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The EU-Türkiye Joint Consultative Committee (JCC)

**REPORT**

**Role of the Social Partners**

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# **Role of the social partners, industrial relations and social dialogue for a strong and fair economy**

## Social dialogue and strong social partners are an essential precondition for a thriving social market economy. This is true both for the EU and for non-EU countries. Social dialogue plays an even more crucial role in times of crisis, like the one unleashed by the COVID-19 pandemic and the unjustified invasion of Ukraine, with all of the consequent social and economic impacts, for both the EU and Turkey.

## Social dialogue refers to discussions, consultations, negotiations and joint measures involving organisations representing both sides of industry (employers and workers) and public authorities. It takes two main forms:

## 1) a tripartite dialogue involving public authorities; and

## 2) a bipartite dialogue between employers and trade union organisations.

## Social dialogue, based on respect for *freedom of association and the effective recognition of the right to collective bargaining*, has demonstrated its potential to promote democratic governance and participation, as well as economic stability and progress. It can also be a tool for maintaining or encouraging peaceful and constructive workplace relations[[1]](#footnote-1).

## Social dialogue comes in various forms and at various levels according to national traditions and circumstances and depending on domestic legislation. There is no one-size-fits-all approach to organising and strengthening social dialogue. At the same time, *free, independent, strong and representative employers' and workers' organisations, together with trust, commitment and respect from the governments for the autonomy of the social partners and social dialogue outcomes, are key conditions for effective social dialogue[[2]](#footnote-2)*. Collective bargaining remains at the heart of social dialogue. In its various forms in the different Member States, social dialogue is a key component of democratic government and also of economic and social modernisation and social justice.

## In Turkey, as pointed out in an ILO study[[3]](#footnote-3), social dialogue and industrial relations suffer from structural obstacles. The path forward means that the government must build a trustworthy relationship among the representative social partners of the country, in order to have a constructive and open attitude towards their counterparts, resulting in true and unhindered negotiations between trade union confederations and employers' associations.

## Tripartite and bipartite social dialogue play an important role in setting wages and working conditions, promoting decent work, gender equality and non-discrimination, social protection and occupational safety and health, supporting skills and career development, reducing inequalities, and anticipating and managing change. Social dialogue is a strong driver for economic and social resilience, competitiveness, stability, sustainable and inclusive growth, and development. It is important to underline the fact that social dialogue plays a significant role in shaping the future of work, taking into account particular trends of globalisation, technology, climate change and growing inequalities. These changes may create new opportunities, but may also lead to disruption and job displacement. Social dialogue is indispensable for addressing these challenges.

# **The European social model**

## Social dialogue lies at the origins of the European social model, which was developed by European countries from the beginning of the last century. Following the signing of the Rome Treaty in 1957, the countries of today's European Union have also progressively developed the coherent set of regulations and institutions on social policy that have become known as the European social model. It has been a source of inspiration for many other countries and regions. The European social model has led to many tangible achievements, as shown by Europe's high quality of public services and access to education and healthcare. It has also provided the foundation for stability and social peace.

## The social partners in Europe, through active collective bargaining negotiations, have achieved tangible results for workers in terms of salary, occupational health and safety (OSH) and labour conditions. At EU level, the European social partners have played an important and ever-increasing role in the field of social policy. They are consulted by the Commission prior to legislative proposals on social matters and during legislative processes, either by direct consultation or through the European Economic and Social Committee (EESC), where social partners from all Member States are strongly represented. As a result, the European social partners have in a number of cases influenced the shaping of European social policy legislation and contributed significantly to the setting of European social standards. The Lisbon Treaty has further strengthened the role of the social partners at EU level. A significant breakthrough has been achieved with the introduction of Article 152 TFEU, which provides that the Union as a whole is committed to promoting social dialogue.

## One example of a tangible and positive outcome of social dialogue at EU level for both workers' and employers' organisations is the adoption of Autonomous Framework Agreements. Such agreements have been struck by the European social partners in different cross-industry framework agreements, under Articles 154 and 155 of the Treaty on the Functioning of the European Union (TFEU)[[4]](#footnote-4).

## The European social model is also anchored in the belief that labour standards, as set by the International Labour Organization (ILO), are fundamental in providing basic rights for workers' and employers' associations. All EU Member States have ratified the eight ILO fundamental conventions[[5]](#footnote-5).

## The European social model can be defined around three main pillars, as described below:

### ***Increased rights at work and improved working conditions***

### Health and safety at work is one of the most developed aspects of EU policy in employment and social affairs. The 2007 Community Strategy on Health and Safety at Work envisioned that national and EU level policies should aim to create working environments that enable workers to contribute to their jobs until they reach old age. The strategy also encouraged Member States to develop measures to support the reintegration and rehabilitation of workers excluded from the workplace for a long period of time due to accident, occupational illness or disability.

### It is important to remember the progressive extension of the number of issues covered by EU legislation that are transposed into national legislation, from labour mobility to provisions aimed at fighting distorted competition, promoting equal opportunities between men and women, and improving health and safety at the workplace – with a great number of EU directives in this area. The most recent one is Directive 2023/970/EU[[6]](#footnote-6), issued on 17 May 2023, introducing new measures to enhance the implementation of equal pay between genders by means of pay transparency and enforcement mechanisms for equal work or work of equivalent value. OSH is an area in which the EU has made considerable progress over the past two decades, in terms of enhanced worker awareness, the introduction of workplace preventative measures, and stronger OSH laws and tangible results, such as a decline in fatalities and accidents, including in the construction and manufacturing sectors that have typically had a high level of work-related accidents.

### Democracy in the workplace – for instance, co-determination and works councils, information and consultation, financial participation, and so on – has also been promoted through EU legislation as well as by a number of innovative rules and practices in individual Member States. What is rooting such schemes in the EU is the commitment to them by all the stakeholders involved, as part of the corporate governance process.

## ***Universal and sustainable social protection systems***

### Universal social protection, with a strong basis in social solidarity, constitutes one important element of the European social model that the EU has tried to extend to new Member States. Despite the disparities between social protection systems, a number of basic features are shared by EU Member States, such as universal social protection (at least to a certain extent) to reach all citizens without discrimination of any kind, and steps to ensure solidarity between different groups in society.

## ***Inclusive labour markets***

### Labour markets are expected to generate fair wages and decent living conditions. Inclusive labour markets are clearly a priority for the EU and a basic pillar of the European social model. While wages are a matter that has been left up to individual nations, all Member States have developed minimum wage regulations, either through a statutory national minimum wage – in 21 out of 27 Member States – or through minimum wages negotiated through collective bargaining.

# **The European Pillar of Social Rights**

## The EU social model has been strengthened by the European Pillar of Social Rights (EPSR), a set of 20 principles designed to deliver on Europe's promise of prosperity, progress and convergence, and make social Europe a reality for all. As an example, Principle 6 of the Pillar calls for adequate minimum wages, as well as for transparent and predictable wage-setting to be put in place, according to national practices and respecting the autonomy of the social partners. At the end of October 2020, the Commission published a proposal for a Directive on adequate minimum wages for workers across the Member States, formally adopted by the co-legislators in 2022[[7]](#footnote-7).

## According to the European Commission, an adequate minimum wage ensures a decent living, helps to sustain domestic demand, strengthens incentives to work and reduces in-work poverty and inequality (and it also helps to reduce the pay gap). However, the Commission has in addition concluded that, in the majority of Member States, minimum wages are not set at an adequate level, which has caused a poverty risk for minimum-wage workers in these countries[[8]](#footnote-8).

## Directive (EU) 2022/2041 mentions very clearly that *"each Member State with a collective bargaining coverage rate below 80 % should adopt measures with a view to enhancing such collective bargaining"* and *"should provide a framework of enabling conditions for collective bargaining, and establish an action plan to promote collective bargaining to progressively increase the collective bargaining coverage rate"*. This can be achieved through legal means, after consultation with social partners, or through an agreement with them. Additionally, each Member State is obliged to create an action plan aimed at fostering collective bargaining.

## Regarding minimum wages, the same Directive – (EU) 2022/2041 – specifies that minimum wages are considered appropriate when they align fairly with wage distribution within the respective Member State, ensuring a decent standard of living for full-time workers. For guidance, Member States should use internationally recognised indicators like the ratio of gross minimum wage to 60% of gross median wage or 50% of gross average wage, as well as national-level reference values such as comparing net minimum wage to poverty thresholds and purchasing power.

# **The role of the social partners in the EU integration process**

## The process of eastern enlargement of the EU embraced post-socialist countries in Central and Eastern Europe (CEE), for the first time in 2004, followed by further eastward EU enlargements in 2007 and 2013. These enlargements brought wide-ranging expectations for the economies, societies and labour markets of the new Member States in CEE. Among other expectations, EU enlargement fuelled hopes on the side of the social partners for improvements in living and working standards, and new economic and business opportunities, as well as increased social protection after the difficult transition from communism in the 1990s.

## The social partners in the candidate countries played a key role in ensuring a smooth and inclusive accession process, by actively participating in tripartite accession consultative committees and also by strengthening relations with trade unions and employers' associations in Western Europe. The social partners organised information campaigns, aimed at their members and the general public, to show the benefits of adopting the EU *acquis*.

# **Russian invasion of Ukraine**

## Both the EU and Turkey are affected by the Russian invasion of Ukraine. The EESC has condemned the unjustified and unprovoked invasion of Ukraine and expressed its solidarity with the Ukrainian people, calling for firm action at both EU and national level in a spirit of unity at this dramatic time.

## EU governments have put in place many support measures to accommodate Ukrainian war refugees in the EU, and have focused on their social and economic integration into local labour markets. Additional financial resources have been deployed for the education system in order to welcome Ukrainian children in schools. The social partners have played a key role in facilitating this process and in assisting EU Member States in this important endeavour.

## The conflict in Ukraine has had multiple effects on EU citizens, encompassing both direct and indirect consequences, due to its far-reaching influence on regional and global dynamics:

* Refugee influx: the conflict in Ukraine has resulted in a rise in the number of refugees and displaced individuals seeking safety in neighbouring EU countries.
* Economic impact: the conflict's ramifications have extended to the EU's economy, given the significant trade partnership between Ukraine and several EU Member States, causing disruptions in trade, investment and supply chains.
* Energy prices: Ukraine plays a crucial role as a transit country for natural gas pipelines supplying Europe. The interruptions in gas flows have had a direct effect on energy prices, ultimately negatively influencing energy bills in the EU, and this has continued ever since.

# **The impact of high inflation and high energy prices on quality of life: role of the social partners**

## The increase in inflation has had diverse effects on quality of life in the EU, impacting both individuals and businesses alike. The negative effects include: an increase in the cost of living and a decrease in purchasing power; higher interest rates that make borrowing more expensive for individuals and businesses; a decrease in real wages (income is not rising as fast as the cost of living); a decrease in consumer demand, affecting both business and government revenues; postponement of long-term investment decisions, with repercussions for economic growth and job creation: and higher rates of poverty and social inequality etc.

## According to the European Parliament Spring 2023 survey, Europeans are increasingly dissatisfied with both the EU's and their respective national governments' handling of the cost of living crisis. The survey reveals that 65% of respondents are not happy with their national governments' response to the surge in food and energy prices, while 57% express unhappiness with the EU's response to the same issue[[9]](#footnote-9).

## Inflation has increased absolute poverty and energy poverty, thus widening pre-existing social disparities within the EU. Soaring inflation is eroding the purchasing power of individuals and families, with food and energy prices being the primary drivers, placing an increased burden on low-wage workers and households, since they allocate a significant portion of their income to food and energy expenditure. Consequently, households in less affluent EU countries or with lower incomes are bearing the brunt of the effects, as their higher relative spending on these essential items leaves them more vulnerable to the current economic challenges. The role of the social partners in finding the best solutions and ensuring social peace must be further recognised.

## To alleviate the impact of the cost of living crisis on households, it can be beneficial to implement targeted policies such as providing vouchers to low-income households to facilitate their purchase of essential goods or reducing value added tax on these items. Such interventions not only ease the burden of inflation on households but also contribute to curbing inflationary pressures. Additionally, fostering robust tripartite social dialogue and encouraging collective bargaining can play a crucial role in attaining appropriate wage adjustments during times of crisis.

## In 2022, Russia made a unilateral decision to halt gas supplies to several EU countries, intensifying supply uncertainties and driving gas prices up to record levels. The surge in gas prices has, in turn, led to a sharp rise in electricity prices due to the way the EU energy market currently functions. Throughout 2022, support policies were implemented to help Europeans cope with the escalation in food and energy prices.

## At the end of September 2022, EU energy ministers reached a consensus on the introduction of temporary and extraordinary measures to tackle the soaring energy prices. Nearly half of EU Member States have offered one-time direct assistance to households for their electricity bills. Simultaneously, efforts have been under way to curtail energy demand in both the short and the long term, including initiatives aimed at preventing energy poverty and fostering the transition to green energy sources. The social partners' involvement in designing and implementing the measures discussed at national level is paramount, and consultations with them ought to have been much more frequent and in-depth.

## In the past year and a half, Europe has been facing an unprecedented energy crisis, compelling EU Member States to collaborate in securing energy supplies and striving to maintain affordable prices for the general public and businesses. Enhancing the EU's energy resilience and autonomy hinges on diminishing reliance on Russian sources of fuel. This approach is becoming crucial for mitigating energy shortages, while also presenting an opportunity to expedite the transition to renewable energy sources.

## In conclusion, the EESC notes that economic uncertainty persists, bringing with it profound social implications. Policymakers have had to deal with unprecedented challenges over the past few years. Against this background, the crucial role of the social partners should not be overlooked, as their collective capacity to address these issues is invaluable. Hence, national governments and EU institutions should seek further consultation and involvement of national and sectoral social partners when addressing the multiple challenges ahead.

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1. [ILO Conclusions concerning the second recurrent discussion on social dialogue and tripartism](https://www.ilo.org/ilc/ILCSessions/previous-sessions/107/reports/texts-adopted/WCMS_633143/lang--en/index.htm) [↑](#footnote-ref-1)
2. [ILO – Social Dialogue](https://www.ilo.org/actemp/areas-of-work/WCMS_731146/lang--en/index.htm) [↑](#footnote-ref-2)
3. [Perception on Social Dialogue in Turkey: The Viewpoints of General Public, Employees and Relevant Actors](https://www.ilo.org/wcmsp5/groups/public/%40europe/%40ro-geneva/%40ilo-ankara/documents/publication/wcms_666548.pdf) [↑](#footnote-ref-3)
4. Two different procedures exist for their implementation:

either the European social partners ask the Council to adopt a decision (in practice, this is a directive, proposed by the Commission). In this way, the agreement becomes part of EU law. Three agreements have been implemented by Council Directive: the agreement on parental leave (1996) and the revised text in 2008, the agreement on part-time work (1997) and the agreement on fixed-term contracts (1999);

or the European social partners have concluded a new generation of "autonomous" agreements, whereby the social partners themselves take responsibility for implementing measures at national, sectoral and enterprise level. Such agreements are known as "autonomous agreements". Four autonomous agreements have been negotiated and signed, covering telework (2002), work-related stress (2004), harassment and violence at work (2007) and inclusive labour markets (2010). [↑](#footnote-ref-4)
5. [C029 - Forced Labour Convention, 1930](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C029)

[C087 - Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:312232)

[C098 - Right to Organise and Collective Bargaining Convention, 1949 (No. 98)](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C098)

[C100 - Equal Remuneration Convention, 1951 (No. 100)](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_Ilo_Code:C100)

[C105 - Abolition of Forced Labour Convention, 1957 (No. 105)](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:55:0:::55:P55_TYPE,P55_LANG,P55_DOCUMENT,P55_NODE:CON,en,C105,/Document)

[C111 - Discrimination (Employment and Occupation) Convention, 1958 (No. 111)](https://www.google.com/search?q=C111+-+Discrimination+(Employment+and+Occupation)+Convention%2C+1958+(No.+111)&rlz=1C1GCEU_enRO820RO820&oq=C111+-+Discrimination+(Employment+and+Occupation)+Convention%2C+1958+(No.+111)&aqs=chrome..69i57j0i512.411j0j4&sourceid=chrome&ie=UTF-8)

[C138 - Minimum Age Convention, 1973 (No. 138)](https://www.ilo.org/dyn/normlex/en/f?p=normlexpub:12100:0::no::P12100_ilo_code:C138)

[C182 - Worst Forms of Child Labour Convention, 1999 (No. 182)](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C182) [↑](#footnote-ref-5)
6. [Directive (EU) 2023/970](https://eur-lex.europa.eu/eli/dir/2023/970/oj) [↑](#footnote-ref-6)
7. [Directive (EU) 2022/2041](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022L2041) [↑](#footnote-ref-7)
8. [Adequate minimum wages in the EU](https://ec.europa.eu/social/main.jsp?catId=1539&langId=en) [↑](#footnote-ref-8)
9. [European Parliament Spring 2023 Survey: Democracy in action - One year before the European elections](https://europa.eu/eurobarometer/surveys/detail/3093) [↑](#footnote-ref-9)