certain large (formerly state-owned) construction enterprises by foreign (French e.g. Bouygues, and German) capital. However, the most widespread phenomenon has been a form of "franchisation" of the sector. In numerous enterprises, market loss and pressure on salaries has resulted in salaried employees being laid off, and this has (almost openly) encouraged them to set up in self-employment, and these individual self-employed entrepreneurs have been asked by the selfsame enterprises to work for them as sub-contractors. The trade unions are fierce critics of this phenomenon of creating "economically dependent workers" in the sector.

Contextual data

Companies in 2003

Sub-sectors	Number of Companies	% companies without SW	% companies with <10 SW	% Companies 10-100 SW	% companies with > 100 SW
Total of the sector	360,600	ND	95.8	4.1	0.1

Workers

Sub-sectors	Number of workers	Number of SW	Number of SW/number of SW in the country (%)	Number of SW in companies <10 SW/number of SW in the sector (%)	Number of SW in companies 10-100 SW/number of SW in the sector (%)	Number of SW in companies >100 SW/number of SW in the sector (%)
Total of the sector	575,200	ND	ND	ND	ND	ND

¹³⁴ General Statistical Administration: Yearbooks for 2002 and 2003.

¹³⁵ Growth index over these three years: 2001 = 100.

¹³⁶ General Statistical Administration: Yearbooks for 2002 and 2003.

¹³⁷ General Statistical Administration: "Construction: Results of activities in 2002".

2. Description of the industrial relations in the sector

2.1.- Description of the tripartite concertation

Tripartite concertation is based on the law of 6 July 2001 relating to “the Tripartite Commission for socio-economic affairs and to social dialogue commissions at *voivod* (provincial level)”. The law provides for this Tripartite Commission to be a social dialogue forum that operates to accommodate the interests of workers and employers, and the public good. Its aim is to try and achieve and maintain industrial peace. The law also lays the representativeness criteria for organisations that are asked to sit on the commission¹³⁸. The following organisations are currently members of the Tripartite Commission:

- representative employers’ organisations: i) Confederation of Polish Employers (Konfederacja Pracodawcow Polskich); ii) Polish Confederation of Private Employers (Polska Konfederacja Pracodawcow Prywatnych); iii) Union of Polish Craftsmen’s Trade (Zwiazek Rzemiosla Polskiego); iv) Business Centre Club-Union of Employers (Business Centre Club-Zwiazek Pracodawcow).
- representative workers’ organisations: i) Independent and Self-governing Trade Union Solidarnosc (Niezalezny Samorzadny Zwiazek Zawodowy Solidarnosc); ii) All-Poland Alliance of Trade Unions (Ogolnopolskiego Porozumienia Zwiaskow Zawodowych); iii) Forum of Trade Unions (Forum Zwiaskow Zawodowych).

The Tripartite Commission is made up of several permanent working groups focusing on specific issues¹³⁹ on particular sectors of activity. No permanent working group deals specifically with the Construction sector.

Article 2(3) of the law of 6 July 2001 states generally that each of the parties on the Tripartite Commission may invite any other party to adopt a position on any issue that it deems to be socially and economically important. However, sub-paragraph 4 of the same Article says that CAs may be concluded by representatives of the workers’ and employers’ organisations with seats on the commission. One may infer from this that no CB has been carried out on the commission, and it follows that no CA dealing with the Construction sector has been concluded at this level.

2.2.- Description of the bipartite social dialogue

The Polish Labour Code¹⁴⁰ generally offers the social partners the opportunity to conclude CAs at the level «higher than enterprise» (a term that mainly covers sectors and branches), at enterprise level, and at regional level. However, in practice, CAs have only really been concluded at enterprise level (in all sectors) and at the level «higher than enterprise» (in some sectors, but not in construction). By contrast, no CAs have been signed at *voivod* (regional) level in any sector. The main reason for this is the fact that the social partners are weakly organised at this level: only Solidarnosc is systematically organised at regional level, while in the main the other organisations are either more sector or more national. Solidarnosc claims that the employers in particular are not well structured at *voivod* level. What is more, it is rather difficult to determine the issues for concertation that might lead to genuine signed agreements: the concertation committees that function at *voivod* level operate more as forums for concertation, or as organisations that issue opinions on the *voivod*’s general economic and social policies, than as bodies that might foster the conclusion of specific CAs. The Polish Confederation of Private Employers believes that the dialogue that takes place in these fora is interesting and useful, and argues that there should be more of these instruments of social dialogue, and that they should be more highly valued. By contrast, the trade unions argue that it is a way of enclosing them inside opinion-issuing bodies, and thereby of preventing real decision-making fora from operating. There are also grounds for thinking that the two notions of “level «higher than enterprise»” and “sector level” – which mean the same thing in Poland – have been superimposed on one another.

There is no obligation on the social partners to take part in CB, although all accredited organisations must be invited, and at least one supra-enterprise trade union organisation must take part for the negotiations to take place. The obstacles to social dialogue are undoubtedly linked to the Construction sector’s economic decline and, to a lesser extent, to the employers’ poor level of organisation: these factors act as a brake on social dialogue in the sector. As a promoter of non-intervention, the state therefore encourages social

¹³⁸ For representative workers’ organisations: to have affiliated 300,000 worker members (500,000 since 1 January 2003) and to be active in national economic units whose chief activities are defined in over half the sections of the Polish Classification of Activities. For representative employers’ organisations: to have affiliated employers that employ more than 300,000 workers, to have a structure of national activity, and to be active in national economic units whose chief activities are defined in over half the sections of the Polish Classification of Activities.

¹³⁹ The working groups deal with the following issues: employment law and CAs, social security, economic policy and the labour market, the national budget, the development of social dialogue, public services, and cooperation with the International Labour Organisation.

¹⁴⁰ Law of 26 June 1974 published in the official journal of 5 July 1974.

dialogue from a theoretical point of view, but given how little it invests in any substantive way in dialogue, one might equally conclude that it mainly sees it as a way of getting rid of the problem. This view is sometimes expressed by the trade unions.

Trade union representativeness¹⁴¹ is determined by a certificate issued by the department tribunal in Warsaw. Insofar as the representativeness of a national trade union (federation or confederation) is certified, trade unions and the in-house bodies and committees which make up that trade union acquire their own representativeness by right. Where a CA has been concluded at a level «higher than enterprise», the supra-enterprise employers' organisations and/or trade unions may ask the Ministry of Labour to extend the scope of the agreement to workers employed by an employer who is not covered. In practice, the government does not normally use this power to extend supra-enterprise CAs: this may be explained, on the one hand, by an explicit political will to maintain the social partners' autonomy in concluding CAs and, on the other, given that agreements are generally concluded with the economically strongest enterprises, which can offer salary and social conditions that smaller or weaker enterprises cannot match, by a fear, particularly in sectors in trouble, of aggravating the problem of unemployment by imposing excessively costly social conditions on enterprises in financial difficulty¹⁴². Using the Ministry of the Economy, Labour and Social Dialogue as a mouthpiece, the government does no more than assume its legal obligations (i.e. the registration of signed agreements).

2.2.1.- At sector level

The names of the organisations recognised for bipartite social dialogue at the level of the Construction sector are clearly set out in item 3 ("Description of the organisations active in the sector"). In fact, no CAs at a level «higher than enterprise» have been concluded in the Construction sector in the last few years, and no such agreement has been registered with the Ministry of the Economy, Labour and Social Policy¹⁴³. However, three current supra-enterprise and sector initiatives in the Construction sector deserve highlighting: a) a call for negotiations on a general CA in the sector by the three trade unions aimed at establishing a more formalised CB process in the sector¹⁴⁴; b) an agreement signed by two trade unions and two employers' associations (but not registered) with a view to laying down the minimum hourly rate for workers (this agreement has not been accepted by the government, and has been signed for 2004 by three of the 2003 signatories); c) a framework agreement aimed at organising concertation on all main issues specific to the sector such as seasonal work, flexibility, and a loan system as support for the sector.

There are several reasons for the absence of formally concluded and registered CAs at a level «higher than enterprise». They include a lack of will on the part of the government to take responsibility for extending the scope of any agreements (this reason is adduced by all the social partners), the presence in enterprises of recognised trade unions and employers' organisations with very limited coverage, the sector's parlous economic situation, some political lobbying on ways of regulating industrial relations, a classic breakdown between employers and workers as they search for precise issues that might be covered by agreements, and a low level of representativeness on the part of employers' associations (a reason adduced by the trade unions).

In legal terms, the representativeness at national level required for participation in sector social dialogue are fixed by the Labour Code (see footnote 139). When an employers' organisation or a trade union is a member of a federation or a confederation that is recognised on the basis of these criteria, it is automatically entitled to the same recognition. No recognition disputes have therefore been registered either by the social partners themselves or by the Ministry of Labour. Given that the two laws that define the social partners (the law on trade unions and the law on employers' organisations) are very recent (1991), it is generally accepted that the organisations that take part in social dialogue meet the criteria set out in this legislation. Moreover, the fact that the Polish Classification of Activities has been aligned with the European classification system clarifies the area of intervention, and the social partners have had no disputes in this respect.

As to the progress being made in social dialogue in the sector, there is, as has been pointed out above, a will to talk and to mount initiatives; this is an expression of a degree of growing maturity in dialogue, but it has yet to result in the conclusion of a duly signed and registered agreement. The fear of constraint is certainly too strong among the employers at present: in a spirit of classic economic liberalism, and in a context of deregulation, they see constraint as an essential factor in boosting economic growth.

¹⁴¹ Membership of at least 500,000 workers, or 10% of the total number of workers (but no fewer than 10,000 workers), or recruitment of the largest number of workers covered by the CA in question.

¹⁴² Source: Ministry of the Economy, Labour and Social Policy; Department of Social Dialogue; interview with Pawel Targonski.

¹⁴³ Op cit.

¹⁴⁴ Source: The Budowlani trade union; interview with Jakub A Kus, National Secretary. It is important to bear in mind that this bargaining process is hard to establish in privatised sectors. The Budowlani trade union has concluded two supra-enterprise agreements, for forestry workers and for workers in national parks, but they have been concluded with the state as the employer.

2.2.2- At enterprise level

Formal CAs in the Construction sector have only been concluded at enterprise level. They usually cover classic elements of labour relations such as conditions of employment, pay, working hours and overtime. Once they have been concluded, most of them are renewed or amended regularly, usually annually. Enterprise union delegations negotiate these agreements independently with the employer. At sector level within national organisations, both on the trade union side and on the employers' side, there is little reliable information on the number or quality of these CAs concluded at enterprise level. The only accurate figures are those supplied by the Labour Inspectorate of the Ministry of Labour, which is the body with responsibility for registering agreements submitted to it on a regional basis. It is therefore known that 35 CAs were signed, and officially registered by the Inspectorate, during 2003; they affect 9,751 workers, that is to say an average of 278 workers per agreement. Most of them were concluded in the regions of Katowice (10 agreements) and Warsaw (6 agreements), and figures for other regions are extremely poor: they range between 0 and 3, depending on the region. Part of the reason for the difference between the figures provided by employers' organisations and trade unions and those calculated by the Labour Inspectorate results from the fact that some agreements signed by the social partners are probably not registered, and it is not therefore possible to be more precise at this level. Nonetheless, it has to be said that the number of agreements concluded in the Construction sector is altogether very low. Registered agreements only cover 1.7% of workers in the sector, and for the most part, signed agreements are signed in medium-sized enterprises. Generally speaking, as far as we are aware, there have been no recognition disputes; this derives from recognition for member organisations of recognised federations and confederations. Local and specific disputes probably occur, but they are not reported.

3. Description of the organisations active in the sector

3.1.- Workers' Organisations

The three representative workers' organisations active in the Construction sector at a level «higher than enterprise» have quite diverse origins. This has caused their structures to be very different. The Budowlani trade union was a sector trade union from the outset, and joined the confederation as soon as it was sustainably organised; as a result, it was automatically recognised as its confederation's main partner for the Construction sector. In the case of Solidarnosc, the overall structure was initially organised along inter-professional lines and on a regional basis, and it was within this central structure that the various sector structures were more systematically established. The history of the hybrid organisation within the Forum of Trade Unions is more recent: it was initially a professional trade union for construction managers and, as a member of the Forum, assumed *de facto* leadership in the sector. The sector is now in the process of being more formally organised within the confederation.

1. The Budowlani trade union (Związek Zawodowy Budowlani)

Most workers who are members of the Budowlani trade union are employed in the Construction sector under Section 45 of the NACE classification. However, the union also recruits workers in certain related sectors (e.g. municipal enterprises and housing cooperatives, building materials, and construction services) and in the forestry and woodwork sectors. It has been in existence since 1892, and was heir to the trade union tradition of several workers' organisations initially active in the forestry sector, and subsequently in construction. There has been formal legal continuity since 1924, although the union's name has been changed over the years. It has been in existence in its present form, and in accordance with current legislation, since 16 February 1991.

Funding for the union's activities comes mainly from workers' contributions. These are deducted at source by the employer, with 20% allocated to union regional structures, and 80% to enterprise-level union structures. The union's national structure is financed by letting much of the national headquarters building in Warsaw. The organisation is structured around a national headquarters where 20 people work, and 14 regional offices in different parts of the country: these regional offices employ a total of 18 people. In 2004, the organisation had 25,000 working members¹⁴⁵, and 40,000 if non-active members including unemployed workers and pensioners are included. These members work for about 5,000 enterprises. Membership is falling – there were 47,000 members in 2003 – in line with the general decline in employment in the sector. 3,500 members of the total membership work in the forestry and woodwork sectors. The sector has undergone major reorganisation, with forest wardens maintaining their civil servant status and blue-collar workers receiving temporary private-sector contracts. It follows that this sector is very difficult to organise. Union density is estimated at about 4.3% (25,000 out of 575,200¹⁴⁶ workers in the sector)¹⁴⁷. Trade union elections are four-yearly, and the next election will take place in 2004. The Budowlani trade union is empowered to take part in negotiations

¹⁴⁵ Source: interview with Jakub A Kus, the Budowlani trade union National Secretary.

¹⁴⁶ Source: National Institute of Statistics.

¹⁴⁷ The trade union estimates that density is approximately 7.1% if the workers that many enterprises hire as "franchisees or self-employed sub-contractors" are excluded.

at sector level and to conclude supra-enterprise CAs, but the only agreement it has been party to is the one referred to above on the minimum hourly rate. Enterprise-level union delegations are also empowered to negotiate and conclude enterprise-level CAs, although the union at national level does not know the number of concluded agreements. The Budowlani also takes part indirectly in tripartite concertation, and is represented by the confederation of which it is a member.

At national level, the organisation is a member of the National Alliance of Trade Unions; at European level, it has had observer status for many years with the European Federation of Building and Woodworkers, and is expected to become a full member in the next few months; and at international level, it has been a member of the International Federation of Building and Woodworkers since 1994.

2. The Building and Wood Workers' Secretariat of NSZZ (Krajowy Sekretariat Budownictwa i Przemysłu drzewnego NSZZ Solidarnosc)

The independent self-managing trade union Solidarnosc was registered as a single trade union on 10 November 1980, and it was about this time (i.e. 1980-1981) that the National Construction Coordination Commission (Krajowa Komisja Koordynacyjna Budownictwo) was set up within Solidarnosc. At the time, it represented building and transport, and was an initial attempt at forming a sector structure. In 1989, Solidarnosc conducted a major internal restructuring, and organised itself more systematically into different sector sections, and it was on the basis of this reorganisation that the NSZZ Solidarnosc National Construction and Woodworkers' Secretariat was formed; it became a legal entity in 1991. The Secretariat is made up of two sections: construction (as defined by the NACE nomenclature) and woodwork.

The union's funding comes mainly from workers' contributions, which are deducted at source by the employer¹⁴⁸. The Secretariat has three salaried employees, and other staff who work on a voluntary basis. It conducts internal elections every four years, the last one having taken place in 2003. The purpose of the election is appoint a 17-strong committee at secretariat level, and a commission in each enterprise consisting of an enterprise-level trade union commission, a commission President, and a supervisory (i.e. monitoring) committee. The union has 16,000 members "associated within the structures"¹⁴⁹. No distinction is drawn between categories of worker among these members. Solidarnosc density is an estimated 2.8% (16,000 out of 575,200 workers in the sector)¹⁵⁰. The union is empowered to negotiate at the level «higher than enterprise», and to sign sector CAs. As in the case of the Budowlani trade union, no formal agreements have been signed or registered at this level, Solidarnosc only having concluded the informal agreement on the minimum hourly rate referred to above. Enterprise-level delegations from the NSZZ Solidarnosc National Construction and Woodwork Industry Secretariat are empowered to negotiate and conclude CAs at enterprise level: several agreements have been signed in the last two years, although the union does not know the exact number at national level. The organisation takes part indirectly in tripartite concertation, and is represented by the independent self-managing trade union Solidarnosc, of which it is member. At national level, the organisation is a member of the independent self-managing trade union Solidarnosc; at European level, it has had observer status for several years with the European Federation of Building and Woodworkers (and will soon be making an official application for full membership); and at international level, it is a member of the International Federation of Building and Wood Workers.

3. The Building Section of the Forum of Trade Unions (Sekcja Budownictwa Forum Związków Zawodowych)

The "Forum of Trade Unions" Confederation is currently undergoing an internal restructuring whereby it will be organised into a number of sector branches. The Construction Section will be one of these, and will mainly operate as one of the Forum's member unions, namely the Professional Union of Engineers and Technicians (Związek Zawodowy Inżynierów i Techników). This trade union was founded in 1989. Its sources of funding consist of 90% members' contributions and 10% the socio-economic activities (e.g. projects and seminars) that it engages in. It is made up of 13 regional structures and 8 sector sections¹⁵¹, including the "Construction and Building Materials" Section, which forms the largest part of the Forum Confederation's Construction Section. This union currently has two salaried employees, and other staff who work on a voluntary basis. It claims 8,000-10,000 worker members, and a total of about 30,000 members altogether if non-workers (e.g. skilled and unemployed workers) are included. Not all of these members work in the Construction sector as the union also recruits engineers and technicians in several technical sectors; as a result of the organisation's origins, there is a majority (an estimated 80%) of managers and technicians. The membership is not distributed in various categories such as white-collar and blue-collar workers.

¹⁴⁸ Approximately 1% of salary is deducted. It is distributed as follows: 60% funds the operation of the enterprise-level delegation; 35% is forwarded to regional level, which in turn distributes it to national and sectoral structures; and 5% is paid into the Strike Fund.

¹⁴⁹ Source: Interview with Solidarnosc President Zbigniew Majchrzak. Mr Majchrzak says that if members not associated within the structures are included, the figure rises to 70,000. This includes an estimate of the number of sympathisers, and not solely of members.

¹⁵⁰ The union estimates density is approximately 4.6% as it calculates that the total number of workers is about 350,000 if the workers that many enterprises hire as "franchisees and self-employed sub-contractors" are excluded.

¹⁵¹ Energy, Iron and Steel, Automobile manufacture, Military Industry, Telecommunications, Electro-mechanical engineering, Gas and Oil, and Construction and Building Materials.

The most recent internal elections in the organisation took place in 2003, and determined the direction now being taken¹⁵². All tripartite concertation relating to this trade union is conducted by the “Forum of Trade Unions” Confederation, of which it is a member. The Union of Engineers and Technicians is empowered to negotiate sector CAs, but has yet to conclude any. Only this union’s enterprise-level delegations have concluded agreements at enterprise level: the union estimates that about 100 agreements were signed at enterprise level between 2003 and 2004¹⁵³.

At national level, the Union of Engineers and Technicians is a member of the “Forum of Trade Unions”: it sits on the Confederation’s Executive Committee, of which Zygmunt Mierzejewski is one of the five Vice-Presidents. The union has no international affiliations.

Trade Unions

Organisation		Type of SW	Members	Members working in the sector	Density	CB	National affiliations		European affiliations		International affiliations	
Original name	English name	Type	Number	Number	%	yes/no	Direct	Indirect	Direct	Indirect	Direct	Indirect
Związek Zawodowy “Budowlani”	The Budowlani trade union	ND	40,000-25,000	21,500	4.3	ND	All-Poland Alliance of Trade Unions	-	European Federation of Building and Woodworkers (observer)	-	International Federation of Building and Woodworkers	-
Krajowy Sekretariat Budownictwa i Przemysłu Drzewnego – NSZZ Solidarnosc	National Building and Wood Workers’ Secretariat of NSZZ	ND	ND	16,000	2.8	ND	Independent and Self-governing Trade Union “Solidarnosc”	-	European Federation of Building and Woodworkers (observer)	-	International Federation of Building and Woodworkers	-
Sekcja Budownictwa Forum Związków Zawodowych	Forum of Trade Unions – Building Section	ND	30,000-10,000	ND	ND	ND	Forum of Trade unions	-	-	-	-	-

3.2.- Employers’ Organisations

In general terms, representative employers’ organisations are young: the two oldest have been in existence for about 10 years; the youngest for just 2 years. These groupings of employers have organised themselves around the defence of their interests and the general promotion of the Construction sector; the role of social partner only developed later on as these initial objectives were extended.

1. The National Association of Building Employers (Krajowy Związek Pracodawców Budownictwa)

The idea of setting up the “Association of Construction Employers” under the terms of the law of 23 May 1991 on employers’ organisations was conceived by those taking part in the “Construction of the year” competition in autumn 1992. The Association has presented itself as a body that defends the rights and interests of construction entrepreneurs. Following an extension of its field of activities, the Association’s General Meeting amended its rules and adopted the current name of “National Association of Construction Employers” in the spring of 1999.

Half of the Association’s finance comes from members’ contributions, and half from chargeable service activities (e.g. courses, training and conferences) and from European funding. The Association is deemed to be a “not-for-profit” organisation. It has five salaried employees, and also hires outsiders like experts and university teachers to carry out activities such as studies, research and training. The staff are based at the organisation’s headquarters in Warsaw. There are no decentralised offices. The Association covers

¹⁵² President: Zygmunt Mierzejewski. Terms of office: five years. As soon as a structure loses a third of its members in the course of a term of office, restricted elections are held to fill the vacancies.

¹⁵³ Source for information concerning contributions, membership figures and the number of agreements signed: interview with the President.

employers mainly active in the Construction sector in the strict sense of the term (category NACE 45). It recruits enterprises directly, and currently about 120 Polish and international enterprises are in membership¹⁵⁴; of these, between 30% and 40% have more than 250 workers.

The Association says it represents enterprises that employ between 25 and 30,000 workers. Estimated enterprise-level density is very low: if the total membership figure is divided by the total number of enterprises in the sector, the result is a rate of 0.03%, and if the total membership figure is divided only by those enterprises with more than ten workers registered by the General Statistical Administration, there is an estimated density of 0.8% (see “Socio-economic features”)¹⁵⁵. Density in respect of workers stands at 5.2% (an estimated 30,000 out of 575,200).

At supra-enterprise level, the Association is empowered to negotiate CAs in the Construction sector, but no such agreements have been finalised in the last few years. As for enterprise-level CAs, the Association estimates that 40% of its members (i.e. between 40 and 50 of them) conclude CAs at that level every year. These agreements generally cover the following issues: conditions of employment, salary conditions, the regularisation of working hours, and overtime pay. At national level, the Association is a member of the Polish Confederation of Private-Sector Employers, through which it has access to tripartite concertation, and at European level, it is a member of the Brussels-based European Construction Industry Federation. It is not a member of any organisation at international level.

2. The Polish Union of Employers – Manufacturers for Construction Industry (Związek Pracodawców – Producentów Materiałów dla Budownictwa)

This employers’ organisation generally covers producers of building materials in the broad sense of the phrase. In particular, this means not only employers who come under Section 45.5 of the NACE Classification, but also employers in certain other production sectors. It is a young association, the first initiatives to bring these employers together having only taken place in the spring of 2002. The first formal general meeting was held on 26 September 2002.

The organisation’s funding comes exclusively from members’ contributions, and the salaried staff consists of a single person, the President. The rest of the organisation’s activists work on a voluntary basis. The Association recruits enterprises directly, and currently has 28 member enterprises employing about 8,000 workers¹⁵⁶. These member enterprises are very varied, but most have foreign capital. Estimated density at enterprise level is extremely low: if the number of members is divided by the total number of enterprises in the sector, the result is a rate of 0.008%; if the number of enterprises is only divided by those enterprises with more than ten workers that are registered by the General Statistical Administration, the estimated density is 0.2%. Density in respect of workers stands at 1.4% (an estimated 8,000 out of 575,200).

This employers’ organisation is empowered to take part in social dialogue and in sector negotiations. The negotiations in which it has participated most actively have had less to do with labour agreements than with legal provisions dealing with the way that Construction sector functions generally. The Association has not concluded any CAs at any level since 2002, and says it is not interested in concluding any. At national level, it is affiliated to the Polish Confederation of Private-Sector Employers, through which it takes part indirectly in national tripartite concertation. The Association is not a member of any European or international organisation.

3. Construction and Property Confederation (Konfederacja Budownictwa i Nieruchomości)

This confederation was created on 1st April 2004 following a re-structuring of the Federation of Employers and Contractors of Building Industries (founded on 26th April 1995). It brings together employer’s federations and several associations active in the construction area - “widely speaking” (including also, for example, property and consultancy associations). The confederation includes 14 organisations and has agreed to cooperate with and to have mutual representativeness with 3 further organisations. So, as a whole, it is a “loose structure” of 17 bodies.¹⁵⁷

The Federation of Employers and Contractors of Building Industries (Federacja Pracodawców i Przedsiębiorców Przemysłu Budowlanego) brings together employers active in all sub-sectors of Section 45 of the NACE Classification, and employers active in the property sector. It was founded on 26 April 1995 under the terms of the law of 23 May 1991 on employers’ organisations. At the time, it was made up of five existing employers’ organisations, but now presents as Poland’s leading employers’ confederation. It joined the Confederation of Polish Employers in 1995, but left in 2000.

¹⁵⁴ Source: Statistical data drawn from an interview with the Association’s President, Janusz Zaleski; it should be noted that the Association’s website refers to 100 members. The most recent committee elections took place on 14 April 2003 during the 12th General Meeting.

¹⁵⁵ The Association’s representatives refer to density of 2.6% as they estimate that the total Construction sector in Poland consists of 4,500 enterprises. They do not take small family concerns into account.

¹⁵⁶ Source: Interview with the President, Ryszard Kowalski.

¹⁵⁷ This re-structuring took place after the end of the writing of the expert’s rapport : further details (history, statutes,etc.) available on www.kbin.org.pl]

The Federation's main resources are overwhelmingly made up of members' contributions, and marginally of receipts from a few "not-for-profit" activities (e.g. training and assisting members to get good prices) offered to members at cost price. The staff consists of a single person who is paid on a piece-rate basis; there are no salaried employees. Most of the work is carried out by volunteers who form *ad hoc* groups on the basis of the jobs that need doing. This staff is based at the organisation's headquarters in Warsaw. There are no decentralised offices. The Federation is made up of 14 employers' organisations, which cover 4,500 enterprises, or 250,000 workers¹⁵⁸. The Federation's estimated density at enterprise level is higher than that of other employers' organisations: if the total membership is divided by the total number of enterprises in the sector, the result is an estimated density of 1.25%, and if the total membership is divided only by the number of those enterprises with more than ten workers that are registered by the General Statistical Administration, the result is a very much higher density of 30%. Of course, it is important to put into perspective this latter percentage estimating the relative density in enterprises with more than ten workers. In fact, the Federation itself stresses that "it mainly recruits medium-sized and small enterprises, which it considers to be poorly protected [this is a feature of the sector] by the two employers' confederations, the Confederation of Polish Employers and the Polish Confederation of Private-Sector Employers, which are very weakly organised at sector level." The density in respect of workers is 43.4% (estimated based on 250,000 workers out of a total of 575,200 in the sector)¹⁵⁹. The Federation is now represented on the Tripartite Commission by the Association of Craft workers. It is empowered to take part in social dialogue at sector level, and its members are similarly empowered at enterprise level. No CAs have been formally signed at sector level, and the Federation has only been actively involved in concluding the agreement on the minimum hourly rate for workers in construction (see above). Agreements have been signed by members of the Federation at enterprise level, although the total number is not known many. Generally speaking, the Federation has reservations about proposals in CAs made by the trade unions, and believes that they act as a brake on growth in the sector during the current period of economic difficulty. At national level, the Federation was a member of the Confederation of Polish Employers from 1995 to 2000, but has not been formally a member of a Confederation since then. It is not a member of any European or international association.

Employers' organisations

Organisation		Sub-sectors covered	Companies	SW	Density Companies	Density SW	CB	National affiliations		European affiliations		International affiliations	
Original name	English name		number	number	%	%	yes/no	Direct	Indirect	Direct	Indirect	Direct	Indirect
Krajowy Związek Pracodawców Budownictwa	National Association of Building Employers	NACE 45.1 to 45.5	120	30,000	0.03	5.2	yes	Polish Confederation of Private Employers	ND	European Construction Industry Federation	-	-	-
Związek Pracodawców – Producentów materiałów dla Budownictwa	Polish Union of Employers – Manufacturers for Construction Industry	NACE 45.1 to 45.5 + others	28	8,000	0.008	1.4	yes	Polish Confederation of Private Employers	ND	-	-	-	-
Konfederacja Budownictwa i Nieruchomości	Confederation of Construction and Real Estates	NACE 45.1 to 45.5 + others	4,500	250,000	1.25	43.4	yes	ND	ND	-	-	-	-

¹⁵⁸ Sources: Estimates supplied by the Federation itself; interview with the Vice-President, Waldemar Mazan.

¹⁵⁹ This is an extremely approximate estimate, particularly as far as the number of workers is concerned. A trade union source suggests that the Federation organises more enterprises than the other two employers' organisations in the sector, but there are no contra-indications as to the proposed number of members.

Romania

1. Description of the sector

1.1. - Delimitation and scope of activities

Since 1997, Romania has adopted the NACE system corresponding to the international classifications. However, it must be specified that this statistical classification does not entirely correspond to the reality of the collective employment contracts; there is no overlap of the way in which the sector is structured from the statistical point of view and of trade unions and employers' organisations. Therefore, activities such as architecture, urbanism and engineering, building planning and even building research, although not part of the Construction sector, are integrated into trade unions and employers' organisations in the sector and they are represented at the negotiations and conclusion of collective employment contracts. On the other hand, the structure of activities in the Construction sector businesses is not the same as the statistical classification. There are enterprises whose activities cover all sub-sectors, but some activities are more important than others for an enterprise. Equally there are firms, and this is the case of micro-enterprises, that are specialized in only a certain type of activity. When registering a firm and including it in one category or another, the activity having the largest, predominant place compared to other activities of the enterprise, is used to determine the category. These discrepancies between the statistical classification and the way in which the activities of enterprises, employers' organisations and trade unions are structured do not have any consequences on the collective negotiations. The law relating to collective employment contracts stipulates the representativeness for the social players who have the right to negotiate and sign at sector level. What must be underlined is the fact that in the case of trade unions and employers' organisations there are also players whose activities are part of other sectors of activity, but that are closely related to building and are thus affiliated to trade unions and employers' structures in the Construction sector and not for example to research sectors,. The collective negotiations are not done at sub-sector or sub-division level, but at the sector level.

1.2. - Socio-economic features

The contribution of the Construction sector to the GDP in the period 1995-2001 declined, from 6.6% in 1995 to 4.9% in 2001, and then it entered an increased in 2002 to 5.1%.¹⁶⁰ The share of the work-force in the Construction sector represented, at the end on 2002, 7, 8 % of the total work-force in the Romanian economy. While employees in the Construction sector in 2002 represented 9.0%¹⁶¹ of the total SW (Salaried Workers) in the economy, the restructuring processes in the economy and the reduction of financing sources for building, the construction activity decreased and the number of employees as well. Together with the process of economic growth and the allocation of larger budgets for building in the public sector, as well as the increase of resources and of the demand in the private sector, building contractors entered a growth period with a concomitant increase in the number of employees. The gross added value, in the year 2002 in the Construction sector was 5.3%, but its share for the private sector represented 7.1%. "Private firms and enterprises in the Construction sector contributed 96.4% of the gross added value created within the industry"¹⁶², which shows the important contribution of the private sector to the creation of the gross added value in the overall building sector and the role that this sector has within the entire economy. There are no official figures regarding the underground economy in the Construction sector. There are estimates that go from 25% to up to 40%, but which are not sustained by credible statistical data. In the Construction sector, it is not so much the underground economy but the black market, the "grey" economy that is the main characteristic. Concerning the economic structure of the sector, we observe that out of 16567¹⁶³ enterprises, 4556 are Micro, 11.410 are SME, 601 are large and very large enterprises and 2850¹⁶⁴ are multinationals or have mainly foreign capital. The sub-sectors having the greatest share within the sector are those belonging to the NACE classification 452 (building of complete constructions) with a share of 55.0% of the total number of enterprises in the sector and 453 (building installation) with a share of 32.5%. The "building completion" sub-sector (NACE code 454) represents a share of 9.0% and the "site preparation" (NACE code 451) has a share of 2.0%. The structure of the working population in the Construction sector according to the professional status on

¹⁶⁰ The evolution of the Romanian private sector, The National Institute of Statistics, ed. 2003, p. 23.

¹⁶¹ Romanian Statistical Yearbook 1990, p. 109.

¹⁶² The evolution of the Romanian private sector, The National Institute of Statistics, ed. 2003, p. 8.

¹⁶³ Data provided by the National Institute of Statistics.

¹⁶⁴ Data provided by the National Office of the Trade Register.

December 31st 2001 was¹⁶⁵: 84.5% of SW, 2.0% of employers, 12.8% of freelance workers and 0.7% of unsalaried family workers. The working population in the Construction sector by age groups¹⁶⁶ are 11.4% between 15 and 25 years old, 32.1% between 25 and 34 years old, 41.9% between 35 and 49 years old, 14.4% between 50 and 64 years old and 0.2% of people over 65 years old. Under aged labour is forbidden by law. The share of manual workers of the total of SW represents 85.3%. As for the qualification of the employees in the sector, the entire spectrum of qualifications exists, from the highly qualified manual labourers to no qualifications; to highly educated specialists. The minimum wage per sector is established in function of the minimum wage in the economy. For the year 2004, the social partners in the Construction sector negotiated ROL 2,900 000 per month (around 75 €), compared to the minimum wage in the general economy, ROL 2,800 000. In the building industry, the gross average wage in 2002 was around ROL 4,800 000¹⁶⁷ (about 145 € at rates euro/ROL in 2002). The percentage of women in the Construction sector labour force is 12.0%, and to 88.0% for men. The strategy of the enterprises is that of specialization in the various types of activities, this leads to growth of productivity and to higher quality. The Construction sector is expanding. It is proving to be an ever increasing growth area, as Romania needs important infrastructure works, the building of houses and social-cultural edifices, which leads to strong demand for the activity of this sector, both in the public and in the private sector. The development of investments in the building industry reveals the positive, escalating growth area of this sector, as there is an important growth from year to year, starting with the year 2000: +3.5% in 2000; +9.6% in 2001 and +9.7% in 2002¹⁶⁸ (growth in relation to the previous year). What stands in the way of more pronounced growth of the sector are the financing sources for the building works. As new financing sources are identified (the economic growth of the last few years provides strong support for this growth), the Construction sector can be seen as one of the main factors of general economic development. From the point of view of the social partners, the privatisation process in the Construction sector has been concluded, and all the firms in the industry now are private or have mainly private capital. However, according to the official statistical data, at the end of 2001, about 12.0% of the labour force in the Construction sector worked in state-owned enterprises and 82.0% in private enterprises¹⁶⁹. It is possible for the data that the social partners have to be updated to 2003 levels and to reflect the changes which have taken place over the last two years. Irrespective of which data we refer to, they show that the majority of enterprises in the building industry belong to the private sector. The fact that in the year 2002 the value of building work carried out by private enterprises represented 93.6%¹⁷⁰ of the total value of building work shows the importance of the private sector in this sector, as well as its predominance compared to the state sector. The privatisation process brought with it important changes, also, as far as the size of enterprises is concerned. Up to 1990 the entire economy was based on predominantly large enterprises and the Construction sector was no exception, with activity being concentrated on a small number of large companies. The decentralization of economy and the privatisation process led to the creation of a large number of smaller enterprises. Thus, of the total number of enterprises in the Construction sector, about 99.0% are small and medium-sized enterprises (up to 250 employees) and only 1.0% are large and very large enterprises. It is important to underline that over 63.0 % of the SMEs are represented by micro-enterprises (up to 9 employees)¹⁷¹. The analysis of the “movement” of firms in the Construction sector reveals a growth of the micro-enterprises by 2.7% in 2002 as compared to 2001 and the corresponding decrease in the share of small, medium-sized and large firms. It is difficult to know whether or not this is a long term trend towards smaller firms in the construction industry but it is clear that nowadays the SMEs represent the majority of firms in the building industry “architecture”. Even if these changes in the structure of building enterprises continues, large firms will still be important as they are the only ones that can invest in technology and human resources, and that can take on contracts for large-scale work, both on the home and on the export market (the Romanian building enterprises have rich experience in building work abroad). However, the development of the building structure is closely related to the general development of the economy. As the economy starts to grow, the Construction sector will develop and firms will adapt their structures (their size, the types of activities etc.) in response to the development of the construction market.

¹⁶⁵ Romanian Statistical Yearbook 2002, p. 100-101.

¹⁶⁶ Romanian Statistical Yearbook 2002, p. 100.

¹⁶⁷ The National Institute of Statistics

¹⁶⁸ The evolution of the Romanian private sector, National Institute of Statistics, ed. 2003, p. 18.

¹⁶⁹ Romanian Statistical Yearbook 2002, p. 94.

¹⁷⁰ The evolution of the Romanian private sector, National Institute of Statistics, ed. 2003, p. 9.

¹⁷¹ Data provided by the National Institute of Statistics.

Contextual data

Companies (year 2002)

Sub-sectors	Number of Companies	Number of companies without SW	Number of companies with <10 SW	Number of companies 10-100 SW	Number of companies with > 100 SW
451	348	103 (0.6%)	175 (1.1%)	66 (0.4%)	4 (under 0.1%)
452	9187	2332 (14.1%)	3925 (23.7%)	2389 (14.4%)	541 (3.3%)
453	5388	1605 (9.7%)	2565 (15.5%)	1122 (6.8%)	96 (0.6%)
454	1489	488 (2.9%)	779 (4.7%)	217 (1.3%)	5 (under 0.1%)
455	155	28 (0.2%)	52 (0.3%)	53 (0.3%)	22 (0.1%)
Total of the sector	16567	4556 (27.5%)	7496 (45.3%)	3847 (23.2%)	668 (4.0%)

Source: National Institute of Statistics

Workers (year 2002)

Sub-sectors (Code NACE)	Number of workers	Number of SW	Number of SW/number of SW in the country (%)	Number of SW in companies <10 SW	Number of SW in companies 10-100 SW	Number of SW in companies >100 SW
451	3207	3022	under 0.1	646 (0.2%)	1736 (0.5%)	640 (0.2%)
452	262223	254236	5.9	14486 (4.2%)	74275 (21.7%)	165475 (48.3%)
453	73026	40027	1.6	9070 (2.6%)	30546 (8.9%)	30411 (8.9%)
454	9475	8788	0.2	2558 (0.7%)	5486 (1.6%)	744 (0.2%)
455	6559	63080	0.1	185 (under 0.1%)	2245 (0.7%)	3950 (1.2%)
Total of the sector	354490	342453	7.8	26945 (7.7%)	114288 (33.4%)	201220 (58.8%)

Source: National Institute of Statistics

2. Description of the industrial relations in the sector

2.1. - Description of the tripartite concertation

There are no tripartite social agreements at sector level. However, the lack of tripartite concertation at sector level is felt by the social partners. A significant aspect in this respect is the fact that the "Family" General Federation of Trade Unions made a proposal to the social partners to introduce a social agreement regarding taxes and charges, health and labour conditions and the migration of the labour force in the Construction sector. Once the trade unions and the employers' organisations have reached a consensus, there will be consultations and negotiations with the authorities and a possible conclusion of a tripartite agreement. From the point of view of the social partners, the authorities are not interested in promoting the tripartite social concertation at sector level.

2.2. - Description of the bipartite social dialogue

With regard to the activities in the sector, the collective negotiation takes place at sector level and at enterprise level. The relationship between the two levels consists of provisions of the collective conventions at sector level are minimal and compulsory for the enterprise level. The collective employment contract at enterprise level can include provisions that are superior or at least equal to those at branch level, but in no case inferior. The difference between the two levels is that while the collective convention at branch level establishes the general and minimal framework for the sector, at enterprise level there are concrete provisions that are negotiated and agreed upon according to the characteristics and to the specificity of each enterprise. The collective employment contract at sector level cannot cover all the specific situations in each enterprise. The bipartite social dialogue functions equally well at sector level and at enterprise level. There cannot be an efficient dialogue at one level without an equally efficient dialogue at the other level. The problem that the social dialogue at enterprise level raises is that in some enterprises there are no trade unions, either because there is not the necessary number stipulated by law (at least 15), or because certain employers' organisations exert pressures on the salaried employees so they do not organize into trade unions. The procedures

for reciprocal recognition of the social partners are the legal ones. The law establishes the criteria that the representatives of employers and employees must fulfil in order to take part in the negotiation and signing of the collective employment contract¹⁷²: they have organisational and patrimonial independence; they represent owners whose enterprises comprise a minimum of 10% of the number of salaried employees in the respective branch. In their turn, the trade unions must cumulatively meet the following conditions¹⁷³: they have legal status of federative union trades; they have organisational and patrimonial independence; the constitutive union trades have, cumulatively, a number of members at least equal to 7.0% of the total salaried employees in the respective branch. The Collective employment contract that is negotiated and signed by the social partners acquires the value of a law, and “its provisions are applied at branch level”¹⁷⁴, that is, they become compulsory for all enterprises in the sector. Usually however, the collective employment contract functions in the enterprises that are represented at its negotiation. The enterprises that are not affiliated to an employers’ organisation or that do not have trade unions (or if they have but they are not in their turn affiliated) do not always respect the provisions of the collective employment contract at branch level. There are no obstacles in the path of the development of the bipartite social dialogue at sector level. On the contrary, the social partners agree that the dialogue at sector level is functioning normally, that there is a good cooperation between the trade unions and the employers’ representatives. There is a reciprocal interest of the parties for consulting and finding solutions to the sector problems. The state, the authorities are not interested in promoting social dialogue at this level. They accept it when they are asked to but they do not promote it intentionally. As long as the bipartite social dialogue functions, passing from the bipartite to the tripartite is not an issue.

2.2.1. - At sector level

The collective employment contract at sector level is synonymous with the one at branch level. The actors that negotiate at this level are the trade unions and the employers’ organisations that meet the conditions for representativeness at sector level (criteria presented above). In the case that there are more trade unions and employers’ organisations that satisfy the representativeness criteria, all representative actors, constituted into a cartel, take part in the negotiation of the collective employment contract at sector level. There is no (legal) obligation to participate in the negotiations, but one following from the aims of the social partners and that is stipulated in their respective statutes. On the other hand, it is in their interest to take part in the negotiations: the trade unions in order to promote and defend the interests of the employees and the employers’ organisations-those of the employers.

There are no conflicts as far as the recognition of the actors is concerned. The law establishes that for each level (national, branch and unit) only one collective employment contract is concluded (art. 11, point 2). In 2002 and 2003 there were two collective employment contracts concluded at branch level, one each year. The “Family” General Federation of Trade Unions, representativeness also for the sector of the “building materials industry” concluded two other collective employment contracts, with the Federation of the Employers’ Organisations in the Building Materials Industry – PATROMAT. The signatory parties are: for the employers’ organisations, RACE/ ARACO (as for the BSEO/ PSC, it must be mentioned that it took part in the negotiation of the last articles), and for the trade unions the three federations (see below: “Workers’ Organisations”). The main provisions of the collective employment contract refer to the working conditions and working protection; the wage system and other payment rights; working hours; other means of protection and facilities granted to the salaried employees; professional formation. The validity of a collective employment contract is for one year¹⁷⁵. However, the social partners can agree to negotiate and sign an additional clause in the contract of the previous year by which only certain provisions are modified, the others remaining unchanged. According to the law, the coverage rate of the work collective contracts is 100.0% both for the enterprises and for the salaried employees¹⁷⁶. The number of salaried employees covered by the work social contract is of around 300 000 and covers all types of salaried employees in the sector, from manual workers to highly educated specialists and staff. The procedure for expanding the agreements is imposed by law. Actually, “the provisions of the collective employment contract are effectively applied only for the employees in the units that are represented by the trade union and employers’ federations at the negotiation and signing of the collective employment contract”¹⁷⁷. There are no situations of unrecognised social actors that play or could play a role in the industrial relations in the sector.

¹⁷² Law 130/1996, modified by Law 143/1997, art.15

¹⁷³ *ibid.* art 17

¹⁷⁴ The CA at the Building-Assembling, sector level in the year 2003, art 1, the Romanian Official Gazette, Part V, no.10/2003

¹⁷⁵ Law 130/1996, The Law of the CA, art.3

¹⁷⁶ *ibid.* art. 11.

¹⁷⁷ Interview, A. Veleanu, the “FAMILY” General Federation of Trade Unions (Federația Generală a Sindicatelor “FAMILIA”).

2.2.2. - At enterprise level

The actors at the enterprise level are the employer and the employees, in other words, the employer represented by the board of directors, established by law, statute or the functioning regulation; the employees, represented by the legally constituted and representative trade union organisations or, where there is no constituted a trade union or not all employees are trade union members, by the elected representatives of the employees¹⁷⁸. In order for a trade union to be representative at enterprise level, it must represent at least 1/3 of salaried employees in the enterprise (art. 17, Law 130/1996, modified and amended by Law 143/1997).

At enterprise level there are no conflicts among actors regarding recognition. There is no data regarding the number of collective employment contracts at the level of the enterprises in the sector. The coverage rate for the collective employment contracts is in relation to the number of enterprises: 30.0% (estimation); in relation to the number of employees: 70.0% (estimation). There is no data regarding the number of enterprises that have signed collective employment contracts. The employers' organisations and the trade unions do not monitor the conclusion of contracts at enterprise level. Usually, the collective employment contracts are concluded in the medium sized, large and very large units. The collective employment contracts cover all salaried employees in the enterprise where a contract has been concluded. Therefore, the employees that have not been represented in the unit negotiations are covered as well. The provision is applied and respected in all enterprises where a collective employment contract is concluded. The signatory parties are the representatives of the employers and the representatives of the employees (the trade unions or the elected representatives of the employees, in the cases where there is no trade union). The content of the collective employment contracts that are signed at enterprise level is, mainly, the same as that of the collective employment contract at branch level with the distinction that it is adapted to the specificity of each enterprise. The validity of the collective employment contract is one year, except for the case when the enterprise has less than 21 employees. At least on the short term there are no important changes envisaged regarding the number of collective employment contracts concluded at enterprise level. Their evolution is closely related to the general evolution of the sector. As far as the content is concerned there are no estimated changes either, as the content of the collective employment contracts is presently all-inclusive. On the contrary, they defend and promote both the interests of the employees and of the employers.

3. Description of the organisations active in the sector

3.1. - Workers' Organisations

a) The "FAMILY" General Federation of Trade Unions in Building, Building Materials, Ceramics, Public Services and Commerce (Federația Generală a Sindicatelor "FAMILIA")¹⁷⁹

The "FAMILY" GFTU is a federative trade union organisation, independent, apolitical, representative for the building and building materials sector. GFTU reunites, on the basis of free choice, trade unions from building units, building materials, ceramics, public services and commerce. The Federation was constituted in 1990 under the name of the Federation of Free Trade Unions in Building and Building Materials. In 1993, it merged with other three trade union structures (the FAMILY Federation, the Energo-Construct Federation and the Electromounting Federation), forming the Familiaconstruct Federation of Trade Unions in Building, Building Materials and the Associated Salaried Employees. In June 2001, at the 3rd Congress of the Familiaconstruct Federation, certain modifications of the statutes were approved, and the name of the organisation was changed to the "Family" General Federation of Trade Unions in Buildings, Building Materials, Ceramics, Public Services and Commerce ("FAMILY" GFTU). The funding sources of the organisation are the members' subscriptions; donations (especially from foreign partners); sponsorships. The organisation has about 30 salaried employees (12 members of the Directive Committee; 10-12 regional activists who work as collaborators in the 6 Federation Representations (of the 10 established at the 3rd Congress): Transilvania – Cluj, Muntenia – Călărași, Moldova – Iași, Oltenia – Craiova, Banat – Timișoara and Bucharest – Bucharest; 5 Representation directors and office workers in the headquarters).

"FAMILY" GFTU has about 61,550 individual members, who are members in the 200 trade unions in the federation. The federation members are part of all social-professional categories (workers, technicians, office workers, staff etc., all salaried). There are no trade union pensioners or unemployed members in the structure of the federation. Of the total number of members: 39,000 work in the Construction sector; 18,000 in the building materials sector; 2,800 in the ceramics sub-sector; 1,300 in services; 450 in commerce. The number of salaried employees in the Construction sector is approximately 273,800 and in the building materials sector, 75,000. The density¹⁸⁰ for the Construction sector is of

¹⁷⁸ Law 130/1996, amended and modified by law 143/1997, art. 14.

¹⁷⁹ Sources: Interview with the Vice-President of "FAMILY" GFTU, Mrs Ramona Veleanu; The "FAMILY" GFTU statute; The Federation site: www.fgs.ro.

¹⁸⁰ Number of affiliated SW divided by total number of SW in the sector.

11.4% and for building materials, 24.0%. The organisation holds democratic elections in the framework of a Congress every four years, an occasion when the leading bodies of the federation are elected. The leading bodies of the federation are: the Congress, the Federal Council, the Directive Committee and the Permanent Bureau.

The Federation takes part in negotiations and consultations especially at sector level. The Federation, with the authority of the member trade unions, negotiates collective employment contracts and conflicts at enterprise level. At the sector negotiations and consultations, the other actors are the representative employers' organisations in the sector, and at enterprise level, the administration boards or the employers, according to the case. The Federation negotiates and signs collective employment contracts, namely specifically the collective employment contracts at sector level. It has to be mentioned that the Federation negotiates and signs two collective employment contracts: one for the Construction sector, and another for building materials. In the ceramics sub-sector, a five year collective employment contract was signed in 2000, in which the Federation did not take part, because at that date it was not represented in this sub-sector. At present, the Federation meets the legal conditions of representation but it is not allowed to participate in negotiations, official complaints have been submitted to the European Court for Human Rights and to the International Labour Office. At unit level, the Federation concludes collective employment contracts only at the request of the enterprise trade unions (it either assists them in the negotiations and the contract signatory is the respective trade union, or it is delegated by the trade union to represent them in the negotiations and then the Federation is the signatory party). In the years 2002 and 2003 the federation signed four collective employment contracts: one each year for the Construction sector and one each year for the building materials sub-sector. In the same period it signed other collective employment contract at unit level. As far as the tripartite concertations are concerned, the federation does not participate directly, but through the National Trade Union Block (NTUB), to which it is affiliated. In return, federation representatives are part, as delegates of NTUB, of the Social Dialogue Commissions in the Economic and Social Council, in the Ministry of Transportation, Building and Tourism, in the National Agency for Small and Medium-sized Enterprises and in 7 prefects' offices. In 2002, the federation is a signatory party, through NTUB, in the social agreement between trade unions, employers' organisations and government (Social Peace).

At national level, it is affiliated directly to the National Trade Union Block (NTUB), as full founding member. At European level "FAMILY" GFTU submitted an application to join the European Federation of Building and Wood Workers (EFBWW). Indirectly, "FAMILY" GFTU is affiliated to European Trade Union Confederation (ETUC). At International level, "FAMILY" GFTU is directly affiliated, as a full member, to the International Federation of Building and Wood Workers (IFBWW), headquartered in Geneva. Indirectly, "FAMILY" GFTU is affiliated to International Confederation of the Free Trade Unions (ICFTU).

b) The Federation of Railway and Communication Lines Builders' Trade Unions (FRCLBTU) (FEDERAȚIA SINDICATELOR CONSTRUCTORILOR FERVIARI SI CĂI DE COMUNICAȚIE (FSCFCC))¹⁸¹

The structure is a federal type, it is representative for the Construction sector, it is independent, apolitical, it has legal status and it unites the unions from economic units that work in the building industry, especially in the sector corresponding to the NACE code 45.23 (construction of motorways, roads, railroads, airfields) as well as to the NACE code 45.21 (civil engineering – bridges, viaducts, tunnels, subway). It was constituted on February 12 1991, under the name of Federation of Railway Builders, and in 1996 it changed its status and denomination. In the first phase, the number of members in this trade union structure was over 320,000, organized into 106 trade unions. This was the case because enterprises were still state-owned, they had a large number of employees, and the trade union membership rate at the beginning of the 90s was very high. As enterprises privatized, the size of firms changed, which in turn influenced the number of trade union members. When it was set up, the number of affiliated trade unions was 37 and by affiliating other trade unions, in 1996 it included 106, and currently there are 57 affiliated trade unions, an association and a trade union league. From the point of view of the federation president, the reduction by half of the number of affiliated trade unions is associated with the privatisation process. As enterprises were privatized, the new employers exerted pressure for the dissolution of the trade unions, so that the only trade unions left were the strong ones and those that had charismatic leaders, who were faithful to the trade union movement and who did not "sell themselves" to the new employers. All of the affiliated trade unions have their own autonomy, statutes and legal status. The funding sources are subscriptions, donations and sponsorship. The federation has 4 (salaried) employees; the leaders of the federation can receive indemnities (when funds permit it).

The total number of members represented by the federation is 120,000. The density is 35.0%. The federation members come from all social-professional categories: workers, technicians, foremen, higher education personnel, staff, but it also includes pensioners¹⁸². The supreme leadership forum of the organisation is the General Assembly of the federation, which meets annually. Every four years there are elections to the leading bodies. The representation norm is three members (representatives) for each affiliated organisation, who are designated by each trade union's general assembly. The General Assembly elects the leading bodies of the federation: the Federal Council, the Directing Committee (21 members) and the Executive Bureau (President, the First Vice-President, 4 Vice-Presidents and the General Secretary).

¹⁸¹ Source: Interview with the President of the federation, Ion Gogonea.

¹⁸² It is the first trade union in which there are also pensioners, in all others only active people are members.

The federation participates in consultations at sector level, with the representative employers' organisations in the Construction sector. The problems addressed concern social and economic aspects of the federation as a whole, and specific aspects of certain represented organisations. The federation participates in consultations at enterprise level as well, in situations in which its support is requested, in order to solve certain specific problems emerging between the trade union and the employers' organisation. It also participates in tripartite concertations: the federation (together with the other two representative trade unions at sector level), the employers' organisations in the sector and the Ministry of Labour, and the Building Department as well as the Railway Department in the Ministry of Transportation, Building and Tourism. It appears that the most developed and efficient is the bipartite dialogue, the one with the employers' organisations. The federation, having branch level representativeness, participates in the negotiation of the collective employment contracts, namely the branch level collective employment contracts. It signed such a collective employment contract in 2002 and another one in 2003. At enterprise level, the federation grants support and assistance, if it is asked to do so, in concluding the enterprise level collective employment contracts. The federation does not participate in tripartite agreements and has not signed any tripartite agreements. The organisation is not affiliated to any trade union structure at national or international level, either directly or indirectly.

c) The National Federation of Building-Assembling Trade Unions “Anghel Saligny” (Federația Națională a Sindicatelor din Construcții-Montaj “Anghel Saligny”)¹⁸³

It is an independent trade union structure of a federal type, non-governmental, apolitical, non-profit, which is organized and functions according to its own statutes and according to the trade union law. It unites trade unions in economic units that deal with civil engineering works, industrial and urban and household building. The Federation was constituted in 1995, by the merger between AFUHBTU/FASCEG (the Autonomous Federation of Urban and Household Building Trade Unions) and FIBTU/FSIC (the Federation of Independent Building Trade Unions “Anghel Saligny”), a merger from which the organisation which has the present denomination emerged. The funding sources are members' subscriptions; programmes realized together with NCFTUR–Fratia/CNSLR – Frăția (the National Confederation of Free Trade Unions in Romania–Fratia). The organisation has one salaried employee (the secretary); the other members in the management structure of the federation being employees with a workman's pass in the enterprises whose trade unions enter the structure of the federation.

The federation represents approximately 25,000 members, who are part of all social-professional categories (from manual workers to staff). All members are salaried; there are no other categories (pensioners, unemployed etc.). According to the declaration of the federation president, there are 260,000 SW in the building industry, which means a density of 10.0%. According to the official statistic data, the number of salaried employees in constructions was, on 31st of December 2002, 342,453, which means a density of 7.3%. The organisation holds elections once every four years (Congress), in which the leaders of the affiliated trade unions and their representatives participate, designated by the general assembly of the trade union organisation to which they belong. The representation norm is 1/100.

The Federation takes part in consultations at sector and enterprise level. At sector level, the partners are the employers' organisations that are represented in the branch, and at enterprise level the Administration Board. The organisation negotiates and signs the collective employment contracts at branch level. It is negotiated annually; certain modifications in the validity period of the contract (for example, the minimum wage per sector) are negotiated and put into statutes by additional acts to the contract. In 2002 and 2003 the federation signed two collective employment contracts at branch level, one each year. At enterprise level, the federation does not negotiate and does not sign collective employment contracts. The unit level trade unions have the capacity and competence to negotiate these contracts, and rarely, the federation is invited as an observer. As far as the tripartite concertation is concerned, the federation participates directly, through its representatives, in the social dialogue commissions at the prefect's office and in the consultations with the employers' organisations and the Building Department in the Ministry of Transportation, Building and Tourism, and, indirectly, through NCFTUR–Fratia, to which it is affiliated, to all the social dialogue structures. Indirectly, through NCFTUR–Fratia, in 2002, it signed a tripartite social agreement (Social Peace), and at present there are negotiations between the government and NCFTUR–Fratia to conclude another social agreement for 2004 (social stability and cohesion pact).

At national level, it is directly affiliated to the National Confederation of Free Trade Unions in Romania – Fratia (NCFTUR-Fratia/CNSLR-Frăția), as a full member. At European level, it is not affiliated directly to any organisation. Indirectly, through NCFTUR-Fratia, it is affiliated to the European Trade Unions Confederation (ETUC). At international level, it is not directly affiliated to any organisation. Indirectly, through NCFUR-Fratia, it is affiliated to the International Confederation of Free Trade Unions (ICFTU).

¹⁸³ Source: Interview with the President of the “Anghel Saligny” Federation, Florian Mirea.

Trade Unions

Organisation		Type of SW	Members	Members working in the sector	Density	T	CB	National affiliations		European affiliations*		International affiliations*	
Original name	English name	Type	Number	Number	%	yes/no	yes/no	Direct	Indirect	Direct	Indirect	Direct	Indirect
1. Federatia Nationala a Sindicatelor din Constructii-Montaj "Anghel Saligny" (FNSCM)	The National Federation of Building - Assembling Trade Unions "Anghel Saligny"	white/blue collars, executive, skilled occupations	25000	342453	7.3	yes	yes	National Confederation of Free Trade Union in Romania-Fratia	-	-	European Trade Union Confederation (ETUC)	-	International Confederation of Free Trade Unions (ICFTU)
2. Federatia Generala a Sindicatelor "Familia" (FGS)	The "Family" General Federation of Trade Unions (GFTU)	white/blue collars, executive, skilled occupations	61550	342453	11.4	yes	yes	National Trade union Block	-	-	European Trade Union Confederation (ETUC)	International Federation of Building and Wood Workers (IFBWW)	International Confederation of Free Trade Unions (ICFTU)
3. Federatia Sindicatelor Constructorilor Feroviari si Cai de Comunicatie	The Federation of Railway and Communication Lines Builders Trade Unions	white/blue collars, executive, skilled occupation	120000	342453	35.0	yes	yes	-	-	-	-	-	-

*Specify if it is an observer member

3.2. - Employers' Organisations

a) The Romanian Association of Constructions Entrepreneurs-RACE (Asociația Română a Antreprenorilor de Construcții – ARACO)¹⁸⁴

RACE is a professional, non-governmental, apolitical, independent employers' association, which has its own funds and is representative at ¹⁸⁵national level and for the building-assembling sector. The association has legal private status in law, it is non profit, and it is organized on the basis of the free association of its members. It represents all the sub-sectors in the building sector. The association was constituted on 19th of December 1990 with the aim of promoting the economic and technical interests of the construction-assembling, research-projects, mechanization and production for constructions units that have state, mixed and private capital. From 2000, RACE acquired the status of a confederative employers' organisation, representing at national level, not only at the Construction sector level. The funding sources are from entry fees; subscriptions; contributions for the collective employment contracts negotiation fund; sponsorship and donations; sale of organisation publications; information and referencing services, expertises; exhibitions, symposiums; commissions coming from services rendered for the benefit of the members and from other similar activities. 15 employees work in the organisation.

1100 enterprises and 400,000 salaried employees are represented by RACE. The number of employees represented exceeds the total number of employees in the sector because research, planning, consultancy, production and commercializing building materials and equipment firms are also affiliated and they, according to the Classification, are not part of the Construction sector. The density concerning the companies is 6.6%, and these companies carry out over 80.0 % of the building-assembling activity in Romania. The density concerning the employees is over 90.0%. Small and medium-sized enterprises, large and even very large enterprises (one of these firms has 14,000 employees and is part of the "Hydro-technic construction" – NACE code 4524) are represented. However, the small and medium-sized enterprises are predominant. Multinational firms are also

¹⁸⁴ Sources: Interview with Irimie Catargiu, RACE department chief; RACE Statute; RACE Bulletin; "The Entrepreneur" ("Antreprenorul") magazine; Web site: www.araco.org

¹⁸⁵ According to the estimations made by Mr. I Catargiu, RACE department chief.

affiliated. From the point of view of capital, all firms have private capital. The affiliated firms carry out all categories of activities in the NACE classification for the Construction sector, to which other activities such as research, production, consultancy or even the production and commercialization of building materials and equipment are added. The organisation participates in consultations at sector level, together with the representative trade unions for the sector level, as well as at district level within the social dialogue commissions in the prefects' offices. At enterprise level, it only participates in situations in which support is requested. RACE negotiates and signs contracts at sector level and at national level. In 2003 and 2004 it signed two collective employment contracts at branch level (one each year) and one at national level. Concerning its participation in the tripartite concertation, RACE is a member having the status of an observer in the Economic and Social Council; it has representatives in the social dialogue commissions in ministries and prefects' offices. As far as the tripartite agreements are concerned, it has signed none. RACE is the founding member of the Romanian Employers Confederation; it is a full member of the European Federation of the Construction Industry (EFCI), and it is not affiliated to international organisations.

b) The Building Societies' Employers Organisation-BSEO (Patronatul Societaților din Construcții-PSC)¹⁸⁶

In the legal registration documents the denomination is "the Building-planning, research, consultancy, building materials producers and entrepreneurs' employers' organisation", but the name in current use is the Building Societies' Employers Organisation (BSEO). It is a federative structure. "The Building Societies' Employers Organisation is a professional employers' association, having Romanian legal status; it is independent, non-profit, nongovernmental and apolitical"¹⁸⁷. BSEO represents all sub-sectors in the Construction sector, to which we can add those in research, planning, consultancy in the building domain, as well as enterprises from the building materials sector. The argument for this association is that there are no "pure" building enterprises; they need planning, research, and consultancy in the domain as well as construction materials. And the union of all these sectors in an employers' organisation structure can only be a benefit to the extent it corresponds to the reality in the building sector. The Building Societies' Employers Organisation was constituted on 23rd of July 2001, having 40 founding members, and then, through successive affiliations, their number exceeded 200. The financing sources are: subscriptions (205 € per year for each affiliated firm); direct economic activities; interest rates and dividends obtained from placing the available sums in legal investments; the fees for participating in the promoting activities of the organisation; executing certain works, studies, programmes in contractual terms, according to the law; sponsorship, donations.

Five salaried employers work in the organisation. 240 enterprises are represented by the organisation, and no data exists about the total number of employees represented¹⁸⁸. The density of the companies¹⁸⁹ is of 1.4%, and no data from the employers' organisation exists for the density for the employees. The types of represented enterprises are: SMEs (70%), large and very large enterprises (30%), multinationals (7 – 8% of the total affiliated firms). The affiliated enterprises represent all the sub-sectors in constructions, as well as research, planning, consultancy and building materials. The biggest part is represented by the enterprises in the sub-sector whose activities belong to the NACE code 4521 and the planning firms.

The organisation participates in consultations at sector level but also at district and enterprise level. At sector level the consultation partners are the union trade federations that are representative at sector level. They also participate in consultations within the social dialogue commission in the Ministry of Transportation, Constructions and Tourism. At district level, they participate in the social dialogue commissions (in the 16 districts where it has affiliations), where the partners are the trade unions represented in the commissions and the representatives of the local authorities; and at enterprise level the other parties are the trade unions. The organisation negotiates collective employment contracts at sector level, namely the Collective employment contract for the construction branch. At enterprise level it participates in the negotiation of the collective employment contract through specialized consultancy or assistance, only if the employers' organisation is solicited, but it does not sign collective contracts at enterprise level. In 2003 it signed the collective employment contract at branch level¹⁹⁰. It has not signed a similar contract in 2002, or having representativeness at sector level. BSEO participates in tripartite concertations, indirectly, through the employers' confederation to which it is affiliated. In 2002 it participated, indirectly, through GUIR in signing the social agreement with the government and the trade unions (Social Peace).

¹⁸⁶ Sources: The statute of the Building Societies' Employers Organization; Web-site: www.psc.ro; Interview with executive general director, Mr. Doru Marius Vecerdia

¹⁸⁷ BSEO Statute, art.4

¹⁸⁸ The employers' representatives declare that they do not know and are not interested in the number of employees, as it is fluctuant, function of the period, stage and volume of the works, and it is irrelevant.

¹⁸⁹ Number of companies affiliated divided by total number of companies in the sector.

¹⁹⁰ According to the statement of the executive general director D.M. Vecerdia.

BSEO is affiliated, as a full member, to the General Union of Industrialists in Romania (Uniunea Generala a Industriasilor din Romania-UGIR) and, indirectly, to the Romanian Employers' Confederation. BSEO is also affiliated, as a full member, to the European Union of Constructions Promoters (EUCP) since 01.01.2004, and not affiliated to any international organisations.

Employers' organisations

Organisation		Sub-sectors covered	Companies	SW	Density Companies	Density SW	T	CB	National affiliations		European affiliations*		International affiliations*	
Original name	English name								number	number	%	%	yes/no	yes/no
1. Asociatia Romana a Antreprenorilor de Constructii (ARACO)	The Romanian Association of Constructors Entrepreneurs (RACE)	All	1100	315000	6.6	90.0	yes	yes	Romanian Employers Confederation	-	Federation de l'Industrie Europeenne de la Construction (FIEC)	-	-	-
2. Patronatul Societatilor din Constructii (PSC)	The Building Societies Employers' Organisation (BSEO)	All	240	ND	1.4	ND	yes	yes	General Union of Industrialists in Romania (GUIR)	Romanian Employers Confederation	European Union of Constructors Promoters (EUCP)			

*Specify if it is an observer member

Slovakia

1. Description of the sector

1.1. - Delimitation and scope of activities

The production of the Construction Sector covers construction work carried out on the territory of the Slovak Republic and abroad by the suppliers/contractors that are registered in the Slovak Republic (including craftsmen), with the major activity being construction and by the construction plants of enterprises with their core activities outside the Construction Sector. Predominating construction activities of the enterprises are classified according to section 45 of Sector Classification of Economic Activities (NACE). Data on contracted inland construction production in new construction, reconstructions and modernization are structured into individual types following the Classification of Construction Types (CC). Data on construction production carried out by the company's employees follow the Classification of Products by Activity (CPA). The structuring of the construction works into the above categories serves statistical data processing only and has no impact on the division of the Construction sector for the purposes of CB.

1.2. - Socio-economic features

The data on methodology and arrangements in current years is presented in constant and current prices of 1995; later on those of the year 2000 are used. According to preliminary data of the Statistical Office of the Slovak Republic, in the year 2002 gross domestic product in the amount of 738.4 bn SKK (constant prices 1995) or 1,073.6 bn SKK (in current prices) was recorded. Compared to the year 2001 GDP grew in constant prices by 4.4 % (in current prices by 8.8 %). Higher GDP formation in 2002 was related to the growth of value added in construction (by 11 %), in agriculture (by 10.9 %), in other services¹⁹¹ (by 10 %) and in industry (by 4 %).

Table 1 : Share of the sectors in GDP (%) in current prices¹⁹²

Sector	Share			
	1995	2000	2001	2002
Agriculture	5.5	4.3	4.1	4.2
Industry	30.7	25.1	24.1	24.2
Construction	4.7	4.9	4.6	4.9
Market services	39.2	43.2	44.6	44.0
Non-market services	12.4	13.6	13.6	14.4

In the Slovak Republic, construction is continuously considered as one of the important sectors of national economy. However, the sector as an executor of investment plans within the economy is not autonomous in its development and depends on the growth of entire economic position of society at large and the investment activities of different projects. The development in the Slovak Construction sector (represented by construction enterprises and entrepreneurial projects) in the 1990s could be characterized by a permanent decline of the volume of construction production; a decline of the share of its production in GDP; a decline of the share of production in employment in the national economy of the Slovak Republic; prevailing share of small and medium-sized enterprises in construction production; an increase in numbers of craftsmen (self-employed) in the sector due to the government policy; pronounced decrease in real and relative wages. The performance of the Construction sector is presented in Table 2.

¹⁹¹ Other services contain banking and insurance, real estate, rental and market services, research and development, housing services, public administration and defence, education, health and social care, remaining public, social and personal services, private households.

¹⁹² Yearbook of the Slovak Construction 2003, the Ministry of Construction and Regional Development of the Slovak Republic and the Association of Construction Entrepreneurs of Slovakia 2003.

Table 2 Construction production – aggregate data in m SKK (constant prices of 1995)¹⁹³

Indicator	1997	1998	1999	2000	2001
Construction production carried out by own employees	62,258	59,369	43,203	43,772	43,841
Contracted construction production	74,522	69,692	52,380	53,182	54,262
(of which)					
Inland production	70,277	66,968	50,388	51,140	52,871
▫new construction (incl. modernization and reconstruction works)	55,233	52,094	38,826	40,276	42,176
▫repairs	12,085	11,306	9,218	9,473	10,055
▫other works	2,959	3,568	2,344	1,391	640
▫Abroad production	4,245	2,724	1,992	2,042	1,391

The position of construction in national economy in terms of its share in GDP formation and its share in total employment in the national economy is shown in Table 3. The Construction sector of the Slovak Republic has set its objective for the coming years to achieve the levels of the European Union and neighbouring countries (9.9 % in the European Union, 10% in Hungary and the Czech Republic). At the time of Czechoslovakia's split, the Slovak construction represented 50%-today 22 %-of the Czech market. Even if the growth in production is expected (over 5 %) to be primarily due to direct foreign investments, the trends suggest that investors tend to implement their plans using their own resources through management agreements and consortia established with Slovak enterprises. The export of construction work as it was exercised in the past is next to non-existent.

Table 3 Development of the share of the construction in GDP formation and the total employment of the national economy of the Slovak Republic (%)¹⁹⁴

Year	Share of construction in (%) GDP	Employment
1989	9.1	10.3
1995	4.7	7.6
1999	5.0	6.9
2002	4.9	6.2

The Construction sector is almost fully privatized. The share of production carried out by private enterprises reached 99.4 % and 99.2 % in 2000 and 2001 respectively. Information on the structure of construction production by private and public sectors for 2002 has not been published yet, but it is reliably estimated that the share is comparable to that of 2001.

The presence of a grey market in construction is very low. The strict legislation related to preparatory works, construction and civil engineering works as well as approval on use of the buildings under operation excludes the projects in the grey market from participation. There might be a small number of grey market players identified among those providing minor alterations and modernizations of homes, however, not in technologically demanding works on a larger scale. Much work is carried out by craftsmen without being recorded while no invoices are submitted and the work is paid in cash. The number of employees by the size of enterprises is shown in Table 4. We observe that all enterprises together with craftsmen (self-employed) accounted for 44,472 as of 31 December 2001 and 46,140 as of 31 December 2002¹⁹⁵.

¹⁹³ Statistical Yearbook of the Slovak Republic 2002, Veda 2003

¹⁹⁴ Yearbook of the Slovak Construction 2003, the Ministry of Construction and Regional Development of the Slovak Republic and the Association of Construction Entrepreneurs of Slovakia 2003

¹⁹⁵Yearbook of the Slovak Construction 2003, ibidem.

Table 4 Enterprises classified by number of employees¹⁹⁶ and Average registered number of employees by size of enterprise¹⁹⁷

Enterprises classified by number of employees						Average registered number of employees by size of enterprise
Group size by number of employees	1998	1999	2000	2001	2002	2001
0 – 9	2,957	2,689	3,081	3,200	2,946	11,580
10 – 19	544	886	865	882	844	6,706
20 – 49	466	482	382	340	302	10,405
50 – 249	367	337	273	263	249	22,609
250 and more	55	34	22	23	24	18,651
Craftsmen (self-employed)	37,144	36,488	37,139	39,764	41,755	52,490
Total	41,533	40,916	41,862	44,472	46,140	122,441

Categorisation of employees into white-collar and blue-collar is not specifically recorded. The estimate is that white-collar account for approximately 18-22% (the Association of Construction Entrepreneurs), while the Construction and Building Materials Workers' Union puts the share at up to 35%. In the same way, the educational structure of workforce is not recorded. Apprentice schools that had belonged to the Construction sector before 1992/93 were transferred to the Ministry of Education of the Slovak Republic and, due to the public administration reform, today they are part of the counties, i.e. from the viewpoint of social dialogue they are part of public administration.

Contextual data

Companies

Sub-sectors	Number of Companies	% companies without SW	% companies with <10 SW	% Companies 10-100 SW ¹⁹⁸	% companies with > 100 SW ¹⁹⁹
Total of the sector	46,140	90.5. %	6.4 %	ND	ND

Workers

Sub-sectors	Number of workers	Number of SW	Number of SW/number of SW in the country (%)	Number of SW in companies <10 SW/number of SW in the sector (%)	Number of SW in companies 10-100 SW/number of SW in the sector (%) ²⁰⁰	Number of SW in companies >100 SW/number of SW in the sector (%) ²⁰¹
Total of the sector	122,441	69,951	2 %	9.5 %	ND	ND

2. Description of industrial relations in the sector

The social partnership in the Slovak Republic is highly centralized and institutionalized on the part of employers and employees' representations. On the one hand, the system is presided over by the Confederation of Trade Unions of the Slovak Republic (*Konfederacia odborovych zväzov Slovenskej republiky – KOZ SR*), which brings together most of the trade unions in the country and the Federation of the Employers' Associations of the Slovak Republic (*Asociacia zamestnavateľskych zväzov a združení Slovenskej republiky – AZZaZ SR*) bringing together many employers' organisations on the other. The above mentioned institutions act as the main players in the social dialogue at national level and – in

¹⁹⁶ Yearbook of the Slovak Construction 2003, ibidem.

¹⁹⁷ Statistical Yearbook of the Slovak Republic 2002, Veda 2003

¹⁹⁸ See Table 4.

¹⁹⁹ See Table 4.

²⁰⁰ See Table 4.

²⁰¹ See Table 4.

reality are the only partners the Government consults in economic and social matters within tripartite partnership. The development of relationships here is primarily influenced by restructuring of the Slovak economy that does not greatly favour the development of social dialogue. Among others, privatisation and restructuring of state businesses result in falling trade union membership and waning solidarity among workers, which in turn weakens the position of trade unions vis-à-vis the state and the employer community. In addition, trade unions are not managing to establish themselves effectively in newly created private businesses. The weak trade union presence in these businesses results from political, economic as well as social factors.

2.1. - Description of the tripartite concertation

To date, the CB at tripartite level was organized as a routine. In order to prepare a set of documents, either of a legal nature or another, to be discussed in the Parliament, usually the partners would meet to express their viewpoints. Mostly (but not exclusively) the negotiations were initiated by trade unions, sometimes employers, seldom by the government. The partnership is established among the government, employers and trade unions represented by their top bodies – the Government, the Federation of the Employers' Associations of the Slovak Republic and the trade union representative – the Confederation of Trade Unions of the Slovak Republic. The relationships between partners are formalized by the Act on Tripartite No. 106/1999 Coll. of Laws. The top-level meetings at national level (tripartite) is called the Council of Economic and Social Concertation, *Rada hospodarskej a socialnej dohody – RHSD* and are intended to conclude tripartite agreements or so called General Agreements (*Generalna dohoda*), which set the framework for the mutual relationships for a one-year period or longer. It plans the basic direction in the national economy developments, sets the fundamental guarantees in the social sphere, and establishes bases for legislation. The agreement on the national level has not had the power of law. It stems from the equal position of all the social partners, their mutual respect and trust – it is a gentleman's agreement. The Council of Economic and Social Concertation was intended to be a platform for discussions on viability of the draft acts (primarily so called social laws are crucial for the trade unions in this respect), presentation of the perspectives of the social partners with regard to the drafts to be discussed in the Parliament. Here, the Construction sector is represented by the Federation of the Employers' Associations of the Slovak Republic and the trade union representative – the Confederation of Trade Unions of the Slovak Republic of which the trade sector representative bodies are members. On the part of the Government, the Construction sector is represented by the representatives of Ministry of Construction and Regional Development of the Slovak Republic and Ministry of Transportation, Post and Telecommunication of the Slovak Republic, in addition to being represented at the Ministry of Labour, Social Affairs and Family of the Slovak Republic. There is no problem in recognition of social partners at this level, while they are explicitly identified by the Act on Tripartite No. 106/1999 Coll. of Laws and the Act on CB No. 2/1991 Coll. of Laws in their amendments, and thus, no new or informal partners are active in the CB at this level.

There is no direct link between tripartite and bipartite partnership. The negotiations on the tripartite level under the legislation of the Slovak Republic are concluded in the form of non-binding recommendations. The activities of individual parties are arranged for by the Act on Tripartite. The conclusions are approved by the plenary session and the chair of the plenary session formulates them literally and unambiguously for the record of the plenary session. The content of the negotiations is not specifically identified. The negotiations cover everything related to economic and social developments of the Slovak Republic. Over the last few years of tripartite bargaining the social laws, economic developments, estimates, reforms, sector developments and the like have been negotiated. The decisions had an impact on the entire population of the Slovak Republic if, in the end, they were translated into acts passed. The last General Agreement was signed up in the year 2000, since 2001 none has been signed because neither of the parties expressed its interest in doing so. Decisions and agreements (General Agreement) were concluded for a year's period or were put forward in the form of recommendations to be processed in the further legislation procedures that also establish their effectiveness. Tripartite bargaining, as seen from the perspective of the Association of Construction Entrepreneurs of Slovakia, has lost the reason for its existence, because of the relevant results of the concluded agreements have been ignored by the Government's representatives, and so tripartite bargaining has lost the relevance for which it was established.

2.2. - Description of the bipartite social dialogue

The bipartite social dialogue takes place at sector and enterprise levels. It is difficult to state which level is more developed, because both levels play crucial roles. While bipartite-sector agreements-set the minimum conditions in social policies and have the power of law, enterprise agreements either broaden the agreed issues or complete the sector agreement by specific aspects typical just for the particular plant. The Act on CB 2/1991 Coll. of Laws defines the partners to the CB at both the levels and thus their recognition is backed up by the law as well. So far, we have not come across any case where the social partners, either at sector (bipartite) or enterprise level, are not recognised and respected. Furthermore, as is the case in construction, the partners to collective bargaining are traditionally recognised and respected. The situation is principally promoted and enhanced by the social partners themselves (these are the levels where government is not involved in construction) and there is a great deal of pragmatism in their mutual relationship.

2.2.1. - At sector level

Sector level is mostly defined by the categorisation of core activities where the definition was traditionally at the discretion of a ministry, however due to different historical changes, this is not always true nowadays. But, the reality is that, usually, the social partners still cling to the original division of the national economy into individual sectors. At sector level, within the social partnership, the employers are represented by the Association of Construction Entrepreneurs of the Slovak Republic and the employees are represented by the Construction and Building Materials Workers' Union of Slovakia. At this level, the partners usually conclude the bipartite/sector agreement – the so called the Higher Level CA (*Kolektívna zmluva vyssieho stupňa – KZVS*), which stipulates the terms and conditions for the employees in the sector and, simultaneously, establishes the relationship between the partners. The sector agreements have the power of law. The sector agreements (*KZVS*) are published by the Ministry of Labour, Social Affairs and Family of the Slovak Republic in the Collection of Laws of the Slovak Republic.

The CB at this level is covered by the above-mentioned Act. Even if there is no penalty for not bargaining, the partners so far, have respected each other and tried to conclude the sector CA covering each year. Once the agreement is concluded it has the power of law. At present, there is one sector agreement signed in the Construction sector for the years 2004 to 2006. In 2001 and 2002, a sector agreement was signed, however, in 2003 the social partners failed to conclude one. So, the sector CA covers all the SW working for the organisations represented by the employers' representatives who concluded the agreement. The list of the organisations is a part of the agreement itself. Based on the current legislation, the coverage of the sector agreement can also be extended to other companies in the sector under specified conditions, if the Ministry of Labour, Social Affairs and Family of the Slovak Republic is asked for the extension, but at present there is no desire on the part of Ministry to do so. The sector agreement covers approximately 28 thousand employees in the Construction sector (those employed by the enterprises associated in the Association of Construction Entrepreneurs of Slovakia – *ZSPS*). The sector CA typically covers: collective terms and conditions of employment; different aspects to employment; working time, overtime, shifts, work at call etc.; obstacles at work; health and safety; travel costs reimbursement; employers' social policies; remuneration, minimum wage etc. There is no relevant source providing the information on the types of SW being covered by the agreements in terms of educational levels or other classifications. The negotiations, at the Construction sector level, clearly show highly professional attitudes on the part of the social partners. Both the partners have participated in numerous training programmes and study trips abroad, primarily in the European Union countries. In the Construction sector there are no other social partners/players who could be taken into consideration in terms of the social dialogue, at present, except those stated in the report. The major topics are those establishing the employees' terms and conditions above the framework set by the Labour Code. First of all, they refer to pay, allowances, holidays, stays in health centres etc. The problems in negotiations occur in discussions on concessions and compensations for trade union representatives at the enterprise level. The ever present theme is health and safety. In this area no difference in the attitudes of the social partners has existed for years. The distinct approaches can be identified related to the grounds to be achieved in bargaining (these led to non-conclusion of the sector CA in 2003). While the Association of Construction Entrepreneurs of Slovakia is trying to establish the minimum tariff basis, on which the individual enterprises' CAs could be set up, taking local conditions into account, the Construction and Building Materials Workers' Union is trying to negotiate that the maximum becomes the norm, from which no employer could deviate.

2.2.2- At enterprise level

Companies include SMEs, craftsmen and large corporations. Some of them are partially owned by foreign investors. At the enterprise level, the social partners are the management of the enterprise on the part of employers and the trade union/s operating in the enterprise. The partners conclude a bilateral CA – an enterprise CA. This is directly linked to the sector CA. The enterprise CA stipulates the terms and conditions in the specific areas of the enterprise's dealings and sets the framework for the relationship between the employer and employees. The enterprise CA (as well as the sector CA) has the power of law and therefore it is applicable in all the companies represented by the employers' representation. Thus, the enterprise level CA is only needed in specific situations. There were 85 enterprise CAs signed in 2001, 91 in 2002 and 54 in 2003, i.e. 54, 85 and 91 companies signed enterprise CAs in those years respectively. The period for which it is concluded is similar to that of the sector CA. The terms and conditions agreed upon in the enterprise CA can improve the terms and conditions contracted in the sector CA. Such terms and conditions of the enterprise CA that would undermine the conditions of employees covered by the relevant sector CA would be automatically void under the current legislation. The terms and conditions of the CA automatically cover all the employees of the given enterprise regardless of their membership in the trade union/s. The Construction and Building Materials Workers' Union supports the CB at the enterprise level and, if asked for, represents the enterprise trade union unit in their bargaining with the employer, prepares sample CAs for them and provides consultancy.

At present, a pronounced unwillingness of the employers at both levels – sector as well as enterprise – exists in accepting the requirements submitted by trade unions to improve the terms and conditions above those set by the legislation. It primarily relates to the wage increases linked to the high inflation rate (approximately 6 to 7 % in the past years) resulting in a decrease in real wages. The Construction sector faced the most dramatic fall in real wages of all sectors of the Slovak economy in 2003. The terms and conditions agreed upon in the sector CA can be extended under paragraph 7 of the Act on CB No. 2/1991 Coll. of Laws in its amendments by the Ministry of Labour, Social Affairs and Family of the Slovak Republic (*MPSVaR SR*) to the employers who are not members of the employers' organisation which concluded the agreement in question. Based on the

above mentioned legal provision, the coverage of CAs can be extended only to the employers who operate in the similar field of business under similar economic and social conditions, whose headquarters are located on the territory of the Slovak Republic, and when no sector CA has been covering them, of course, with the organisation's consent. In recent years no sector CA has extended its coverage in the Construction sector.

3. Description of the organisations active in the sector

3.1. - Workers' Organisation

The employees of the Construction sector are represented by the Construction and Building Materials Workers' Union of Slovak Republic (*Odborový zväz Stavba Slovenskej republiky*). The Trade Union of Construction Workers of the Czechoslovak Republic was established in 1990 as a new offshoot of the former trade unions. After Czechoslovakia's split in 1993, the Construction and Building Materials Workers' Union of the Czech Republic and the Construction and Building Materials Workers' Union of Slovak Republic were set up.

There is no data available to distinguish between different kinds of membership (white collars/blue collars, managers, other professional categories etc.). The membership is individual and everyone is taken as a member regardless of their education, position, age, gender etc. Nowadays, trade unions start categorising their members by age into the categories those under 35 of age, 36+, and retired members plus males and females. Trade unions have regular elections to elect the representatives for their congresses, where a representation ratio is taken into account so that representation is consistent across all basic units, i.e. all trade union units in companies are represented proportionally. There is a system of suggesting potential candidates to be elected by the members. As far as representation in the bargaining process at sector level is concerned, the trade union representatives are put forward, based on their professional orientation and the headquarters of the Construction and Building Materials Workers' Union approve their participation. The Construction and Building Materials Workers' Union of Slovak Republic is a member of the Confederation of Trade Unions of the Slovak Republic. The Construction and Building Materials Workers' Union chairman is a member of the tripartite negotiation process. The Construction and Building Materials Workers' Union is involved in tripartite bargaining in a standard way, i.e. through drawing up relevant materials for negotiations and preparing comments on the documents that have been submitted. When the relevant topics, in which the Construction and Building Materials Workers' Union is directly involved are discussed, the Construction and Building Materials Workers' Union representatives participate directly in the CB. The social dialogue between the Federation of the Employers' Associations of the Slovak Republic and the Confederation of Trade Unions of the Slovak Republic has generally been considered to be of poor quality. The situation has lasted for a long period and is principally assumed to be the consequence of the Federation of the Employers' Associations' internal instability and break up. Permanent changes in legislation, changes in the very substance of conception and strategies of the sector as a whole and, most importantly, criminalization of the Construction sector in 1998/99 contributed much to the current problems in the sector. The problems, however, do not impair the sector social partnership.

The bargaining at sector level (bipartite level) is conducted in a spirit of co-operation rather than confrontation by the Construction and Building Materials Workers' Union²⁰². The system of representation of membership is formalised, nominated participants in CB are approved and appointed by the authorities of the Construction and Building Materials Workers' Union. Twelve Construction and Building Materials Workers' Union members participate in CB at sector level (bipartite). The Sector CAs that have been concluded (*Kolektívna zmluva vyššieho stupňa – KZVS*) are considered to be the best in the entire economy. The Construction and Building Materials Workers' Union's efforts are currently focused on spreading the terms and conditions agreed upon over all construction enterprises in which the Construction and Building Materials Workers' Union members work. Two approaches would allow for it: either through concluding enterprise CAs or extending the coverage of the sector CAs over additional enterprises to achieve the objective. Currently, the Ministry of Labour, Social Affairs and Family of the Slovak Republic (*Ministerstvo práce, sociálnych vecí a rodiny Slovenskej republiky – MPSVaR SR*) itself works against the extension of the sector CA coverage as it is allowed for under the currently valid legislation. In addition to the Sector CA for the years 2004-2006, there are 54 enterprises CAs concluded between management and trade union units at present. In addition to the traditional themes of social dialogue, the Construction and Building Materials Workers' Union tries to promote quality issues, certification and, above all, further development of apprenticeship. The Construction and Building Materials Workers' Union organizes apprentices' competition in health and safety issues annually (the 30th competition will be held in 2004). From the original 22 apprentice schools, 9 remained members of the Construction and Building Materials Workers' Union, even though they do not belong to the Construction sector any more. The problem is that the specificity of these bodies is not then taken into account in the sector CAs. The number of members coming from the apprentice schools is not separately recorded, and thus is unavailable. At present, the membership of the

²⁰² This may be supported by the statement forming a subheading to the Sectoral CA: "The parties to the Sectoral CA for the years 2004-2006 has concluded the Agreement and pledge to follow its clauses in full with the aim to create more favourable conditions for employment and preservation of social peace in the Construction sector."

Construction and Building Materials Workers' Union has up to 15,183 members in 191 enterprises. The membership is individual. Out of the total number, 2,637 members are younger than 35; 1,159 are pensioners. There are 2,623 women out of the total number of members. Concerning the development of the membership in the recent years, we observe 25,817 members for 2001 and 18,267 for 2002.

The Construction and Building Materials Workers' Union is financed from the membership fees, but additional funds form an important part of funding as well. There are 28 staff employed by the Construction and Building Materials Workers' Union.

The Construction and Building Materials Workers' Union of Slovak Republic is a member of the Confederation of Trade Unions of the Slovak Republic, it is an observer in the European federation of construction workers (EFBWW). In the world federation of construction workers (IFBWW) it plays an active role. Based on bilateral agreements, the Construction and Building Materials Workers' Union co-operates closely with partner trade unions in the Czech Republic, Hungary, Germany and Poland. Ukraine is the only neighbouring country the Construction and Building Materials Workers' Union has no contacts with.

Trade Union

Organisation		Type of SW	Members	Members working in the sector	Density	T	CB	National affiliations		European affiliations*		International affiliations*	
		Type						Direct	Indirect	Direct	Indirect	Direct	Indirect
Odborovy zväz Stavba Slovenskej republiky	Construction and Building Materials Workers' Union of Slovak Republic		15,183	15,183	21.7 %	no	yes	KOZ SR			EFBWW (observer)	IFBWW	

* Specify if it is an observer member*

3.2. - Employers' Organisation

In social dialogue, the employers are currently represented by the single body, i.e. the Association of Construction Entrepreneurs of Slovakia (*Zväz stavebných podnikateľov Slovenska – ZSPS*). The Association was established in 1990. For several years, the Association of Private Construction Entrepreneurs was active in Slovakia, but it was dissolved in 2001. Several associations operated in the sector of construction materials manufacturing, little by little they disintegrated.

The membership of the Association of Construction Entrepreneurs of Slovakia accounts for approximately 210 enterprises. The number fluctuates permanently as firms cease to exist (approximately 15 to 20 a year), but new ones are set up. The member firms account for approximately 28 thousand employees. Nowadays, many large enterprises in the sector are under foreign ownership. The Association of Construction Entrepreneurs of Slovakia has set up specialised commissions. Social dialogue is the domain of the Social Commission and the Vice-President. The Association employs 9 permanent staff (7 in the Bratislava headquarters and 2 represent regional secretariats in Zilina – central Slovakia – and Presov – eastern Slovakia). In terms of the social dialogue, the Association is represented by 7–9 people who are appointed *ad hoc* by the Presidium of the Association of Construction Entrepreneurs of Slovakia. The criterion for appointment is the relevant expertise in the area to be negotiated. Activities of the Association are approximately 70 % covered from membership fees and 30 % from other sources (such as seminars, social events, publications, grants, participation in fairs and the like). The Association's action plans are based on a permanent survey of the members' needs. The regular events organized for the members include annual balls, the Day of Construction Entrepreneurs in June (with the Construction of the Year award), twice a year the members meet in different regions of Slovakia.

Although the Association discusses termination of its membership in the Federation of the Employers' Associations of the Slovak Republic, it represents its membership in an international context more and more. In the European structures, the Association played the role of an observer in the FIEC from the year 1991, becoming a full member in 1994 (together with Hungary). In 1999 the Association of Construction Entrepreneurs of Slovakia organized the European Congress as the first of the post-communist countries.

Employers' organisation

Organisation		Sub-sectors covered	Companies	SW	Density Companies	Density SW	T	CB	National affiliations		European affiliations*		International affiliations*	
									Direct	Indirect	Direct	Indirect	Direct	Indirect
Zväz stavebných podnikateľov Slovenska	Association of Construction Entrepreneurs of Slovakia		210	28,000	0.5 %	40 %	no	yes	AZZaZ SR		FIEC			

Slovenia

1. Description of the sector

1.1. - Delimitation and scope of activities

The construction sector in Slovenia is partly organized according to NACE classification, which means that according to the Slovenian classification 45.1, 45.2, 45.3, 45.4 and 45.5 fall under this sector, as also do the following: 26.4, 26.5, 26.6, 26.7 (construction material industry) as well as 14.11, 14.21 (stoneware acquisition for constructional purposes as well as gravel and kaolin acquisition).

1.2. - Socio-economic features

Relative weight of the sector and its structure

The Construction sector's proportion of GDP is 6, 5 %. There are 8% of all employed personnel in Slovenia employed in the construction sector and the added value is 7, 5 %. According to publication of Construction and building materials association there are altogether 2.984 companies (in categories 45.1 – 45.5) besides that in the categories 26.4 – 26.7 and in 14.11 and 14.21 there were 162 more companies, so altogether there are 3.046 companies in the construction sector in the year 2002 there was a total of 38.051 companies in Slovenia. Within 45.1 – 45.5 there are 2.842 small companies, 92 medium sized companies and 50 big companies. The employer's representative estimates that in the construction sector, there are no multinational companies, but there are some in the construction material industries, namely Wienerberger, Xella and Lafarge. The employees' representative on the other hand identified two multinational companies that do not have much influence on the negotiations, namely Lafarge and Schiller. He is also of the opinion that these multinational companies have influenced the trading or even the existence of companies while their influence on rights, guarantees and benefits of employees has not in fact been very positive.

Number and the structure of employees

Judging by the employers' representative report, 11 companies in the construction sector employed a total of 43.919 people in 2002, while the employees' representative speaks of approximately 54.000 employees and also stresses that the information given by two partners differs because "employee representatives base themselves on the number of working hours – used to calculate the number of employees". The employers' representative points out that approximately 20.000 people who are employed by private contractors should be added to the 43.919 employed by the previously mentioned sector. The dominant workforce in this sector is male (more that 90% are men). The level of education is also very low since 50% of employees have IInd or IVth level of education. Both interviewed representatives calculate that blue collar workers are in the majority and the employers' representative has respectively calculated that the ratio between blue and white collars is 77%:23%. The employees' representative has also stressed that construction workers have been and still are in short supply.

Wages compared to other sectors

The average gross salary in Slovenia for the year 2003 was 253.200 sit, in the processing industry it was 211.060 sit, in the construction industry it was 204.116 sit, in the construction material industry 224.115 sit and in categories 14.11 and 14.21 it was 209.116 sit. In this regard, the employees' representative stresses that because of low salaries (employees up to Vth level according to their estimations fall under the level of minimum salary) many of employees are forced to find additional income by moonlighting and it is impossible to estimate precisely how much this represents., One can only say that the share of the grey economy in construction is large, in their estimation. The employers' representative put more effort into trying to estimate the grey economy proportion in greater detail and hence estimates it to be 5%, but, at the same time, he stressed that it is very hard to judge such things.

Atypical forms of employment

Both involved have estimated that in the sector there is only temporary employment in most cases. The Employees' representative estimates the ratio between temporary and permanent employment to be 60%:40% and temporary employment is, in most cases, part of the legacy from the past or the consequence of old employment law. At the same time, he stresses that the new law on employment relations has caused a massive amount of temporary employment contracts, although in accordance to the law, the rule should be permanent employment. There is typically a lot of seasonal employment in this sector, a lot of overtime work and the employment of foreign workers. The employers' representative estimates this to account for approximately 20.000 jobs.

Estimates of Sector development

The construction sector in Slovenia is completely privatized. The employers' representative is of the opinion that the sector is growing slightly and he is of the opinion that it is not possible that the whole sector is declining. The employees' representative also warns that from the beginning of the 90's in 20th century many things have indeed changed in the sector examined. So, he estimates that there has been an obvious decrease in administration all through the 90's and that there is still a lack of work force or personnel with proper training. The deficit of properly trained personnel, in his opinion, leads to the lack of motivation of young people to search employment in this sector. In the employees' representative's opinion a great many things have changed regarding the size of companies. "In 1990, there were 5 or 6 big companies in this sector and most of the others were mid sized companies. Big companies had up to 6 000 employees (SCT even up to 12 000) and small companies had fewer than 600 or at the most 700 employees. Nowadays companies with approximately 800-1 200 employees are informally considered big and there is a relatively small number of such companies. From 1990, the tendency was towards formation of smaller companies more adaptable to different changes in the environment and the consequence of this is different employment contracts". The employers' representative has expressed one other view, namely that there should be alliances between companies, even joint participation in the capital of companies in the sector. Of course what also need to be said is that there is a price based type of competition strategy in the sector even though the employees' representative wishes this to be used as little as possible.

Contextual data

Companies

Sub-sectors	Number of Companies	% companies without SW	% companies with <50 SW (small companies)*	% companies with <250 SW (medium sized companies)**	% companies with > 250 SW (large companies)
Sub-sector 1	60	0	9 (2, 1 %)	0 (0, 0 %)	1 (2, 0 %)
Sub-sector 2	1.463	0	1.364 (48, 0 %)	67 (72, 8 %)	42 (84, 0 %)
Sub-sector 3	688	0	665 (23, 4 %)	18 (19, 5 %)	5 (10, 0 %)
Sub-sector 4	749	0	740 (26, 0 %)	7 (7, 6 %)	2 (4, 0 %)
Sub-sector 5	14	0	14 (0, 5 %)	0 (0, 0 %)	0 (0, 0 %)
Total of the sector (1-5)	2.984	0	2.842 (100, 0 %)	92 (100, 0 %)	50 (100, 0 %)
14.1	14	0	14 (10, 6 %)	0 (0, 0 %)	0 (0, 0 %)
14.2	25	0	24 (18, 2 %)	1 (4, 3 %)	0 (0, 0 %)
26.4	13	0	7 (5, 3 %)	5 (21, 7 %)	1 (14, 3 %)
26.5	6	0	1 (0, 7 %)	2 (8, 7 %)	3 (42, 8 %)
26.6	61	0	46 (34, 8 %)	12 (52, 2 %)	3 (42, 8 %)
26.7	43	0	40 (30, 3 %)	3 (13, 0 %)	0 (0, 0 %)
Total of the sector (14.1 – 26.7)	162	0	132 (100, 0 %)	23 (100, 0 %)	7 (100, 0 %)

* And with annual revenue less than 200.000.000 Sit

** And with annual revenue less than 800.000.000 Sit

Workers

Sub-sectors	Number of workers	Number of SW	Number of SW/number of SW in the country (%)	Number of SW in companies <50 SW/number of SW in the sector (%)	Number of SW in companies < 250 SW/number of SW in the sector (%)	Number of SW in companies > 250 SW/number of SW in the sector (%)
Sub-sector 1	327	327	0,06 %*	0,6 %	0,0 %	0,2 %
Sub-sector 2	30.477	30.477	6,5 %*	23,4 %	17,6 %	35,6 %
Sub-sector 3	5.280	5.280	1,1 %*	7,6 %	4,6 %	0,9 %
Sub-sector 4	3.636	3.636	0,8 %*	7,7 %	0,8 %	0,6 %

Sub-sector 5	39	39	0,009 %*	0,1 %	0,0 %	0,0 %
Total of the sector (1-5)	39.759	39.759	8,5 % *	39,5 %	23,1 %	37,4 %
14.1	58	58	0,03 % **	1,4 %	0,0 %	0,0 %
14.2	242	242	0,1 %**	4,1 %	1,7 %	0,0 %
26.4	610	610	0,3 %**	2,4 %	10,8 %	1,4 %
26.5	967	967	0,4 %**	0,0 %	2,8 %	20,4 %
26.6	1.713	1.713	0,8 %**	7,8 %	26,5 %	6,7 %
26.7	570	570	0,3 %**	4,7 %	9,0 %	0,0 %
Total of the sector (14.1 – 26.7)	4.160	4.160	1,9 %**	20,5 %	50,8 %	28,6 %

* within all companies in Slovenia

** within D

Source: Poslovanje gradbeništva in IGM v letu 2002. Gospodarska zbornica Slovenije, Združenje za gradbeništvo in industrijo gradbenega materiala, Ljubljana, 2003

2. Description of the industrial relations in the sector

2.1.- Description of the tripartite concertation

There is an exceptional occurrence of the tripartite concertation in the sector. Both parties interviewed confirm that there is, in fact, no tripartite communication, even though there exist certain forms of such communication or consultation in which the state is also involved. Hence, the three partners meet mainly in meetings or consultations that concern, for instance, new education programs, education for the construction industry, regulation questions (mainly concerning employment, employment of Slovenian workers in other countries or of foreign work force in Slovenia). The Employees' representative is of the opinion that such tripartite communication in the sector will in fact increase, as with Slovenia's membership in European Union, there are more and more questions arising over our work-force in other countries. *"At the same time the question is raised with regard to the salaries of our workers in Slovenia and Austria, in Italy – workers get as much as up to 3 times as much as in Slovenia, in Germany – workers get up to 5 times as much as in Slovenia which means that our workers depress wages in those countries and undermine the position of employees in those countries, which of course is of no interest to the mentioned countries because that reduces their rights to obtain their own salaries. Hence the dialogue between countries emerges and indirectly also the dialogue between social partners in Slovenia. We, are not at all interested in dumping labour services, but we are of the opinion that the calibration of construction sector workers' salaries in the mentioned countries is necessary"*.

2.2.- Description of the bipartite social dialogue

According to the new labour legislation (adopted in 2002) employers and employees regulate their mutual relationships at sector and enterprise level by CAs. At macro level the industrial relations partners adopt a tripartite social agreement that determines the bipartite social dialogue at the sector level. There is a hierarchical order between the different levels of the agreements - as a rule, enterprise agreements are more favourable for the employees than the higher agreements (agreements on the sector level). The sector level is the most developed. Since the sector is not in a very good situation sector agreements give workers, as much as possible, (according to the representative of employers' organisation). According to representatives of both sides, there are no serious obstacles to the development of a bipartite social dialogue at sector level. The main initiator of the dialogue is, according to representatives of both sides, the trade union. The trade union is trying to achieve a better situation for workers - the only way is to promote a social dialogue and to try to implement the valid agreement.

2.2.1.- At sector level

Actors

The following actors are, at this point, included in the sector level negotiations: the construction and building materials association within the Chamber of Commerce of Slovenia and the section for construction within Association of employers, on the one side, and the Trade Union of Construction Workers of the Republic of Slovenia on the other side. The interesting part with all this is that there exists a certain personal connection (union) between two organisations; hence the Construction and Building Material Association's secretary is partly involved with the Section of construction and at the same time the section's president is a member of the negotiations group for collective contracts with the Construction and Building Materials Association. There is also the Association of Employers of Slovenia –the section for construction which takes a smaller part in the

negotiations. According to the law in Slovenia, companies are obliged to be members of the Slovenian Chamber of Commerce or more precisely of the corresponding association within it. The Association of Employers and its Sections are a voluntary employers' organisation. But only a small number of companies are, at the same time, members (obligatory) of the Chamber of Commerce and at the same time also (voluntary) members of the Association of Employers of Slovenia.

Representativeness

By law, membership in the Chamber of commerce of Slovenia is obligatory and therefore the Construction and Building Materials Association is representative of all the companies in this sector. The only representative trade union is the Trade union of construction workers of the Republic of Slovenia (that is a part of ZSSS). Other trade unions, however, also have members – Konfederacija '90 and Neodvisnost, but their members count so few in number that they are in fact not even registered as a representative trade union. A new law is being prepared to cover CAs and that will most likely change the key subject on the side of employers – hence, the Construction and Building Material Association will most likely be replaced by a section for construction within Employers' Association of Slovenia²⁰³, of which membership is not obligatory. Despite the forecasted situation, the present participants at sector level are mutually recognised as partners, because of the fact that there are simply no other partners, no other option is given to the trade union.

Bipartite sector dialogue and the collective contract for the construction sector

The first construction sector CA took place in 1991, the second was signed in 1994 and the third, which is still valid, was signed in 1998. It was followed by changes in the CA, namely in the years 2000 and 2003. The CA is signed for an indefinite period, considering that any of the involved partners are allowed to file the demand for a change, supplement or for a new contract, but that needs to be done officially and has to contain also the suggestions of changes or supplements and all that must be also done at least three months before the business year is over. The CA is composed of a normative and tariff part; the normative part deals with conditions to make and break employment relationships and the conditions of work, while the tariff part deals with salaries and other compensations and supplements to salaries. It is interesting that the employers' representative is of the opinion that the obligation for making two CAs instead of one because of the differences in the sector is a good suggestion. CA implementation is obligatory by law, as it is valid as a law and, in case of non execution by the employees' representative, inspections must take place and as the final resort, the courts may intervene. Employers' as well as employees' representatives do not see any difficulties regarding mutual partner acknowledgement and they answer that there is an obligation in cooperation in collective negotiations for both sides. It is definitely interesting that they both believe that the social dialogue in the sector should be continued and should keep developing. The employees' representative stresses that they will, in any case, demand even more dialogue and that, at least for the present time, they are facing no willingness from the employers to do so. As an example, he gives the employers' attitude towards negotiating for the change of the old or to making a new CA, when the employers' associations were literally forced to negotiate by a warning strike in January 2004 and were not willing to negotiate on numerous ideas and suggestions put forward. And so the employees' representative says: "The employer's only concern is to protect their capital and to make profits, while the potential framework comes in second place". On the other hand the employees' representative stresses that: "The trade unions are only interested in wages and in our opinion that is an obstruction to a bipartite dialogue development at sector level". But, he does, in fact, agree that it is the demands of the trade union which are the biggest influence on the acceleration of the dialogue. In any case, there is another observation by the trade union representative, which is interesting – that is that he suspects that tripartite understanding is more influential on the bipartite understanding than vice versa. They explain this by the fact that the state has its own policy that it wants to enforce, mostly this is the financial constraints and, in the case of wages particularly, it is attempting to avoid further increases. In that way, the state wishes to insert certain corrections also into the bipartite communication. With all that, the employers' representative says that in tripartite communication, the emphasis is focused mostly on the area of education, employment and labour security, while the emphasis in bipartite communication covers the area of wages.

²⁰³ Representative of Construction and Building Materials Association (CBMA) thinks this solution is not acceptable since the Association of Employers – the Section for Construction represents just about 20 companies and does not agree that this Association should become the only social partner for construction sector. Nevertheless, Construction and Building Materials Association has very good and close relations with Association of Employers – The Section for Construction. Indeed, they have common bargaining group while all other aspects of social dialogue (employment, education and training, safety and health at work) are the responsibility of the Construction and Building Materials Association. Representatives of the employers add that the trade union is the one which wants to exclude the association from social dialogue (especially wages) and does not accept such a solution in the CA law.

Sector CA coverage

The CB system in Slovenia is inclusive. Sector CAs, signed under the prevailing conditions cover the entire sector or for all companies and for all the company's employees. That being said, the employers' representative points out that they do not cover independent contractors, who have to become members of the Chamber of Craft of Slovenia as well as those who have individual contracts on employment (they only count 1.400 individuals).

2.2.2.- At enterprise level

There is a hierarchical order of CAs in Slovenia. This hierarchy dictates that the agreement at enterprise level can only improve upon the sector agreement, in terms of the interests of the employees and the enterprise agreement can only award those employees' rights given by the sector agreement. There is a possibility of an exception to the rule, but it needs an approval of the trade union. The employees' representative adds that lower standards in enterprise agreements due to a company being in difficulty and with the approval of trade union exist but there are only few such agreements. Moreover, at the enterprise level there are trade unions in the company who are the negotiation partners for the company's management. The employees' representative adds that regional or national trade union organisations, in most cases, help the trade unions within enterprises with negotiations, as it has more knowledge needed in the negotiations. As both, the employers' and the employees' representatives say there is little information on agreements at enterprise level. The employers' representative says that according to his information most agreements at the enterprise level are made in big and mid-sized companies. What is interesting with his claim is that the interest to make agreements on the enterprise level comes also from the management of companies themselves, because they "*want to have things straightened out and confirmed in writing*". Signatory parties are the management of the company and the trade union(s) in the company (see also the above answer). According to representatives of both sides, there are no other players who must be regarded as playing a role in industrial relations at the enterprise level. There are just the management of the company and trade union(s) in the company (if in a company more than one trade union has representative status then several trade unions may be negotiating partners). There are no conflicts between players regarding recognition issues. The most frequent contents of the CAs at the enterprise level are (according to both representatives) working conditions or time and wages.

3. Description of the organisations active in the sector

3.1.- Workers' Organisation

Trade Union of Construction Workers of the Republic of Slovenia (Sindikata delavcev gradbenih dejavnosti Slovenije) is an organisation of interest that acts within the Confederation of Slovenian Free Trade Unions. The Trade union of Construction workers of the Republic of Slovenia is the only representative trade union in the construction sector. From a legal point of view, the Confederation of Slovenian Free Trade Unions and its members was established in 1990 because of the renewal of the registration, although its beginnings reach as far back as the 30's of the 20th century. So, in the period from 1936 to 1937 its predecessor organized the first construction worker's strike and also achieved the implementation of the first CA. The trade union existed in the post-war era, from 1945 onwards.

The trade union finances itself exclusively through membership fees. According to the representative of the trade union, out of approximately 54.000 employees of the sector 24.000 are its members. From those, 19.780 pay membership fees and the trade union covers the 142 basic organisations and companies. In others, the negotiating responsibility is delegated to the regional committee of the Confederation (territorial organisation of the cover organisation). The level of unionisation in the construction sector is therefore approximately 40% (37% if we take into account only the studied, representative trade union). The majority of the members of the trade unions, in terms of their qualifications, may be classified as blue collars. Retired people are members of a special trade union that operates within the Confederation of Slovenian Free Trade Unions, namely the Trade union of retired persons of Slovenia.

The trade union elects its representatives at the assembly and, moreover, by secret and democratic elections and the assembly itself is, in most cases, called on every four years – the last one was in 2002. The organisation has at the national level only one employee – a secretary, while other individuals are employed also in regional organisations, but they cover territorial areas and hence the secretaries of the regional organisations are at the same time covering several sectors, not only the construction sector. The trade union co-operates in counselling at sector and enterprise level. It is systematically involved in the collective negotiations, as it is the only representative trade union in the sector. The last still valid CA was made in 1998 and since then, only additions to the already existing agreement have been signed and the negotiations to make a new CA are taking place at this very moment. The trade union operates directly in the tripartite concertation only on an exceptional basis, as the partner is the Confederation of Free Trade Unions.

The Trade Union of Construction Workers of the Republic of Slovenia operates within the Confederation of Slovenian Free Trade Union as its cover organisation. Through this central organisation, they are included in the European Trade Union Confederation (ETUC). The trade union is itself a full member of the International Federation of Building and Wood Workers.

Trade Union

Organisation		Type of SW	Members	Members working in the sector	Density	T	CB	National affiliations		European affiliations*		International affiliations*	
Original name	English name	Type	Number	Number	%	yes/no	yes/no	Direct	Indirect	Direct	Indirect	Direct	Indirect
Sindikata delavcev gradbenih dejavnosti Slovenije	Trade Union of Construction Workers of the Republic of Slovenia	Blue collars	24.000 (19.780 of them pay membership fees)	24.000 (19.780 of them pay membership fees)	37 %	Yes (indirectly)	Yes	Association of Free Trade Unions	/	/	European Trade Union Confederation	International Federation of Building and Wood Workers	International Federation of Free Trade Unions

* Specify if member or observer

3.2.- Employers' Organisation

The Construction and Building Materials Association was established in 1991, before that (in 1953) the Construction bureau was established and since 1979 the General association for constructions and the building material association.

The Association is financed by obligatory membership fees²⁰⁴. There are 4/ 5 people employed in the association. The Association represents all the companies from the construction sector. So it represents 3.046 companies and 43.919 employees. The companies' as well as employees' density is 100 %. Besides these employees, we must not forget that there exists a part of employees and independent contractors that are obligatory members in the Chamber of Craft of Slovenia. The association cooperates in negotiations at sector level and is therefore the signatory of the CA at that level. As we explain above, the last CA in the construction sector was signed in 1998 and the negotiations for the new CA are being held at this very moment. In the tripartite concertation the association participates only indirectly (under the name of Chamber of Commerce of Slovenia) and on questions of the construction sector.

The Construction and Building Materials Association is a member of the Chamber of commerce of Slovenia. It is a direct member (observer) in the European Construction Industry Federation and in the Council of European Producers of Materials for Construction. Indirectly (through the Chamber of commerce of Slovenia) it is a member of Eurochambers.

Employers' organisation

Organisation		Sub-sectors covered	Companies	SW	Density Companies	Density SW	T	CB	National affiliations		European affiliations*		International affiliations*	
Original name	English name		number	number	%	%	yes/no	yes/no	Direct	Indirect	Direct	Indirect	Direct	Indirect
Združenje za gradbeništvo in industrijo gradbenega	Construction and Building Materials Association	45.1 45.2 45.3 45.4 14.1	60 1.473 688 749 14 14	327 30.477 5.280 3.636 39 58	100,0 %	100,0 %	Yes (indirectly)	Yes	Chamber of Commerce and Industry of	/	Council of European Producers of Materials for Construction; European	Eurochambers	/	International Chamber of Commerce (ICC)

²⁰⁴ As said above, membership of all the companies in the Chamber of commerce of Slovenia that is the cover organization (it is also a member of the Construction and Building Materials Association) is obligatory and therefore also is the payment of the membership fees.

materiala		14.2	25	242					Slovenia		Construction Industry Federation (observer)			
		26.4	13	610										
		26.5	6	967										
		26.6	61	1.713										
		26.7	43	570										

* Specify if member or observer

Turkey

1. Description of the sector

1.1.- Delimitation and scope of activities

In the Turkish Construction sector, the economic activity branch on the base of six digits in both the DIE²⁰⁵ and the Ministry of Labour and Social Security's statistics²⁰⁶ of the International Standard Industrial Classification of all Economic Activities, Second Revision (ISIC Rev. 2) was used. Economic activities have been also determined in accordance with International Standard Industrial Classification of All Economic Activities, Revision 2. ISIC Rev. 2 has similar sub-sectors as those of NACE classification.

1.2.- Socio-economic features

The construction industry is characterised by a number of elements, which differentiate it from other known business sectors like manufacturing and services. The differences apply to products, technology and organisation, product market and competition structures, capital market, labour market and environmental effects. Many sectors of the economy are needed to supply the construction site with materials, transport, and services. These activities are known as backward linkages and are likely to be as large as the direct investment in the construction. So, for every \$1,000 spent in construction, another \$1,000 will be spent on materials, transport, etc. to allow the construction to go ahead (Baharoglu, 2004). The Construction sector has an important weight in the Turkish economy. During the 1960s and at the beginning the 1970s²⁰⁷, it constituted one of the most dynamic fields of the economic activity. After the textile and agriculture sectors, construction is the third leading sector in Turkey. In contrast to the rapid growth during the early 1970s, the economic environment of the mid-1970s posed enormous challenges to the construction industry. In the housing sector, there was a slowdown in both public and private housing demands due to credit facility limitations and government cutbacks (DPT, 1986: 258). By the late 1970s, Turkish construction firms began to make headway bidding for some of the world's largest construction projects. Most countries in these regions have five-year economic development plans and yearly programs, which assist them in the allocating resources and determining socio-economic developmental priorities. The development and improvement of the physical infrastructure and Construction sector had utmost importance. This created a need for Turkish construction companies (Erdener and Dalgic, 1991). In fact, there are more than 40,000 contractors in Turkey (Oz, 2001:138). Although the construction industry created 6-8 percent of GNP between 1980 and 1990 and the share of the industry slightly decreased to 5-6 per cent of GNP between 1995 and 2001. The industry's share has continued to decline to 4 percent in 2002 and 3.5 percent in 2003 (DIE, 2004a).

Number of Establishments and Employment in the Construction Sector (as of 2003)

Size of Establishment	Number of Establishments (A)	Average Number of Employees (B)	Total/ A %	Total/B %
1-9	49,942	188,125	79,03	27,69
10-24	8,490	124,480	1,34	1,83
25-49	2,652	90,281	4,20	13,29
50-99	1,289	88,083	2,04	12,97
100-249	601	90,556	0,95	13,33
250-499	169	57,861	0,27	8,52

²⁰⁵ DIE: State Institute of Statistics

²⁰⁶ Data collected by DIE represent the most accurate information. Although there are data on the basis of NACE classifications, there is no data after 2001. Furthermore, there are different data sources of construction industry in Turkey and figures contradict each other.

²⁰⁷ During the 1970s, external and uncontrollable forces had a major impact on the operations of Turkish construction companies both regionally and nationally. An expanding consumer and institutional market and an increasing demand for manufactured products in Turkey typified the period. Turkish construction companies tried desperately to meet the huge demand for private housing as well as for public sector industrial projects. Rapid urbanisation and rural-to-urban migration in Turkey increased the share of urban population from 18.5 per cent in 1950 to 64.6 per cent in 1997. In absolute numbers, the urban population rose from 4.8 million to nearly 40 million over the same period (Keles, 2001). During this period, the country achieved an average of 7 percent growth rate, one of the highest rates within the OECD countries (OECD, 1985).

500-999	45	29,929	0,07	4,41
1000-4999	8	10,654	0,01	1,57
TOTAL	63,196	679,339	100	100

Source: CSGB, 2003

The Construction sector in Turkey is organized according to a double structure: on the one hand, a small number of large "industrial" companies, on the other hand, large number small "craftsman" firms. In fact, small businesses dominate the sector as illustrated by the fact that the size of the workforce in 49,942 establishments is just under 10. The sector employs 679,339 people (3.2 per cent of total employment) and currently accounts for 3.5 per cent of Turkey's GNP (DIE, 2004b; CSGB²⁰⁸, 2003) employed in 63,196 workplaces in the Construction sector. Employment in the sector is primarily provided by the private sector: of all the workplaces, 85.6 percent is in the private sector. There are only 772 workplaces in the public sector. The number of construction workers employed in the public sector is 72,100 (CSGB, 2003: 120). The unionisation rate is 26.68 percent in the sector (181,349 out of 679,339 workers) (CSGB, 2003: 107).

Contextual data

Companies

Sub-sectors	Number of Companies	% companies without SW	% companies with <10 SW	% Companies 10-100 SW	% companies with > 100 SW
Sub-sector 1 (45.2)	ND	ND	ND	ND	ND
Sub-sector 2 (45.3)	ND	ND	ND	ND	ND
Total of the sector	63,196	ND	20.97	7.6	86.6

Workers

Sub-sectors	Number of workers	Number of SW	Number of SW/number of SW in the country (%)	Number of SW in companies <10 SW/number of SW in the sector (%)	Number of SW in companies 10-100 SW/number of SW in the sector (%)	Number of SW in companies >100 SW/number of SW in the sector (%)
Sub-sector 1 (45.2)	ND	ND	ND	ND	ND	ND
Sub-sector 2 (45.3)	ND	ND	ND	ND	ND	ND
Total of the sector	679,339	679,339	14.5	72.3	28.1	55.8

Source: CGSB (2003) Calisma Hayati Istatistikleri 2002, Calisma Genel Mudurlugu, Ankara

There is no data available showing occupational classification in the construction industry, and no specific data for the informal-underground economy in the construction industry in Turkey. However, 21-22 percent of total employment is estimated to be in the informal sector. This figure goes up to 34-37 percent in urban areas (Bulutay 2000 The Informal Sector in Turkey in Informal Sector (1) edited by Tuncer Bulutay, Ankara: DIE).

²⁰⁸ CSGB: Ministry of Labour and Social Security. It should be borne in mind that since CSGB figures only include employees working under a contract of employment, it underestimates the real number of construction workers. Recently, illegal immigrants, without a work permit, especially from the East European countries and particularly from Romania and the ex-Soviet Republic have increasingly been employed in the construction industry (Koc, 1999, Ekin, 2001).

2. Description of the industrial relations in the sector

2.1.- Description of the tripartite concertation

There is no tripartite concertation activity in the sector.

2.2.- Description of the bipartite social dialogue

Bipartite social dialogue is defined as 'a process of co-operation and negotiation between employer and trade union representatives'²⁰⁹. There is no bipartite social dialogue at the sector level in the industry. The main obstacle to the development of bipartite social dialogue at sector level is the low rate of unionisation among construction workers and the widespread existence of informal activity in the sector. The CSGB statistics does not accurately reflect the unionisation rate in the Construction sector. There is no promotion of the bipartite social dialogue at the sector level.

CB is the main pillar of the bipartite social dialogue in the Construction sector. CB in the Construction sector is conducted at two levels: enterprise level that includes individual establishments, and workplaces. Although Turkish unions are organised on the basis of industry, and union structure is centralized, CB is based on the workplace rather than the industry. The CB system in Turkey is legally defined and restricted in coverage because of legal requirements. In order to be authorised to undertake CB, the union must represent as members, a minimum of ten percent of the workers engaged in the industry (branch of economic activity) where the union is active. The second condition is the requirement that the union must represent as members more than half of the workers in the workplace or in each of the workplaces. There are conflicts regarding authorization of CB. In addition to CB activities, the main employer (The Turkish Employers' Association of Construction Industries, INTES) and the workers' organisation (Union of Road Building and Construction Workers of Turkey, Yol-Is) has decided to establish a joint training centre in Ankara to train construction workers and provide them with internationally recognised certificates. INTES has also organised "seeking solutions conferences" to provide solutions problems, which may arise in the sector. Joint meetings organized by the employers and unions to discuss problems of the industry can be seen as a form of bi-partite activity. These meetings may well lay the foundations of a permanent bi-partite social dialogue in the future.

The CA under Turkish labour legislation is a unique contract subject to private law and combining both normative and obligatory features. The content of CAs centres primarily on wage levels, including fringe and social benefits, although many agreements also provide for redundancy compensation and arrangements concerning trade union activities. Employment security and the handling and arbitration of grievances are the other major area covered by CAs, which usually remain in force for two years. As of 2003, 22 CAs had been signed in the industry, covering 58,076 workers in 739 workplaces (CSGB, 2003:42).

CAs are applicable only to members of the trade union concerned and to non-members who may benefit from the CA if they pay monthly "solidarity dues" to the union. The rate of solidarity dues must be two-thirds of the regular membership due. The consent of the signatory union is not required in this matter.

On the other hand, this procedure is not effectively used because the unionization rate does not show the real situation in the industry. The industry has a tendency towards non-union employment and informal arrangements.

3. Description of the organisations active in the sector

In the Construction sector, employees are represented by 5 trade unions, one of which is able to pass the obligatory 10 percent threshold in order to participate in CB. The others are very small organisations with a negligible membership base. On the other hand, there is only one employers' association that mainly represents big companies.

3.1.- Workers' Organisation

²⁰⁹ INTES: The Turkish Employers' Association of Construction Industries.

Türkiye Yol-İs (Yol, Yapı, İnşaat İşçileri Sendikası), Union of Road Building and Construction Workers of Turkey

This union was established in Diyarbakir at the Turkish Highway local branch in 1952 following the first Turkish Employer and Employees Trade Union Act enacted in 1948. The other local unions in major provinces followed it. They established a federation called Yol-İs Federation in 1963 (Yol-İs, 1999:11). Following the enactment of new legislation in 1983, Trade Union Act No. 2821, Yol-İs was founded as a national union to operate in the Construction sector. Yol-İs mainly represents public sector employees in Turkish Highways, Village Affairs and Ministry of Public Construction and Settlements.

The fees and donations from the members and incomes from its mobile and fixed assets support Yol-İs. According to the latest available statistics, its total membership is 159,883 out of 691,299 unionised workers in construction in Turkey in January 2004. It represents 23.12 percent of all workers in construction industry (Resmi Gazete, 17 January 2004). However, this data is inflated, as there are only 69,797 fee-paying members of the union²¹⁰. It has 38 branches nationwide. Yol-İs employs 10 specialists and 130 auxiliary staff (ibid). The main decision-making body of the Yol-İs is the General Congress, which convenes every four years, elects the members of the mandatory bodies of the union, which are established under the Trade Union Act No 2821 (the Management Board, the Auditing Board, and the Disciplinary Board), and decides and determines the basic policies to be followed by the union. If workers' organisations satisfy statutory requirements²¹¹, it can take part in CAs. Yol-İs has signed 5 enterprise-wide CAs since 2003 in public sector and 8 workplaces CAs in private sector in 2002 and 2003 (ibid). There is only one category of membership, blue-collar workers. The trade union act does not cover the other categories for membership.

It is affiliated with Turk-İs²¹² in national level, IFBWW (International Federation of Building and Wood Workers), EFBWW (European Federation of Building and Wood Workers) and PSI (International Federation of Public Service Workers) in European level.

Trade Union

Organisation		Type of SW	Members	Members working in the sector	Density	T	CB	National affiliations		European affiliations*		International affiliations*	
Original name	English name	Type	Number	Number	%	yes/no	yes/no	Direct	Indirect	Direct	Indirect	Direct	Indirect
Yol-İs	Turkish Union of Road, Construction & Building Workers	Blue-collar	159,883	159,883	23.1	No	Yes	Turk-İs		IFBWW, EFBWW, PSI			

* Specify if it is an observer member

Regarding workers' organisations, they are classified in different work branches under Turkish trade union act. AGAC-İS Sendikası (AGAC-İS-Turkish Wood Workers' Union) is in the woodworking industry, Türkiye Orman İşçileri Sendikası (ORMAN-İB-Turkish Forestry Workers' Union) is in forestry industry and CIMSE-İS Sendikası (CIMSE-İB-Turkish Cement, Pottery and Glass Workers' Union) is in cement industry. All are members of The European Federation of Building and Woodworkers. The Turkish Contractors Association (TCA) only represents contractors who undertake construction projects mostly overseas. It is a member of the FIEC. Small firm workers organisations in the construction industry are:

Union	Number of Member	Unionization Rate (%)
EvrİM-İB	605	0.08
Ynsan-İB	21147	3.5
Yapı-İB	102	0.01
Devrimci Yapı-İB	17	0.01

²¹⁰ interview with Yildirim Koc, Advisor to President of Yol-İs, 19 February 2004.

²¹¹ see above: the two conditions to authorize a union to undertake CB.

²¹² Turk-İs: Confederation of Turkish Trade Unions

3.2.- Employers' Organisation

Türkiye İnfaat ve Tesifat Muteahhitleri İsveren Sendikası (INTES), The Turkish Employers' Association of Construction Industries*

INTES was founded on January 30, 1964. It represents major private sector employers in the Turkish construction industry. Although INTES represents a tiny portion of all employers in the industry, in practice, their members undertake 70 percent of all construction activities in Turkey. Moreover, 90 percent of all construction work undertaken by the Turkish firms abroad are conducted by INTES members. The total membership of INTES is 128 companies which are medium and large sized construction companies which operate abroad and in Turkey. These companies employ 11,705 workers. INTES represents only 0.2 percent of the all companies and 1.7 percent of all the SW in the sector. INTES employs 6 specialists, 2 clerical staff and 4 auxiliary staff. INTES is financed by the fees and donations from the members and incomes from its movable and immovable properties in accordance with Trade Union Act No. 2821²¹³. INTES has signed two CAs at enterprise level since 2002 (ibid). INTES affiliates the World Water Council in international level.

Employers' organisation

Organisation		Sub-sectors covered	Companies	SW	Density Companies	Density SW	T	CB	National affiliations		European affiliations*		International affiliations*		
Original name	English name								number	number	%	%	yes/no	yes/no	Direct
INTES	The Turkish Employers' Association of Construction Industries		128	11,705	0.2	1.7	No	Yes	TISK ²¹⁴					WWC	

* Specify if it is an observer member

* Türkiye Mütcaahhitler Birliđi: The Turkish Contractors Association (TCA) is another employer organization in the sector.*TCA has a membership of 138 companies, which produce 60% of the domestic and 90% of the expatriate works. (http://www.tmb.org.tr/general_information.php) TCA is a member of FIEC. 75 percent of all TCA members are also affiliated to INTES. We have excluded TCA from the report because INTES is the only employer association in the construction sector recognised for industrial relations issues.

²¹³ Interview with Derya Karademir, Assistant of General secretary of INTES, 25 February 2004.

²¹⁴ TISK: Confederation of Turkish Employers Association

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Organisations consulted for the elaboration of experts' reports

In the framework of the redaction of the Monographs on the situation of the social partners in the Construction sector in the new Member States and candidate countries, the national expert consulted these persons:

Bulgaria

Name of the person consulted	Name of the organisation consulted	Function of this person in this organisation
Mr. Niklenov	Federation of Independent Sydicates in Construction-CITUB (member of CITUB, Confederation of Independent Trade Unions in Bulgaria)	President
Mr. Michailov	Federation <i>Construction, Industry & Water Supply</i> -Podkrepa (member of Confederation of Labour Podkrepa)	Federation Secretary

National expert had organised validation at SECTOR level (Construction sector) of his/her report.

The social partners in the Construction sector have not any remarks on the presented report.

Note: The employers' organisation refused to take part in the survey. Therefore, this organisation was not involved in the validation procedure.

Cyprus

Name of the person consulted	Name of the organisation consulted	Function of this person in this organisation
Mr Lakis Avraamides	Department of Industrial Relations, Ministry of Labour	Senior Industrial Officer
Mr Angelos Constantinou	Federation of Associations of Bulding Contractors of Cyprus	Managing Director
Mr. Michalakis Papanicolaou	Cyprus Bulding, Wood, Miners and General Workers Trade Union (PEO)	Secretary- General
Mr.Yiannakis Ioannou	Federation of Builders, Miners and Related Workers (SEK)	Secretary- General

National expert had organised validation at SECTOR level of his/her report.

The national Expert has sent to the Workers' and Employers' Organisations, a month ago, the parts of his report pertaining to each respective organisation, for comments, corrections etc. So far no comments were received.

Czech Republic

Name of the person consulted	Name of the organisation consulted	Function of this person in this organisation
Zdenek Kral	OS STAVBA	expert
Jaromir Kozak	OS DOSIA	Vice-chairman of the OS DOSIA

National expert had organised validation at SECTOR level of his/her report. Over the reminder the validation wasn't delivered from Mr. Michael Smola from the Association of Entrepreneurs in Building Industries in the Czech Republic.

Estonia

Name of the person consulted	Name of the organisation consulted	Function of this person in this organisation
Sander Vaikma	EAKL-Confederation of Estonian Trade Unions	Secretary (organisational issues and youth)

Unfortunately we didn't get any comments from employers' organisations: Estonian Association of Construction Entrepreneurs (Eesti Ehitusettevõtjate Liit, EEEL) and Estonian Association of Electrical Enterprises (Eesti Elekritööde Ettevõtjate Liit, EETEL).

Latvia

Name of the person consulted	Name of the organisation consulted	Function of this person in this organisation
Ms Māra Tomsone	LBTU	President

National expert had organised validation at SECTOR level of his/her report.

Lithuania

Name of the person consulted	Name of the organisation consulted	Function of this person in this organisation
Vytautas Talmantas	Lithuanian Building Workers' Trade Union	Chair
Jonas Jakimavicius	Lithuanian Builders' Association	General Director

National expert had organised validation at SECTOR level of his/her report.

Malta

Name of the person consulted	Name of the organisation consulted	Function of this person in this organisation
Aquilina Manwel	Association of General Retailers and Traders (GRTU)	President of Division 'Construction and Development'
Mizzi Andrew	General Workers' Union (GWU)	Secretary of Technology and Electronics Section
Mizzi Robert	National Statistics Office (NSO)	Officer in charge of Library and Information
Musemeci Robert	Building Industry and Consultative Council (BICC)	President
Vella Gaetano	Union Haddiema Maqghudin (UHM)	Secretary General
Xuereb Angelo	Federation of Building and Civil Engineering Contractors (FOBC)	President
Bonnici Joanne	National Statistics Office (NSO)	Labour Statistician

National expert had organised validation at SECTOR level of his/her report.

The report was sent to each of the above persons on 26th April 2004. They were asked to comment by not later than 15 days within the date of receipt of this note. No comments were received.

Poland

Name of the person consulted	Name of the organisation consulted	Function of this person in this organisation
Andrzej Jacaszek	Confédération des Employeurs Polonais	Directeur
Malgorzata Czapka	Confédération des Employeurs Polonais	Expert
Janusz Zalewski	Association Nationale des Employeurs de la Construction	Président
Ryszard Kowalski	Association des Employeurs-Producteurs de Matériaux de Construction	Président
Waldemar Mazan	Fédération des Employeurs et Entrepreneurs de l'Industrie de la Construction	Vice-Président
Jacub A Kus	Syndicat « Budowlani »	Secrétaire National
Ryszard Dabrowski	Secrétariat National de la Construction et de l'Industrie du Bois de NSZZ « Solidarnosc »	Responsable de la régionale de Varsovie de ce syndicat
Zbigniew Majchrzak	Secrétariat National de la Construction et de l'Industrie du Bois de NSZZ « Solidarnosc »	Président
Pawel Targonski	Ministère de l'Economie et de la Politique sociale	Conseiller au département du dialogue social

Zbigniew Kowalczyk	Inspection Nationale du Travail	Chef de service
Teresa Pietrowska	Administration générale de la Statistique	Conseillère au Département information et développement

National expert had organised validation at SECTOR level of his/her report.

Romania

Name of the person consulted	Name of the organisation consulted	Function of this person in this organisation
IRIMIE CATARGIU	The Romanian Association of Constructions Entrepreneurs (Asociatia Romana a Antreprenorilor de Constructii – ARACO)	Department chief
DORU MARIUS VECERDIA	The Building Societies' Employers Organisation (Patronatul Societatilor din Constructii – PSC)	Executive General Director
RAMONA VELEANU	The "Family" General Federation of Trade Unions (Federatia Generala a Sindicatelor "Familia")	Vice-President
FLORIAN MIREA	The National Federation of Building Assembling Trade Unions "Anghel Saligny" (Federatia Nationala a Sindicatelor din Constructii Montaj " Anghel Saligny)	President
ION GOGONEA	The Federation of Railway and Communication Lines Builders' Trade Unions (Federatia Sindicatelor Constructorilor Feroviari si Cai de Comunicatie)	President

National expert had organised validation at SECTOR level (CONSTRUCTION sector) of his/her report.

Slovak Republic

Name of the person consulted	Name of the organisation consulted	Function of this person in this organisation
Frantisek Slavik	The Association of Construction Entrepreneurs of Slovakia	President
Jan Kren	The Construction and Building Materials Workers' Union of Slovak Republic	Deputy Chairman

National expert had organised validation at SECTOR level of his/her report.

Slovenia

Name of the person consulted	Name of the organisation consulted	Function of this person in this organisation
Borut Gržinič	Construction and Building Materials Association	Director
Jernej Jeršan	Trade Union of Construction Workers of the Republic of Slovenia	General Secretary

National expert had organised validation at SECTOR level of his/her report.

Within a month representatives of both sides didn't send any comments

Turkey

Name of the person consulted	Name of the organisation consulted	Function of this person in this organisation
H. Necati Ersoy	INTES	Genel Secretary
Yıldırım Koç	Yol-Is	Head of Research and Education

National expert had organised validation at SECTOR level of his/her report.

European organisations consulted

Name of the person consulted	Name of the organisation consulted	Function of this person in this organisation
Buelen Werner	European Federation of Building and Woodworkers	Secretary
Paetzold Ulrich	European Construction Industry Federation	Director General
Passot Laetitia	European Construction Industry Federation	Rapporteur Social Commission

Annex: Questionnaire sent to national experts

Objective of the Monograph

The aim of the Monograph is to describe workers and employers organisations playing a role in a sector of activities, and to provide the most precise data and information as possible concerning representativeness of these organisations in the sector. This means provide factual and quantitative data. Qualitative data will help to understand the role of organisations in the system of professional relations. As the sector level is not relevant in each country, the questionnaire is adapted to include different reality from each country.

1. Delimitation of the CONSTRUCTION sector

According to NACE classification, Construction activities correspond to sections 45 of the nomenclature, respectively:

45 CONSTRUCTION

45.1 Site preparation

45.11 Demolition and wrecking of buildings; earth moving

45.12 Test drilling and boring

45.2 Building of complete constructions or parts thereof; civil engineering

45.21 General construction of buildings and civil engineering works

45.22 Erection of roof covering and frames

45.23 Construction of motorways, roads, airfields and sport facilities

45.24 Construction of water projects

45.25 Other construction works involving special trades

45.3 Building installation

45.31 Installation of electrical wiring and fittings

45.32 Insulation work activities

45.33 Plumbing

45.34 Other building installation

45.4 Building completion

45.41 Plastering

45.42 Joinery installation

45.43 Floor and wall covering

45.44 Painting and glazing

45.45 Other building completion

45.5 Renting of construction or demolition equipment with operator

45.50 Renting of construction or demolition equipment with operator

According to the national traditions, the sector delimitation can differ from a country to another. Indeed, the structuring of the employers' organisations and trade unions as well as the organisation of the social dialogue can cover sub-sectors or different construction trades/professions. This European definition is thus given to you as an **indication**. Item 1 of the questionnaire will aim to delimit the sector at the national level.

2. Methodological remarks

A **national report in English** (about 10 pages) will be worked out by the national research team. This report will contain description of :

- the Construction sector from the national point of view
- the tripartite concertation in the Construction sector
- the bipartite social dialogue in the Construction sector
- employers' and workers' organisations active in the Construction sector

The detailed questionnaire is proposed in point 3. Following stages will be carried out by the experts:

- Collect of contextual data on the Construction sector in the country
- Identification of relevant players
- Interview of the representatives of employers' organisations and trade unions
- Redaction of the monograph and short description of the basic parameters of social partners within the relevant sector
- Feedback of the social partners (contact, sending study, inclusion of remarks)
- Reply to the possible additional queries of the co-ordinator
- Reminder of the deadline
- National experts sending of final report to IST : **Monday May 31, 2004.**

As the Monograph must be validated by National and European social partners, the Institut des Sciences du Travail (IST) will be responsible for European validation, and national experts will deal with validation of their national reports by national organisations. In practical terms, we ask you :

- to send your report to the IST and to the national organisations at the same time, the 31st of May 2004;
- to give the social partners one month in which to respond (June 2004);

Quantitative data

The Commission has reaffirmed the importance of the quantitative data allowing the assessment of social partners importance within the sector. This is the reason why we ask you to:

- precise when the quantitative data are not reliable**
- provide membership **estimates** in the case of non-availability of data from the organisations.

Otherwise, the national experts are asked to note **the sources of the different data collected** (because of the possible conflicts from the organisations).

3. Questionnaire

1. Description of the sector from the national point of view

Delimitation and scope of activities in the sector on basis of these points:

- Activities included in the sector from the national point of view
- Precise the divergences/convergence's between the NACE standardised nomenclatures of activities and the structuring of the activities in the sector. What are the other activities included in/excluded from these statistics?
- Possible subdivision of the sector in several branches and consequences for the CB

Socio-economic features of the sector

- Relative weight of the sector compared to the whole economy (in terms of share in the GDP, employment, the produced added value)
- Estimated importance of the underground economy
- Economic structuring of the sector (number, type [multinationals, SMEs...], size of the enterprises...) by sub-sectors (wholesale, retail, or others)
- Number of workers in the sector (SW; other than SW)
- Categories of SW (e.g. staff/white-collar workers, manual/blue-collar workers,...)
- Characteristics of the employment in the sector (qualifications level, wages, establishment of atypical work, gender repartition,...)
- Type of competing strategy mainly adopted by the firms (by the costs, by the specialisation/differentiation)
- Evolutions and trends: expansion or decline. Degree in process of privatisation. Change in the size of enterprises. Other significant evolutions

2. Description of the tripartite concertation in the sector

Tripartite social concertation is defined as 'a process in which the state involves social partners in the policy debate and possibly in decision-making'²¹⁵

- Is there a tripartite social concertation at the sector (branch) level?

If yes:

- Which institutions organise this concertation?
- Which actors are involved in this concertation?
- What kinds of representativeness and/or recognition measures do social actors have at sector level?
- Which issues are addressed in tripartite concertation exercises?
- If there are signed agreements, pacts... how many? What is their name? Who are the signatory parties? What is their content?
- What are the procedures for putting agreements stemming from concertation into practice? (E.g. implementation under the law or according to the terms of a CA, or by an undertaking of a moral kind?)
- Are there informal procedures for tripartite concertation? Explain.
- Does the tripartite social concertation take place as a general habit, or does it take place only regarding an exceptional context? Explain.

If there is no tripartite social concertation at sector level:

- Are there other kinds of consultation or meetings between the government and the social partners at the sector level? ▪Which are the results of these meetings?

All these questions also apply if there is a regional sector level.

3. Description of the bipartite social dialogue in the sector

Bipartite social dialogue is defined as 'a process of cooperation and negotiation between employer and trade union representatives'²¹⁶.

²¹⁵Industrial relations in Europe, European Commission (Directorate-General for Employment and Social Affairs), May 2002, p 92.

²¹⁶ Op cit.

The field of this « sector monograph » covers the CB existing at different levels for one sector of activities.

- For the sector of activities, at which level CB takes place? At sector (branch) level? At “higher than enterprise” level? At enterprise level?
- Links between these levels? Which level is the most developed? And which are the reasons?
- Are there formal or informal reciprocal recognition systems on the part of social partners?
- What are the procedures for putting agreements into practice (e.g. implementation under the law or according to the terms of a CA, or by an undertaking of a moral kind?) (specify possible differences between levels).
- Would there be obstacles to development of bipartite social dialogue at sector level? Which ones?
- Is there a promotion of the bipartite social dialogue at the sector level? Who is contributing to this development? (State? Other? ...).
- Specify the link between the tripartite concertation and the bipartite social dialogue (for example: Does tripartite concertation takes place when bipartite concertation fails? Are some matters specific to bi- or tripartite dialogue?)
- Is the social dialogue moving from bipartite to tripartite (the state getting disengaged from negotiations)?

At sector level

If the CB in the Construction sector takes place at sector level, please answer to these questions. If not, go below, to the point: ‘at higher than enterprise level’

- How is the sector level defined in your country, in terms of what is a sector CA, what kind of actors can negotiated at this level, what is the ability of this actors. Please, explain the legal provision.
- Identification of the players at this level (cartels of bargaining if any).
- Is there any obligation to participate at CB at sector level?
- Are there conflicts between players regarding recognition issues?
- Number of CAs signed. Signatory parties. Content of these CAs (Wage? Working conditions? Working time? Collective issues...). Duration of these CAs. Which are the contents of the CAs that aren't covered by the legislation? Possible evolutions relating to the number and the content of the CAs.
- Coverage rate of the CAs in comparison with total number of enterprises and total number of SW?
- Number and type of SW covered by these CAs?
- Are there procedures for extending CAs to parties that are not signatories to the agreement? If yes, explain these procedures. Are these procedures effectively used? If not, what would the reasons be?
- Which are the players' positions with regard to future developments in the social dialogue in the sector?
- Identification of players who, although not recognised (or only partially recognised) by the dominant players or by public authorities, must be regarded as playing a role in industrial relations in the sector.

All these questions also apply if there is a regional sector level.

At « higher than enterprise » level

If the CB in the Construction sector takes place at higher than enterprise level, please answer to these questions. If not, go below, to the point: ‘at enterprise level’.

- How is the 'higher than enterprise level' defined in your country, in terms of what is a CA at this level, what kind of actors can negotiate at this level, what is the ability of this actors. Please, explain the legal provision if any.
- Identification of the players at this level (cartels of bargaining if any). Identification of players who, although not recognised (or only partially recognised) by the dominant players or by public authorities, must be regarded as playing a role in industrial relations at this level.
- Are there conflicts between players regarding recognition issues?
- Number of CAs signed. Signatory parties. Content of these CAs (Wage? Working conditions? Working time? Collective issues...). Duration of these CAs. Possible evolutions relating to the number and the content of the CAs.
- Coverage rate of the CAs in comparison with total number of enterprises and total number of SW?
- Number of enterprises who signed CAs at the “higher than enterprise” level? Type/size of these enterprises (SME?, multinationals?...)
- Number and type of SW covered by these CAs?
- Are there procedures for extending CAs to parties that are not signatories to the agreement? If yes, explain these procedures. Are these procedures effectively used? If not, what would the reasons be?

At enterprise level

If the CB is not/very little developed at "higher than enterprise" and sector level, please answer to these questions:

- Identification of the players at this level (cartels of bargaining if any). Identification of players who, although not recognised (or only partially recognised) by the dominant players or by public authorities, must be regarded as playing a role in industrial relations at this level.
- Are there conflicts between players regarding recognition issues?
- Number of CAs signed at this level in the sector. Signatory parties. Content of these CAs (Wage? Working conditions? Working time? Collective issues...). Duration of these CAs. ▪ Possible evolutions relating to the number and the content of the CAs.
- Coverage rate of the CAs in comparison with total number of enterprises and total number of SW?
- Number of enterprises who signed CAs at the enterprise level? Type/size of these enterprises (SME?, multinationals?...)
- Number and type of SW covered by these CAs?
- Are there procedures for extending CAs to parties that are not signatories to the agreement? If yes, explain these procedures. Are these procedures effectively used? If not, what would the reasons be?

4. Description of employers' and workers' organisations active in the sector (brief report for each organisation)

NB: Organisations taken into consideration

The following organisations are to be analysed:

- organisations that are members of European organisations,
- organisations that negotiate in the Construction sector,
- emerging organisations that are not recognised, but which play a role in the Construction sector.

Please for the quantitative data, precise the counting method, the dates and the sources. The best is to find several sources.

- What are the results of the last social elections?

For each workers' organisations

- Identification
- Name, English name, statute, sub-sector.
- Give a brief historic of the organisation
- Way of funding
- Number of SW working for the organisation (staff)?

Quantitative elements of representativeness

- Number of individual members (specify different categories. For example: workers, retired...)
- Number of members working in the sector.
- Density²¹⁷
- Distinguish between different kinds of membership (e.g. staff/white-collar workers, manual/blue-collar workers, managers, and particular professional categories)
- Does the organisation have elections? What is the nature of these elections? What are the outcomes?

If there are no data, please make estimates (and if so, please specify)

Ability to negotiate CAs or take part in consultations

- Does the organisation take part in consultations at sector, higher than enterprise or enterprise level? (specify)
- Does the organisation negotiate, or does it have the ability to sign, CAs? Which ones? (specify the level)
- How many CAs have been signed by the organisation in 2002 and 2003, and for each level?
- Does the organisation take part in tripartite concertation? How many agreements has it signed in the framework of tripartite concertation?

Link/affiliation to higher-level organisations

- List of national organisations at a higher level to which the organisation is affiliated directly (specify if member or observer) and indirectly.
- List of European organisations at a higher level to which the organisation is affiliated directly (specify if member or observer) and indirectly.

²¹⁷ Density (worker's organisations): number of affiliated Salaried Workers divided by total number of Salaried Workers in the sector.

- List of international organisations at a higher level to which the organisation is affiliated directly (specify if member or observer) and indirectly.

For each employers' organisations

- Identification
- Name, English name, statute, sub-sector
- Give a brief historic of the organisation
- Way of funding of the organisation
- Number of SW working for the organisation (staff)?

Quantitative elements of representativeness (for each sub-sector if possible)

- Total number of enterprises represented by the organisation?
- Total number of SW represented?
- Density (companies)²¹⁸, Density (SW)²¹⁹
- Types of enterprises (SME, multinationals, categories of activity...)

Ability to negotiate CAs or to take part in formal consultations

- Does the organisation take part in consultations at sector, higher than enterprise or enterprise level?
- Does the organisation negotiate and does it have the ability to sign CAs? Which ones? (specify the level)
- How many CAs have been signed by the organisation sin 2002 and 2003, and for each level?
- Does the organisation take part in tripartite concertation? How many agreements has it signed in the framework of tripartite concertation?

Link/affiliation with higher-level organisations

- List of national organisations at a higher level to which the organisation is affiliated directly (specify if member or observer) and indirectly.
- List of European organisations at a higher level to which the organisation is affiliated directly (specify if member or observer) and indirectly.
- List of international organisations at a higher level to which the organisation is affiliated directly (specify if member or observer) and indirectly.

²¹⁸ Density (companies): number of companies affiliated divided by total number of companies in the sector.

²¹⁹ Density (SW): number of Salaried Workers in the affiliated companies divided by total number of Salaried Wokers in the sector

COUNTRY

Contextual data in the sector

Companies

Sub-sectors	Number of Companies	% companies without SW	% companies with <10 SW	% Companies 10-100 SW	% companies with > 100 SW
Sub-sector 1					
Sub-sector 2					
Sub-sector 3					
Total of the sector					

SW: Salaried Workers

Workers

Sub-sectors	Number of workers	Number of SW	Number of SW/number of SW in the country (%)	Number of SW in companies <10 SW/number of SW in the sector (%)	Number of SW in companies 10-100 SW/number of SW in the sector (%)	Number of SW in companies >100 SW/number of SW in the sector (%)
Sub-sector 1						
Sub-sector 2						
Sub-sector 3						
Total of the sector						

SW: Salaried Workers

COUNTRY

Elements relating to the organisations

Employers' organisations

Organisation		Sub-sectors covered	Companies number	SW number	Density Companies %	Density SW %	T yes/no	CB yes/no	National affiliations		European affiliations*		International affiliations*	
Original name	English name								Direct	Indirect	Direct	Indirect	Direct	Indirect

SW: Salaried Workers

Density companies: number of companies affiliated/total number of companies in the sector

Density SW: number of SW in the affiliated companies/total number of SW in the sector

T: Does the organisation take part in a tripartite process?

CB: Does the organisation take part in CB?

* Specify if member or observer

Trade Unions

Organisation		Type of SW Type	Members Number	Members working in the sector Number	Density %	T yes/no	CB yes/no	National affiliations		European affiliations*		International affiliations*	
Original name	English name							Direct	Indirect	Direct	Indirect	Direct	Indirect

SW: Salaried Workers

Density: number SW affiliated to the organisation/number of SW in the sector

T: Does the organisation take part in a tripartite process?

CB: Does the organisation take part in CB?

* Specify if member or observer