

Joint European Level Social Partners'
Work-Programme 2006 – 2008

Joint Study on Restructuring in the “EU15”
Phase one

Italy

Summary note of the meeting that took place in
Rome on 23rd and 24th October 2007

ARITAKE-WILD
November 2007

Joint European Level Social Partners'
Work-Programme 2006 – 2008

Joint Study on Restructuring in the “EU15”
Phase one

Italy

Note of the meeting that took place in
Rome on 23rd and 24th October 2007

Introduction

The fourth seminar in the joint European level social partners' project, “Joint study on restructuring in the EU15” took place in Rome, Italy on the 23rd and 24th October 2007. It was attended by the Italian social partners, European social partners and experts – an attendance list is attached as appendix one.

Those present were welcomed to the meeting by the Italian hosts. The project expert coordinator, Alan Wild, opened the meeting explaining the background to the project in the context of the 2006 – 2008 social partners work programme and the work already undertaken by the European level social partners on restructuring in the 10 New Member States; capacity building for employers' organisations and trade unions for participation the European Social Dialogue in the New Member States and Candidate Countries; and the employers' and trade union resource centres.

He further explained that the ultimate report produced after the meeting would be an “expert report” and, as such it would not be expected to be either “adopted” or “agreed” by the local or European social partners. He stressed the importance of good and open debate in helping assure a high quality contribution to the overall project from Italy.

The Italian national dossier – section one

The project expert for Italy, Valeria Pulignano, presented the first section of the Italian National Dossier – “A macroeconomic review of restructuring in Italy” (slides attached as appendix two). At the end of the presentation she left the Italian social partners with the following questions;

1. Is the increase in the inward-migration currently taking place in Italy sufficient to assure the sustainability of the economy?
2. What implications do the low levels of labour market participation, especially for women and elderly people, have for future economic growth?
3. What factors explain Italy's relatively poor performance in per capita GDP and productivity growth, and what can the social partners do to help address the problem?
4. How (in quantitative and qualitative terms) can recent labour market reforms be assessed? What can be learned for the future?
5. What measures can help the industrial districts to better respond to the challenges associated with delocalisation?

Following the presentation the points summarised below were made by those present to further explain the context in which the report had been drafted, to add new information and, to help shape conclusions in order to contribute to the content of the final national dossier. The comments are grouped by issue rather than timing or view of the speaker;

- ◇ The dossier could say more about the differences between the North and South of Italy, solutions that might work in Lombardia will not work in Puglia, and the effects of political instability on the management of the economy and in particular on the lack of industrial policy. However since 2006 some changes happened with guidelines on industrial policies for small businesses.
- ◇ The Italian model of “family capitalism” has been successful in the past but is perhaps less appropriate to today’s economy. Business partnerships and networks need to be further developed;
- ◇ Improving the performance of the Italian Public sector is crucial to the future. The social partners are heavily engaged in negotiations through the reformed bargaining system in the public sector;
- ◇ The social partners can play a key role in economic development and they have engaged effectively with government on certain occasions. Social dialogue in Italy should however be “multi level”, deeper and at the same time more dynamic. The creation of a fast track dialogue reflecting the macro-level discussions at company level would be desirable in order to bridge the existing gap in restructuring processes. It was suggested that the social partners need to be less ideological and more pragmatic. The content of the newly negotiated protocol on welfare could be included in the text. A copy will be provided;
- ◇ Youth unemployment is a key issue that needs to be resolved. The problem is perhaps disguised by the tendency of young people to live with their families for a long period of time which delivers “zero cost” social support;
- ◇ Some participants believed that the macroeconomic overview reflects a more pessimistic tone than might be appropriate. Confindustria will provide additional and more recent data that portray a reflection of recent progress. Other participants felt that the analysis was not over pessimistic and highlighted important issues facing the international competitiveness of the Italian economy. It was suggested that Italians were in “the boiling frog” situation, where continuous small adverse changes would not be felt before it is too late. Certain industries face acute difficulties. Between 2001 and 2005, around 500,000 textile workers were affected by restructuring;
- ◇ The need for increased immigration was generally felt to be over-stressed in the report, as was the issue of an “Italian brain drain”. Conversely, Chinese companies and workers setting up in the textiles sector in Italy was seen to be a major problem ;
- ◇ Some participants stated that so-called “non standard” working arrangements in Italy are effectively regulated. There is a significant problem however with respect to the unregulated “black economy” that could be brought out more clearly. Along the same lines, it was suggested that “flexicurity” is more of a “motto” than a reality;

- ◇ The restructuring process that affected the public sector during last 10 years as well the impact of sound economic changes in the private sector on the society was recalled. The role played by the Italian relations' system in cushioning these changes has been positively highlighted.
- ◇ Education and lifelong learning are key issues. Italian Universities, outside the top two or three in the country, are no longer of the standard required to secure international competitiveness;
- ◇ The relatively low participation of women in the workforce is a private sector phenomenon. In the Italian public sector 53% of workers are women;

The Italian national dossier – section two

Valeria Pulignano presented the second part of the Italian dossier “The role of the social partners in restructuring” (slides attached as appendix three). She left the participants with the following questions;

1. How far is the territorial level social dialogue an effective instrument for “job creation”? How far does it hinder or enhance the development of measures aimed at anticipating and accompanying change?
2. To what extent is territorial level social dialogue able to produce effective solutions in terms of reducing the social costs of company re-organisation and restructuring?
3. How can social dialogue simultaneously foster an increase of the level of employment and enhance innovation and the internationalisation of firms?
4. How (in quantitative and qualitative terms) can recent changes in the approach to public sector social dialogue be assessed? What can be learned for the future?

Following the presentation, and in similar fashion to the discussion of section one above, the points summarised below were made by the seminar participants;

- ◇ The eradication of red tape and bureaucracy relating to investment and job creation and providing reward for innovation are important issues for the Italian economy. Area contracts (or Territorial Pacts) can play an important role in improving the attractiveness of specific locations;
- ◇ During the 1990's national level agreements have been important in shaping the labour market. New developments in decentralised bargaining in the public sector are important facilitators for public sector change. The ability for local level flexibility in the application of national arrangements is important for the fostering of successful and innovative enterprises;
- ◇ Discussions between the social partners at all levels need to be earlier in the change process and information and consultation processes further improved to facilitate this. When decision are taken outside Italy, European and Global information and consultation legal provisions and machinery (e.g. European Works Councils) are increasingly important;

Specific presentations were given by employers centred around Turin; in the sugar industry; and businesses centred around Rome.

- ◇ Discussions on restructuring in the mechanical engineering businesses around Turin during 2006 and 2007 have been very active. Success outcomes were explained but it was suggested that too much attention was paid to longer term worker income support rather than job transition;
- ◇ The sugar industry has faced serious problems as a result of European agricultural reforms. 13 of 19 factories have been closed affecting 75% of workers in the industry. Change has not been without difficulty but important factors in reaching successful outcomes had been trust between the social partners and a shared analysis of the problems facing the industry. Again it was suggested that protective measures hampered the application of job transitions;
- ◇ Widespread restructuring has taken place in the defence electronics and pharmaceuticals businesses operating in the Rome area. Social dialogue at all levels has been intense but it was suggested that active labour market policies to assure employability and secure job transitions could have been improved.

Joint EU social partners work relevant to restructuring

Juliane Bir (ETUC), Liliane Voložinskis (UEAPME), Valeria Ronzitti (CEEP) and Steven D'Haeseleer (BUSINESSEUROPE), presented the recent work of the European social partners in the area of restructuring focusing on their activities relating to lifelong learning; orientations for change; European Works Council best practice; and the restructuring studies (slides attached as appendix four).

Case studies

Representatives of employers and trade unions from Ferrania, the District of Prato and Poste Italiane made presentations of recent restructuring programmes. The case studies for Ferrania and the District of Prato are contained in the dossier circulated prior to the meeting and the final dossier will be supplemented by the additional points made in the presentations and the Poste Italiane case.

The participants discussed the case study content and took the opportunity to explain the nature and roles of territorial pacts, the relationship between central and local collective bargaining and the operation of ordinary and extraordinary redundancy funds.

Views of the European level Social Partners

Following the presentations, discussion and case studies, the European level social partners made the following broad observations;

- The Italian integrated territorial approach is a unique and interesting initiative that merits analysis and reporting in the restructuring project;
- Work at the European level is designed to produce a European response to world competitiveness. European solutions however should be broad enough to facilitate appropriate national approaches to implementation. Flexicurity is an important overall concept, but its application in Italy will be different to that in Denmark;

- It would have been good to have heard even more about the “2007 Protocol on welfare” on active labour market policies and a broader view on public services restructuring beyond the bargaining agenda. More information for inclusion in the final report will be welcome;
- Certain issues need to be clarified in the final dossier. These include the role of immigration (including the brain drain) and the incidence and impact of undeclared work;
- In an economy where 81% of jobs are in small or micro enterprises, the elimination of bureaucracy related to “doing business” and the effective development of social dialogue at this level are important issues in dealing effectively with change;
- Another key topic which could have been deserved more attention is investment in continuous training, competences and qualifications in view of facilitating smooth transitions on the labour market
- It is clear that active labour market policies will be important to the social partners going forward;

At the end of the meeting, the social partners were thanked for participation in the meeting and for their positive engagement in the process.

APPENDICES

1. Attendance list for the seminar;
2. “A macroeconomic review of restructuring in Italy” – Expert presentation;
3. “The role of the social partners in restructuring” - Expert presentation;
4. “Joint EU social partners work relevant to restructuring” - presentation by the European level social partners;
5. List of interviewed people