

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

Joint Study on Restructuring in the “EU15”
Phase one

Spain

Summary note of the meeting that took place in
Madrid on 28th and 29th April 2008

ARITAKE-WILD



Project of the European Social Partners with the financial support of the European Commission

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Introduction

The eighth seminar in the joint European level social partners' project, “Joint study on restructuring in the EU15” took place in Madrid, Spain on the 28th and 29th April 2008. It was attended by the Spanish social partners, European social partners and experts – an attendance list is attached as appendix one.

Those present were welcomed to the meeting. Maria-Helena André (ETUC) presented 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.

The project coordinator, Alan Wild, explained that the “final 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 Spain.

The Spanish national dossier - section one

The project expert for Spain, Antonio Dornelas, presented the first section of the Spanish National Dossier – “A macroeconomic review of restructuring in Spain” (slides attached as appendix two). At the end of the presentation he left the Spanish social partners with the following questions;

1. If Spain has not invested heavily in longer term productivity drivers (e.g. education and lifelong learning) during the economic “boom” period of the last 10 years, how will the economy fare if the current decline in economic fortunes continues?
2. What lessons can Spain's “immigrant amnesty” teach other countries?
3. How sustainable are current levels of inward migration?
4. Spain's progress remains slow, particularly on four domains: innovation and R&D, sustainable development, information society and social cohesion. What challenges does this situation present to the social partners?
5. Spain's position in global competitiveness indicators has not improved since 2005. Obstacles to improvement are suggested to be low productivity and high labour

market rigidities. It seems likely that more, rather than less restructuring will be on the agenda for the future. What are the main challenges that the need to improve competitiveness pose to the Spanish social partners?

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 often uses data over the timeframe 1995 to 2005 – the trend in more recent years has been much more positive than over the period 1995 to 2002;
- ✧ Productivity is a recurring theme in the report and it is interesting to see global comparisons between Spain and other countries, but a sectoral comparison of productivity within the country might be more revealing in a Spanish context. A number of those speaking made the point that sectoral splits in analysis would add greater insights into areas of strength and weakness. Combining, for example tourism and manufacturing produces a misleading average;
- ✧ In looking at restructuring going forward new critical factors need to be examined – for example environmental concerns relating to energy consumption;
- ✧ The portrayal of Spain as a “low wage economy” is not a description shared by both employers and trade unions;
- ✧ As the Spanish economy becomes more open, the effects of globalisation and the increasing influence of emerging economies is already being felt in Spain. This is particularly the case where “new investment” is concerned. Other speakers also felt that Spain already faced considerable restructuring;
- ✧ Temporary and seasonal contract use in Spain is quite high – but the analysis of the use of contract forms only makes real sense if seasonal jobs in tourism and agriculture/food processing are excluded;
- ✧ Expenditure on education as a percentage of GDP does not look impressive, but it should be recalled that Spain’s GDP, and hence educational expenditure, has increased significantly in recent years. Spain’s more recent performance in both training and lifelong learning appears under-valued in the report. Other participants suggested that the education system failed business by “passing” students irrespective of their academic performance;
- ✧ Spain’s contribution to overall job growth in the Euro-zone cannot be understated. Although much of the job growth has been in occupations with low qualifications, the number jobs created requiring higher qualification has also increased. A more disaggregated analysis needs to be undertaken for an accurate picture to be formed;
- ✧ It was suggested that approaches to restructuring vary sector by sector. The caricature of opposition to restructuring to protect existing jobs found in traditional areas like shoes and textiles is not true in manufacturing companies

that are more used to international competition and the need to compete higher up the value chain;

- ✧ Some of the data in the report does not seem consistent with local data sources. Women's participation rates in the workforce should be 20% lower than men's rather than the 30% reported. Data on temporary employment is distorted according to the season when figures are taken due to the high levels of seasonal employment;
- ✧ The nature of restructuring in micro enterprises was highlighted. "A small company is not a bonsai of a large one" was the comment used to illustrate the point.

The Spanish national dossier - section two

Antonio Dornelas presented the second part of the Spanish dossier "The role of the social partners in restructuring" (slides attached as appendix three). He left the participants with the following questions;

1. How do the Spanish social partners foresee future trends of restructuring? Will the current focus on internal restructuring shift toward external restructuring? What trends and tensions do you foresee for the Spanish system of social dialogue and industrial relations in the near future?
2. Why is the pace of restructuring slower in Spain than in other European countries? Will the pace of change inevitably increase?
3. It would seem that the fundamental investments in the future competitiveness of the Spanish economy have not been made in recent years of economic success. Why is this?
4. What relevance must be attributed to the flexicurity debate on the Spanish context of social dialogue? What are the drivers of real or perceived insecurity in employment in Spain that prevent the "flex" part of the equation taking hold?

In similar fashion to the discussion of section one above, the points summarised below were made by the seminar participants;

- ✧ The "high rigidity" of Spanish employment laws reported in the dossier needs to be challenged. In reality companies that invest in Spain find a high degree of worker flexibility. The focus of collective bargaining at the enterprise levels means that in reality companies negotiate their own flexibility arrangements.
- ✧ The social dialogue section of the report, and the statistics contained in it, do not reflect the reality of Spanish social dialogue. There is a constant dialogue between the government and trade unions and employers – in recent years 15 tripartite agreements have been reached. Dismissal may be expensive in Spain, but is it more expensive than in the Nordic countries? The high incidence of workers in construction and tourism services distorts overall figures and is not taken into account. The Spanish automotive industry has very good levels of productivity;

- ✧ Whilst Spanish trade unions want to focus on the creation of high value adding occupations, this is difficult as the economy relies for this on multinational companies with headquarters outside Spain;
- ✧ The Danish concept of flexicurity is not exportable to Spain. Denmark has four million inhabitants and a developed industrial and service economic model. Spain is larger and more complex, and flexicurity is generally seen as a way of reducing the rights of workers. Whilst the Spanish trade unions feel that employers believe that reducing the costs of dismissal in Spain will solve the country's problems – this is not the case;
- ✧ The data presented in the report reflects a bias toward a neo-liberal model of economics, and this is not the only model available. The economy has three priorities – stimulating “future sectors”; supporting restructuring in traditional sectors like textiles, chemicals and cars; and providing specific support for industries undergoing significant changes.
- ✧ Legal changes are needed to help promote the anticipation of change. Transposition of the 2002 Information and Consultation Directive has helped, but the European Works Council Directive dealing with international companies needs to be strengthened;
- ✧ Public authorities at the territorial level need to be more proactive and to coordinate initiatives better.

Joint EU social partners work relevant to restructuring

Cinzia Sechi (ETUC), Liliane Volozinskis (UEAPME), Valeria Ronzitti (CEEP) and Matthew Higham (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 (RTVE and the Industrial Observatories)

The Human Resources Director of RTVE and representatives of CC.OO and UGT presented the organisation's major restructuring programme and a comprehensive presentation of Spain's industrial observatories initiative was given .

The case studies as presented, and the issues they raise, will be included in the final dossier.

Views of the European level Social Partners

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

- ✧ Jørgen Rønne (BUSINESSEUROPE) –explained he sensed more optimism and less urgency in the seminar than he would have expected. A consistent analysis of the issues faced by the economy should lead to concerted action to change the things that need to be addressed;

- ✧ Valeria Ronzitti (CEEP) –compared the Spanish seminar to the Italian discussion earlier in the year. It appeared in both countries that the social partners’ outlook for the future was over-optimistic. The shortage of incoming investment and the qualifications gap of the Spanish workforce are key issues for the social partners to address. Day two of the seminar gave more cause for optimism when the RTVE case showed how consensus around the need for change was built and difficult, and painful, issues addressed and resolved;
- ✧ Liliane Volonzinskis (UEAPME) –suggested there is little question that the Spanish economy is at an important turning point, and the question is how the social partners can help steer the economy up the employment value chain. Small and medium sized enterprises will be important in managing the nation’s economic future;
- ✧ Maria-Helena André (ETUC) – welcomed the high attendance and participation levels at the seminar, signs of the importance that Spanish social partners attach to the issue of restructuring. She also noted the tensions in the seminar when the economic analysis was presented ... particularly when the questions of legal and negotiated flexibility were discussed. It is clear that the social partners cannot be responsible for all of the things that need to be done in education, R&D, innovation and the learning system, but the Spanish social partners have many forums where these can be discussed on a bilateral and tripartite basis. Assuring the transition from low to high value added jobs will be a challenge for the country – and in particular because more restructuring than has taken place to date seems likely in the future. The Spanish economy has in recent years performed at a “world beating” level and the social partners now need to face new externally driven challenges in a positive fashion.

At the end of the meeting, the social partners were thanked for participation in the meeting and for their positive engagement in the process. The local organisers were thanked in particular for the arrangements they had put in place that facilitated the meeting and the interpreters thanked for making the exchange of views that had taken place possible.

APPENDICES

1. Attendance list for the seminar;
2. “A macroeconomic review of restructuring in Spain” – 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. Case study presentation RTVE.