



**FedEE**  
Federation of European Employers  
Fédération des Employeurs Européens

# Mettre à jour

## Latest News from the Federation of European Employers (FedEE)

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### Europe: Deficit reduction to hit proposed tax cuts

All EU member states currently operating a public sector spending budget deficit in excess of the EU's 3% target have until April 30th to inform the European Commission how they intend to bring spending in line over the next few years.

The Dutch government is forecasting deficits of 3.3%-3.4% during 2014-15. To bring this down they are proposing a number of special measures that include not indexing income tax thresholds next year, freezing public sector pay for the next 2.5 years, injecting 500 million euros into infrastructure projects to stimulate the construction sector and not going ahead with plans to cut 640 million euros from corporation tax and social payments next year.

### Europe: Representation of women in top jobs

The momentum behind the drive to increase the representation of women in senior management and on company boards in Europe remains

strong.

The Welsh government has recently announced a commitment to introduce a 40% quota for women on public sector boards, whilst in Norway - where a 40% board quota has existed since 2003 - the proportion of women on the boards of state owned companies has now grown to 46%. In France a 2011 law setting a 40% target to be met by 2020 has already led to an increase in female representation from 12% to 25%, whilst in Finland the proportion of women has reached 22% without setting a national target.

### Germany: Court defines data protection rights

Two areas of employee data protection law have recently been clarified by the German courts.

\* The Federal Labour Court has strengthened the position of German works councils by holding that a works council may decide how to comply with German data protection law independently of the business to which it relates. [7 ABR 23/11]



\* The Higher Regional Court of Dresden has held that a company may only delete an old email account once the former account holder no longer has any 'interest' in the account data. If the employee has used the email account for personal email then he may retain an interest in the account data after his employment ends. [Az 4 W 961/12].

## **Germany: Increase in proportion of foreign managers**

Last month The Organisation for Economic Cooperation and Development (OECD) reported that German companies are recruiting too few skilled workers from outside Germany and warned that this threatens to restrict the competitiveness and growth of the German economy.

The German carmaker, Daimler, has recently reached a similar conclusion and is therefore planning to introduce "foreigner quotas". The company admits that most of its managers are German and will be seeking to rectify the imbalance by recruiting 50% of new managers from overseas. It also wants to increase the percentage of female recruits to 35%.

## **Germany: Absence rising, especially amongst temps**

According to Germany's Federal Institute for Occupational Safety and Health, employee sick leave rose from an average of 11.3 days in 2010 to 12.6 days in 2011. The lost production due to such absence amounted to 46bn euros. The institute has also reported that the number of days lost due to stress and psychiatric conditions rose in 2011, although absence due to work-related injuries decreased.

The German insurance company, TK, has found that sickness absence is higher amongst temporary agency workers than regular employees - by an average of around 4 days per employee. Furthermore, a recent study in the

Netherlands has found that sickness absence among temporary workers is increasing.

## **Netherlands: Political vulcanomics in Staten Generaal**

In a debate last week in the Dutch Parliament a coalition partner - the socialist PvdA Party - urged a 'system of relative minimum wages' for the European Union's 27 member states. During the debate Staten Generaal representative Michiel Servaes suggested that this could be linked to a country's relative prosperity.

Meanwhile, a crisis could unfold in the European Union next week if the Dutch parliament votes through a proposal to make Dutch law take precedence over EU law. Ever since a European Court of Justice decision in 1964 an essential condition of EU membership has been that in areas where the EU has powers under its Treaty, European law is above national law.

## **Spain: Impact of age structure on productivity**

A little noticed element in the European Commission's Winter Economic Forecast is the prediction that, although the population of principal EU states will probably grow in the next two years, Spain's population is likely to contract.

Spain's labour laws disproportionately protect older workers and as a consequence younger workers are finding it increasingly difficult to find work at home, and many are emigrating to Germany. A recent Deutsche Bank report has examined the effects of changing age structure on productivity and concluded that over a five-year period it could amount to a loss of 2%. For this reason the drain of highly skilled young workers from Spain could well be hitting its growth potential at a time when its politicians are trying to talk up its prospects.



## UK: Half of all companies do not fully vet suppliers

An investigation carried out by accountants Ernst & Young has revealed that half of all UK employers do not check their suppliers for compliance with the UK Bribery Act, despite the fact that they could be held personally liable for associated third parties' failure to comply.

Although there have been no prosecutions under the Act since it came into force in July 2011, the Serious Fraud Office (SFO) has 11 active bribery and corruption cases and an additional 18 under consideration. The number of companies self-reporting corruption offences also nearly doubled in 2012.

## Pay, Tax and Benefit Trends

**DENMARK:** The Danish government is planning to boost growth by cutting corporation tax from 25% to 22% and increase public spending. This plan comes hard on the heels of a proposal to require all unemployed under-30 year olds to enroll in an education programme - rather than draw social security.

**EUROPE:** According to the latest figures from the European Commission - which are unfortunately from 2010 - women in Europe earn on average 16.2% less than men. This disparity was greatest in Estonia (27.7%), Austria (24%) and Germany (22.3%). Although the figures remain high, they indicate a slight decrease in the gender pay gap compared with previous years.

**FRANCE:** The French government has established an online calculator to assist individuals to determine the income tax that falls due this year. France is one of the few countries in the world not to operate a pay-as-you-earn tax system. It is therefore necessary for employees to set aside tax in one year to be paid in the next.

The calculator can be viewed at [http://www3.finances.gouv.fr/calcul\\_impot/2013/](http://www3.finances.gouv.fr/calcul_impot/2013/)

**GERMANY:** The Upper House of the German Federal Parliament has voted to introduce a universal statutory minimum wage of 8.50 euros an hour. This measure will now be passed down to the government controlled lower house where it is likely to be defeated. However, a general election is due to be held on September 22nd this year and if won by the center-left Social Democrats and Greens (who now dominate the Upper House) the Bill is likely to take priority and become law by the end of the year.

**GERMANY:** Two recent collective agreements in Germany have resulted in 3% pay increases over an extended period. In Germany's north-west steel industry the rise in basic wage rates is over 15 months. Whilst in the wood and plastic industry in Westphalia-Lippe the 3% rise is over 16 months. The steel agreement also introduced a partial retirement option for certain grades of employee and prior service credits under the sectoral pension scheme.

**LITHUANIA:** In a report published this week the Lithuanian Free Market Institute predicts that the country's average wage will rise by 8% this year. The authors also believe that unemployment will continue to fall, but that the decline will be tempered by the rise in the minimum wage to LTL 1,000 (289 euros) that was introduced on January 1st.

**SWITZERLAND:** A referendum in Switzerland has resulted in strong support for controls on executive pay. The new law, which will now have to be introduced by the Federal government, will cover all Swiss-quoted companies - whether listed on Swiss or foreign stock exchanges. It will give shareholders a binding vote on executive pay and ban certain types of payments, such as golden handshakes and bonuses paid for handling takeovers or the disposal of a business.



**TURKEY:** A proposal to extend paid maternity leave from four to six months in Turkey is currently being discussed by the Council of Ministers. However, many politicians and pressure groups have expressed fears that such change would pose an additional barrier to female workforce participation rather than encourage women to remain economically active. According to the United Nations, the proportion of women in the Turkish labour force has decreased by 10% since 2000 and currently stands at less than 30%.

**UNITED KINGDOM:** A deal has been struck between the UK's National Health Service employers and the majority of health unions which will reduce salary and allowance entitlements for nurses, scientists and allied staff. Automatic incremental pay rises will, in future, be replaced by merit-based payments and sick pay will be compensated at basic pay rates - rather than actual earnings received prior to the absence period (except in the case of work-related absence).

**UNITED KINGDOM:** On March 8 2013 the right to unpaid parental leave in the United Kingdom increased from 13 weeks to 18 weeks. Employees who are a parent now have the right to take parental leave until the child's fifth birthday. Adoptive parents may also take parental leave until the fifth anniversary of the adoption, or by the child's 18th birthday - whichever is the sooner.

## Other European HR news in brief

**POLAND:** The Polish parliament has voted against a government amendment to the Labour Code designed to provide greater working time flexibility and a reduction in Poland's generous statutory overtime premium rates. The most likely change to be salvaged by the government is a proposal to increase the reference period for

calculating average working time from four to twelve months.

**RUSSIAN FEDERATION:** A Bill has been drawn up by the Russian government that would amend the federal law on the legal status of foreign citizens. The Bill seeks to improve the coordination between the state immigration service (FMS) and tax service (FTS) and requires that foreign workers register with the tax authorities within three days of commencing work.

**HUNGARY:** Hungary's "First job guarantee" programme was relaunched on March 1st 2013. The new programme aims to find 7,200 people under the age of 25 their first work opportunity. Employers will receive a state grant to cover the young worker's pay (up to 1.5x the minimum wage) and their social security contribution for a period of up to six months, after which they are obliged to keep the employee on their books for at least half the preceding employment period.

**FRANCE:** For two neighbouring tyre-making plants in France, opposing decisions to adopt changes in working conditions have resulted in equally opposing consequences. Since the CFDT union accepted tougher labour conditions four years ago, in exchange for higher pay and new equipment, the Dunlop plant in Amiens has prospered by more than 50 million euros in investment. By contrast, at the nearby Goodyear plant, where the CGT union rejected similar changes four years ago, production is shortly set to cease, with the loss of over 1100 jobs.

**UNITED KINGDOM:** Recently published data from 2011 Census of England and Wales reveals that 10% (5.8 million people) devote at least part of their week to the caring for disabled, sick or elderly relatives without any monetary compensation. This is an 11% rise over the decade since the last census. Survey results just published by the organisation 'Carers UK' further indicates that 22% of workers are affected by



such caring responsibilities. The survey suggested the most seriously affected workers were those aged 45 – 54, where 27% reported that caring had taken a toll on their work.

**EUROPE:** Following the loss of 2,500 jobs and a 27% dividend cut, the insurance group Aviva is freezing salaries and not paying bonuses to its top 400 executives this year. However, the company is not intending to claw back bonuses already awarded - although more job cuts are likely in coming months.

**FRANCE:** Negotiations have begun in France between the organization PRISM and five unions (ICU-CGT, FO, CFDT, CFE-CGC and CFTC) on the establishment of a permanent contract for temporary agency workers (CDI intérimaire). This would help employers to escape the higher

unemployment contributions payable on short-term contracts. Agency workers would be paid a retainer between assignments, but the principle would remain that they would be treated equally with employees that they replace when assignments are being carried out.

**EUROPE:** The unemployment rate for those under 25 deteriorated further over the year to January 2013 in Spain - rising from 50.2% to 55.5%. Youth unemployment also remained high in Italy (38.7%), Portugal (38.6%), Slovakia (35.9%), The Irish Republic (30.9%), Bulgaria (28.3%) and Poland (28.1%). No January data is available for Greece, but in November 2012 youth unemployment stood at 59.4%. By contrast, the youth unemployment rate in January was 7.9% in Germany and 9.9% in Austria.

## FedEE news:

**JSB EMPLOYMENT LAW TRAINING OFFER:** FedEE and [JSB](#) are working in partnership to offer FedEE members a 10% discount on any international employment law course booked using the discount code 'fedee12'.

JSB offers a wide range of employment law training for HR professionals, covering all aspects of UK and international employment law.

Full details of their employment law programmes can be found [here](#).

Their full range of **international employment law courses** covers over 30 countries, including comprehensive 1-day seminars on many European jurisdictions. Each seminar is led by a legal expert from the country in question, providing first class legal expertise that links legislation to practical HR management challenges. Full details of their upcoming courses can be found [here](#).

To activate the FedEE member discount code, simply quote 'fedee12' when booking.





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