



# Dernières nouvelles

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## EDITORIAL: All smoke and mirrors

What constitutes HRM is constantly being redefined and HR professionals are finding themselves increasingly being drawn in to the IT concerns of their business. This is partly because of the natural invasion of digital media into every aspect of our lives, but also because of the mounting bureaucracy created by data protection legislation that IT departments do not want to handle. Furthermore this makes sense (you can hear IT Directors reason) because data protection is, after all, about “personal data” – and therefore the province of ‘personnel’ specialists.

But IT is a confusing world, largely because it has surrounded itself with “techy” jargon to mystify itself and raise its status – like law did when scribes turned into lawyers hundreds of years ago. But to operate effectively HR professionals need to cut through such barriers and put their new accountabilities into a broader context.

Take, for instance, the latest IT-related measure to be launched within the European Union. The ‘Network and Information Security Directive’ now approved by the European Parliament will establish a network of computer incident response teams across the EU and also a ‘Cooperation Group’ made up of representatives from all member states. The European Commission has also launched a “public-private partnership on cybersecurity” and is going to invest 450m euros (\$US500m) in bringing together “cybersecurity market players”.

These are fairly typical responses of the EU to issues that they barely understand and in reaction to recent scares like the “Panama Papers”. Even the use of the expression “cyber” is dated and betrays how out of touch the EU is with the IT industry. Such incidents are easily avoidable however – as the Panama security breach was largely due to a failure to update Wordpress internet software.

Everyday thousands of rogue bots are scanning the Internet to find security glitches. But the technology already exists to deal with them through free software resources such as “wordfence” that locks hackers out if they try to second-guess passwords. The computer “incident response teams” are hence a needless measure, as what really requires strengthening are the powers and tracing technologies of law enforcement agencies to detect hackers and close them down.

When the Internet was launched it was not as new as most reports suggest – as packet switching had been around for years (FedEE newswires went out on Prestel in the UK). But it did not take governmental intervention to establish the necessary protocols. Microsoft and Mac operating systems also came about through natural market competition. The European Union wants to create a “Digital Single Market” to make it appear relevant and private sector IT companies are happy to take their funding to develop their own businesses. But it is largely a way of subsidizing the IT industry across the EU - which it could not openly do without generating opposition from other governments in the interests of their own IT sectors. Appearance and reality – once again so much a jaded world apart.

## **AFRICA: Open borders? Maybe not yet**

The African Union intends to issue passports to citizens of its 54 member states in order to give visa-free access across the region.

Freedom of movement has long been a central aim of the African Union ever since the Abuja Treaty of 1991. A more modest experiment in offering a common passport has already been conducted in the Economic Community of West African States

(ECOWAS). However, only 13 African states offer visa-free travel to nationals from throughout the continent, although a border-free policy has clearly demonstrated, in the case of Rwanda, how much it can boost tourism and economic growth.

Africa has a major emigration problem as many of its most talented individuals seek to escape to Europe. But opening internal borders will give particularly young and highly skilled workers an opportunity to move to other countries in Africa if suitable jobs cannot be found in their home country. Although the deadline for the common passport and visa-free travel has been set for 2018 it is likely to take much longer for the project to be completed. Other barriers are likely to be fears over terrorism, the fact that visas generate a significant amount of revenue for many poorer African nations and the fact that the common systems required to deal with biometric passports and the sharing of criminal records are not yet in place. There is also likely to be a lot of resistance from border control agencies as bribes are a regular feature of international travel within Africa.

## **FRANCE: Eyes wide shut**

The day after the fateful Brexit vote 4,000 UK executives received a letter from the head of the Île-de-France government, Valérie Pécresse, extolling the virtues of Paris as a location for business and a high standard of living.

Now it is clear that France’s central government also plans to take full advantage of the Brexit vote to lure, in particular, financial institutions and the best financial talents from London to Paris. The French Prime Minister, Manuel Valls, wants to introduce into France the “most favourable tax regime in Europe” for

expatriates. A heady dream – particularly as the first move has been to cut corporation tax from 33% to 28% - leaving French-based corporates still far too heavily taxed.

Paris's financial centre has achieved prominence in the corporate bond and investment management markets, but now that the gloves are off there is a much stronger case for Frankfurt than Paris. Mme Péresse estimates that about 30,000 financial sector jobs are up for grabs, with as many again in related industries. But achieving such a job creation programme is going to require those in this sector to close their eyes to the huge disadvantages of France as an employment location. France already offers some tax advantages to expatriates, but is going to have to offer far more to divert the flow of money and people heading straight for Frankfurt.

## **GLOBAL: Mind the gap**

Many companies are getting uncomfortable about the widening pay gap between entry-level/junior employees and senior executives.

The largest bank in the USA – JP Morgan Chase – is taking the lead to resolve this in a very open way. Writing in the New York Times Chief Executive Jamie Dimon has announced that the company is planning to raise the current pay floor of \$10.15 an hour to \$12 - \$16.50 an hour over the next three years. The bank already offers even low-paid workers a generous benefits package – including healthcare – worth \$11,000 a year.

Although numerous governments around the world are seeking to hike minimum pay rates to reduce social inequalities they are still not keeping pace with the post-recessionary pay

risers for senior executives. Other pressures are at work too – such as an attempt to reduce corruption in public service – which has led the Indian government to reverse the compression in differentials between lower paid and top civil servants.

Last year the pay of CEOs in America's top 350 companies was, according to the Economic Policy Institute, down 5.1%. But this was seen by the institute as nothing to do with policies to reduce the wage gap. In fact, 83% of decline in CEO pay was due to the drop in value of realized stock options in 2015.

Of course, many companies can afford to raise salaries at the lowest levels knowing that many of these positions will be redundant in the next few years. A report released at this year's World Economic Forum predicted job losses amounting to around 7 million over the period to 2020 – mainly in administrative/office positions. Grossed up to a global level this rises to 10.5 million worldwide. However, this is, in fact, likely to be a significant underestimate of the job losses that will be brought about by the new wave of automation and the "Internet of Things". FedEE's own calculations indicate net job losses of at least 300 million over the next 15 years – or 12% of the current worldwide workforce.

## **GLOBAL: Cracking down on wage payment violations**

The late, or nonpayment, of wages has been under the legal spotlight recently as the issue has hit the headlines in many countries around the world. In the last few weeks it has affected airport workers in Kuwait, police officers providing security at the Rio Olympics, council cleaners in the Indian state of Kerala

and Teachers in Zimbabwe. It has also led to a Bill in Nigeria to criminalize such acts.

In Philadelphia, USA a new city ordinance came into force on July 1<sup>st</sup> establishing a "Wage Theft Coordinator". This measure provides an alternative course of action for any employee owed between \$100 to \$10,000, with much scope for multiple claims and fixed penalties if the non-payment extends over several weeks.

In Australia this issue is perceived as the exploitation of vulnerable workers. A comprehensive body of legislation was outlined ahead of the federal elections on July 2nd and now that the Liberal Coalition has been returned to government legislation can be expected in the next few months. The reforms will principally arise as amendments to the Fair Work Act 2009 and serve to ramp up penalties payable by employers who "deliberately and systematically" underpay workers and fail to keep proper pay records.

## **GLOBAL: Working into old age**

Back in 1900 the average life expectancy around the world was 31 years. Even by 1950 it was only 48 years. Today it is around 72 years. The biggest improvement has been in infant mortality, but there have also been huge improvements for men in their late 60s and women in their early 70s. The gender gap has also closed as men's mortality rate has fallen. Even so, 10% of men in the USA and 25% of Russian men still die before age 55 and the AIDS epidemic has cut life expectancy in half across much of central and southern Africa.

When old-age pensions were first introduced they were only for the few who lived beyond the normal retirement age. Now they have to

cover the majority of employees in the face of continuing rises in life expectancy. Measures to extend working lives have largely been successful because of the closure of early retirement schemes and associated options, together with improvements in the health of older workers. Last year the employment rate across the EU for those aged 55-64 was 53.3% - up from 40.6% in 2004. However, the proportion of employees working beyond 55 is 84.8% in Iceland, 74.5% in Sweden and 72.2% in Norway. The countries with the lowest employment rates for older employees are Turkey (31.8%), Greece (34.3%) and Slovenia (36.6%).

Globally the proportion of employees working beyond age 65 is also growing. In OECD countries the proportion grew from 10.8% in 2000 to 13.8% in 2015. In Korea 30.6% and Columbia 29% of employees continue to work beyond age 65, yet in Spain all but 1.8% have left the labour market by that age. These figures are likely to be lower than the true levels of participation due to the existence of large informal economies in many countries, but the trend is nevertheless towards extended economic activity into old age. In fact, remarkable as it may seem, the OECD reports that 17.9% of Korean workers remain in employment by age 75 and 9.2% of Columbian workers beyond the age of 80.

## Pay, Tax and Benefit Trends

**CZECH REPUBLIC:** Over the year to Q1 2016, median monthly earnings for full-time employees in the Czech economy grew by 6.5% to CZK 22,533 (\$US 921). The median wage for men rose to CZK 24,570 (\$US1,004) and for women to CZK 20,165 (\$US824). 80% of employees earned between CZK 12,117 (\$US495) to CZK 40,997 (\$US1,675).

**GERMANY:** The German Airline Lufthansa has concluded an agreement with the cabin crew union UFO that will help to secure the company's future. The deal was reached through a mediator and included replacement of the company's defined-benefit with a defined-contribution pension scheme for new staff, new flexible contracts to cater for seasonal variations, acceptance of changes necessary for the budget carrier Eurowings to operate more profitably, a 5.5% pay rise over the period to 2019, a 3,000 euro (\$US 3,315) one-off bonus (already paid out), a no-strike clause and job guarantees until 2021. But agreement has yet to be reached with the pilots' union Vereinigung Cockpit. They may be less likely to accept a modest longer-term pay deal or a defined-contribution pension scheme.

**INDIA:** Negotiations over a new collective agreement in the Indian coal industry are now overdue. Management and unions at the company 'Coal India' have a standing agreement to review wage levels every five years through a special joint committee convened for the purpose. But the last agreement expired on June 30<sup>th</sup> and now the five central trade unions involved have warned that strike action will take place in the near future. India is the third biggest consumer of energy in the world and coal accounts for 55%

of energy consumption. It has the 4<sup>th</sup> largest coal reserves in the world and a high proportion of coal produced is converted to gas for industrial use.

**SOUTH KOREA:** The statutory national minimum wage in South Korea will rise by 7% next year to 6,470 won (\$US5.66) an hour. However, the rate was only established after a walkout of all nine trade union representatives from negotiations due to the refusal of employers to accept demands for a double-digit increase. The wage affects the earnings of 3.4 million workers and is used as a reference point for many others during collective bargaining. There will now be a period during which unions may object to the deal. If they are not successful then the Labour Ministry will officially announce the new rate on August 5<sup>th</sup> 2016.

**USA:** The US Bureau of Labour Statistics has issued a comprehensive review of employee benefits in the private sector, as at March 2015. This reveals that 66% of workers received company retirement benefits. Moreover, responsibility for the employee share of medical costs varied significantly between nonunion workers (23%) and unionized workers (13%), whilst paid holidays were provided to 90% of full-time and 37% of part-time workers. Life insurance benefits were also commonly provided – with 57% of workers having access to them. However, access was greater in the manufacturing (71%) than the service sector (54%) and in companies employing over 500 people (86%).



## Other Global HR News in Brief

**CAMBODIA:** The new Trade Union Law is currently awaiting signature by King Norodom Sihamon. This allows the government to intervene in union affairs, and for third parties to seek the dissolution of a union on a number of grounds. Furthermore, it requires at least 50% + one of a union's total membership to vote at a single, face-to-face meeting before a strike may be called, or a statute may be amended.

**CANADA:** The Canadian government has brought into force new health and safety regulations under the Labour Code. These incorporate the Globally Harmonized System of Classification and Labeling of Chemicals (GHS). Applying an international standard to the classification and labeling of workplace chemicals will make it much safer to use foreign manufactured products. Last year there were 240,000 reported incidents of occupational illness or disease in Canada - although very few of them were due to product labeling problems. But Canada is making determined steps to prevent such easily avoidable accidents – including the Canadian Consumer Product Safety Act introduced back in 2011.

**CHINA:** The city authorities in Beijing, China's capital city, are relaxing residency rules for certain foreign workers and non-local Chinese workers – especially if they are hired by companies in Zhongguancun Technology Park. A new merit-based points system has been put in place that will give priority to what it calls "innovative and entrepreneurial talent". Previously such avenues were only open to employees of a few favoured enterprises, government agencies and state-owned companies.

**FRANCE:** The controversial labour Bill has now been forced through the French national assembly on its second reading without a formal vote. It now goes to the Senate before returning to the lower house for a final decision. The Bill has been extensively watered down from its first draft and although it does relax hiring, firing and working time rules, its impact on job growth will be marginal. Its new provisions will also make it be much harder for international companies to second staff to work in France - whilst raising the maximum penalty to 500,000 euros (\$US553,000) for infringing transfer rules.

**GULF STATES:** The Gulf Cooperation Council (GCC) has agreed to introduce value added tax (VAT) across the whole region. This will lead to the creation of hundreds of accounting and IT jobs over the next three years. Companies with an annual turnover of Dh3.75 million (\$US1M) will be obliged to register under the GCC VAT system, whilst those with annual sales revenues between Dh1.87 million and Dh3.75 million will be able to voluntarily elect to register. The first tax will be collected from January 1<sup>st</sup> 2018.

**INDIA:** The national government is currently pushing through the Model Shops and Establishment (regulation of employment and condition of services) Bill. This will create a framework for retailers and other service sector employers to stay open on a 24/7 basis. Consequently there will be a huge boost to the country's economy and internal labour market – although, surprisingly, it will not affect the employee dismissal provisions in the Shops and Establishments Act.

**IRELAND:** The Dáil Éireann (lower house of parliament) has passed the Paternity Leave and Benefit Bill. This introduces the right for fathers to take two weeks paid leave. The new

right will apply to fathers of babies born after September 1<sup>st</sup> 2016 and payment will be through a state benefit. The leave may be taken up to 26 weeks after the birth or date of first adoption.

**ISRAEL:** The Israeli parliament (Knesset) has approved a new paternity leave law. This will allow working fathers to take three days of their normal annual leave when their baby is born, plus a further two days as sick leave (on half pay). If an individual has used up all their annual leave then the initial period of time off will remain a right, but shall be without compensation. Up to two days paternity leave was first introduced in 1998, but the first day had to be deducted from the mother's maternity leave period. Earlier this year the "nursing hour" taken by mothers each day during the first four months of returning to work was changed to a "parenting hour" and allowed for both parents (if the mother consents).

**ISRAEL:** The pool of available talent in Israel - particularly in mathematics, medicine and IT - is rapidly drying up. The days are gone when companies could draw on people trained in the military or intelligence communities or refugees from other lands, and the number of graduates in Mathematics and Computer science has fallen. There is a continuing prejudice too against those from ultra-orthodox Jewish backgrounds or of Arab ethnic origin, whilst many large US corporations have acquired start-ups, lifted salary rates and moved many of the most talented individual overseas. Obtaining work permits remains difficult, so many Israeli companies are investing in research centres outside Israel, particularly in eastern Europe.

**NEPAL:** Last year the Nepalese government introduced a labour migration scheme to allow

their nationals to work abroad and remit funds back home. Under the deal, Nepalese nationals could go to Qatar, Saudi Arabia, the UAE, Kuwait, Bahrain or Oman for work and recruiting agencies could charge individuals fees up to Rs10,000 for their services. A further condition was that employers in the receiving country would have to meet the new employee's travel costs. Malaysia was part of the original scheme, but there is now strong evidence that recruitment agencies there are ignoring the fee limits. They have been able to do this because the Malaysian government never actually signed the labour pact.

**NETHERLANDS/JAPAN:** An ancient treaty dating back to 1912 will shortly come to an end and with it the facility for Japanese nationals to work in the Netherlands without a work permit. From October 1<sup>st</sup> Japanese nationals who wish to work in the Netherlands shall have to apply in the same way as other non-EEA nationals. Although those already working in the country may continue to do so until their residence permit expires.

**POLAND:** Just in time to meet the June 18<sup>th</sup> deadline, legislation has come into effect in Poland to implement the revised EU Posted Workers Directive. There is very little that is new in this measure except that it strengthens the already tight enforcement rules and provides a penalty for non-compliance ranging from 250 to 7,500 euros (\$US 277- 8,300). Employers will have to notify the labour inspectorate before bringing in workers from outside Poland, giving start and end dates, affirm compliance with Polish law and local terms and conditions enjoyed by Polish workers and also justify why Polish workers cannot undertake the assignment. There must be a local representative of the company in Poland and work records retained there for

two years after an assignment ends. It also includes provisions requiring employers to protect documents against fire, theft or loss.

**TAIWAN:** An amendment to the Employment Service Act has just been approved by Taiwan's parliament. This removes the requirement of foreign workers to leave the country every three years and also pay brokers to secure fresh employment and new work permits. Employers may now directly arrange for the renewal of permits - provided the foreign worker has a clean criminal record and has not been in the country for an aggregate period exceeding twelve years. A total of 595,695 foreign workers are currently employed in Taiwan, of which 240,000 are from Indonesia

**UAE:** Immigration rules have changed in the UAE, making it more difficult for family members to remain in the country when the principal work-permit holder changes jobs

outside the free-zone. In the past, family member visas were put on hold until the principal permit holder had arranged a new work permit. But now family members will simply be issued with a notice informing them that their visa will be cancelled within 30 days.

**USA:** The penalties for non-compliance with work permit rules in the USA are set to rise by 43% - 50%. This will mean the new penalty per individual hire as a first offence will range from \$US539 to \$US4,313. The new penalty for third and subsequent offences will range from \$US6,469 to \$US21,563. The penalty for incorrect paperwork will also rise by 96%, although the penalties for "unfair immigration related employment practices" will rise by just 11% - 24%. The new rates will become effective on August 1<sup>st</sup>, but then in respect to all violations since November 2<sup>nd</sup> 2015.

## Dates for your diary:

**August 1<sup>st</sup> 2016:** OSHA in the **USA** to increase maximum penalties by 78%. The last change was in 1990.

**September 29<sup>th</sup> 2016:** **Canada** to introduce mandatory Electronic Travel Authorization (eTA) for all visa-free eligible nationals (excluding US citizens) arriving by air.

**October 1<sup>st</sup> 2016:** **Brazil** CRS international tax transparency rules take effect.

**November 8<sup>th</sup> 2016:** **US** Presidential Election

**December 1<sup>st</sup> 2016:** FLSA new overtime rules become effective in the **USA**.

**April 6<sup>th</sup> 2017** Introduction of apprenticeship levy for large **UK** employers.

**April 23<sup>rd</sup> and May 7<sup>th</sup> 2017:** **French** Presidential Election.

**May 25<sup>th</sup> 2018:** Final effective date for **EU** General Data Protection Regulations.



## Travel Warnings

**Bangladesh:** Following a terrorist attack in Dhaka's Gulshan District the Australian government has advised its nationals to observe extreme caution - as foreigners may become the target for future attacks. Moreover, recent studies suggest that pressure is building up under the mountains of north-west **Myanmar** causing a huge earthquake threat to Dhaka and the east of the country.

**Chad, Djibouti, Eritrea, and Yemen:** According to the Centers for Disease Control and Prevention these countries present a special risk to the spread of the Zika virus.

**Egypt:** The high incidence of shootings, bomb attacks and other security problems continues across the country.

**Ethiopia:** Protests in the northern city of Gondar have led to 20 deaths in the last week and the spread of unrest and widespread looting to the whole region. The government claims that there is a threat of terrorism from neighboring Eritrea.

**Italy:** Air traffic controllers will strike again on July 23<sup>rd</sup> 2016. This will be one of the busiest summer holiday travel days. Those considering a move to settle in Rome may wish to think again as studies suggest that a circle of hills called **Colli Albani**, just 20kms from Rome, are showing signs of volcanic activity which could eventually lead to a violent eruption.

**India:** Widespread flooding is affecting the north-east Indian state of Assam – particularly in the valley of the Brahmaputra river.

**Mexico:** The violent crime rate is very high and abductions are a significant threat, particularly in principal cities. The states of Michoacan, Guerrero and Tamaulipas are particularly dangerous for foreign visitors.

**Mongolia:** The recent outbreak of measles has now climbed to 19,000, with 59 infant deaths. All visitors are strongly advised to be vaccinated before travel.

**Spain/Europe:** Pilots working for the airline Air Europa have called a strike for July 30<sup>th</sup> to August 2<sup>nd</sup>.

**Tunisia:** Terrorism remains a high and constant threat. If travel is essential visitors should monitor the media for news and alerts.

**Turkey:** The recent attempted coup has led to widespread arrests and violent demonstrations on the streets. Nationalist frenzy in Turkey has led in the past to attacks on foreigners. Travel to the city of Istanbul also poses a further risk due to pressures along the north Anatolian complex of fault lines and the increasing risk of a category 7+ earthquake in the city.

**United Kingdom:** Flash floods from freak thunderstorms are a danger in the next few days across much of the UK, particularly in Scotland.

**Yemen, Syria, Somalia, Philippines, Libya, Afghanistan:** the South Korean government has placed a ban on its citizens from travelling to these countries.

## FedEE News

**CYPRUS OFFICE:** We are currently establishing a new office and research centre in Nicosia, Cyprus. It will be fully operational from August 1<sup>st</sup> 2016. This will be increasingly important in the light of Brexit.

**PUBLIC HOLIDAYS 2017:** We have now posted public holidays for next year into the individual country sections of the knowledgebase and into the separate public holiday section.

**NETWORK WITH OTHER FEDEE PROFESSIONALS:** Don't forget to sign up to FedEE's face-to-face networking community, butN. Join for free today at <http://www.but-n.com>.

## FedEE Jobs



### Head of Wholesale Sales (Germany)

Experience and qualifications required: Regional sales Manager or Multi-country sales Manager in a multi-channel environment. Relevant degree: (B.Com or Business Studies). For further details contact [gabi.daumerlang@icebreaker.com](mailto:gabi.daumerlang@icebreaker.com).

**FedEE Cyprus:** Vacancies exist for a legal Intern (6 months initial appointment) and a Finance and Admin Officer (Full-time). Both based in Nicosia. For further details contact [robin.chater@fedee.com](mailto:robin.chater@fedee.com)

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