

ARITAKE-WILD

Joint European Level Social Partners'
Work-Programme 2009 – 2010

Joint Study on Restructuring in the EU27
- Final phase

Portugal

Summary note of the meeting that took place in
Lisbon on 22nd and 23rd June 2009

Alan Wild
ARITAKE-WILD
July 2009



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

Joint European Level Social Partners'
Work-Programme 2009 – 2010

Joint Study on Restructuring in the "EU27"
Final phase one

Portugal

Summary note of the meeting that took place in
Lisbon on 22nd and 23rd June 2009

Introduction

The twenty-third seminar in the joint European level social partners' project, "Joint study on restructuring in the EU27" took place in Lisbon, Portugal on the 22nd and 23rd June 2009. It was attended by the Portuguese social partners, European social partners and experts – an attendance list is attached as appendix one.

The Project coordinator, Alan Wild, opened the meeting explaining the background to the project in the context of previous social partners' work programmes and the work already undertaken on restructuring in 22 Member States. He explained that the current phase of the project would facilitate a review of restructuring in every member state of the EU. A major conference will be held in January 2010. He stressed the importance of good and open debate in helping assure a high quality contribution to the overall project from Portugal.

Due to the unforeseen absence of the project expert for Portugal, Eckhard Voss, the presentations of the first and second sections of the Portuguese national dossier were undertaken by the project coordinator, Alan Wild.

Portuguese national dossier – section one

Alan Wild presented the first section of the Portuguese National Dossier – "A macroeconomic review of restructuring in Portugal" (slides attached as appendix two).

Following the presentation, the points below summarise the large number of comments 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.

- ✧ Criticisms in the draft dossier of the system of lifelong learning in Portugal do not acknowledge adequately the differing sectoral performance of the economy. Performance in the telecommunications sector is, for example, very good and stands up to international comparison. In general, the data on education appears a little dated and does not reflect the recent efforts made to improve the educational qualification of the workforce. Another commentator suggested that education and learning still remained the biggest challenges for the Portuguese labour market;
- ✧ There has been a considerable amount of restructuring in the telecoms sector where around 35% of the original 33,000 jobs have left Portuguese Telecom

since its separation from the Post Office in 1993. Some of this was due to outsourcing, which in the view of the commentator, had a negative effect on service quality. It was suggested that restructuring as a consequence of preparing companies for privatisation more generally had resulted in worse service and worse conditions for employees;

- ✧ More analysis might have been included on the very important micro and SME sector of the economy – particularly on how SMEs might grow into larger businesses with higher employment. Only recently has the country begun to discuss the role of SMEs in the economy. Some 800,000 companies exist but only one third of these are “real” companies in employment terms. Conversely, it is known that only 20,000 small companies are “exporters”. The country should focus much more on supporting SMEs and follow the example of Italy in providing a better infrastructure for small and micro companies;
- ✧ Portugal is a small and peripheral country that has undergone many changes over a short period of time. Faced with new realities, growth has come to a standstill and it is clear that the future for the country does not lie in a combination of low productivity and low pay but higher qualifications and higher productivity. One commentator said that low pay was the enemy of improving productivity and economic development;
- ✧ The study focuses too much on sectors that do not belong to the nation’s future – construction, textiles and clothing - and ignores major industries such as ICT which are or will be subject to important restructuring. More emphasis could be placed on the role and experience of the automotive sector. Auto Europe (VW) is Portugal’s’ second largest exporter. It was also suggested that a more positive story would be gained from considering the health, education and social support sectors;
- ✧ Another sector facing challenge is agriculture – which needs to attract younger entrepreneurs committed to modernising the sector;
- ✧ The data generally might be updated and that on page 5 relating to immigration could be more precise.

The Portuguese national dossier – section two

Alan Wild presented the second part of the Portuguese dossier “The role of the social partners in restructuring” (slides attached as appendix three).

Following the presentation, and in similar fashion to the discussion of section one above, a large number of points were made by the seminar participants and they are summarised below. It was suggested that there are some corrections that need to be made to “facts” in the dossier and the participants making this point agreed to submit written comments after the meeting rather than go through them in detail. Finally, it should be noted that opposing views were often cited in quite long, and often politicised, interventions by employers and some or all of the trade unions participating in the meeting, and the points below should be read and understood in this context. Detailed comments relating to single companies have not been included in the notes;

- ✧ Social dialogue at the European level in the telecommunications industry was compared with that which took place nationally in Portugal. Whilst collective bargaining agreements had been reached in Portugal, positive involvement in the ongoing restructuring procedures since 1993 had been less successful;
- ✧ Globalisation has had a negative effect on collective bargaining in Portugal through relocations and offshoring. The employment of temporary workers who traditionally join trade unions, acts to dissuade increased membership and fuels worker distrust of trade unions;
- ✧ Flexicurity is mentioned in the report. In the view of one commentator flexibility legal framework in Portuguese employment is already satisfactory but there is a substantial deficit in collective bargaining and agreements dealing with flexicurity. Portugal is not like many countries in the North of Europe. In the view of another participant, little has been done in Portugal to address issues of external flexibility and the country is regarded by the OECD as one of the most restrictive amongst its members. This in turn has led to the extensive use of fixed term contracts in companies. Since 2006, the ability of companies to terminate contracts by mutual agreement has been further restricted based on a matrix of number of terminations over a defined time-period in companies of particular sizes;
- ✧ The new labour code was the subject of wide ranging comment throughout the session. One commentator suggested that describing the new labour code as “controversial” may be misleading. Whilst the government consulted the social partners the law makers were bound by the decisions of Parliament. Many of the problems are simply technical in nature. Other participants disagreed, suggesting the new labour code works against the interests of workers. Other interventions took a more middle ground on the provisions of the law. A number of the more detailed comments below reflect these overall differences in view;
- ✧ The “three period” analysis of social dialogue developments on page 28 of the dossier is not universally accepted;
- ✧ One participant explained that when not all social partners choose to sign social concertation agreements, this is not a fundamental problem as many of the clauses have to be implemented by the government. Even when social consensus is reached, as was the case on health and safety rules, government is not bound to implement provisions. Another commentator suggested that the social partners relied too much on the state and this fostered a culture against reaching and implementing agreements between the parties themselves;
- ✧ Caution should be taken in interpreting the reduction in the number of collective bargaining agreements from 342 to 162 between 2003 and 2004 as a result of legislative changes. Up to 2003 collective agreements legally had to exist in perpetuity. Recent changes provide more flexibility and give the parties to agreements more opportunities to include issues associated with time-banking, group adaptability and productivity improvements. It was suggested that the reduction in agreements highlighted in the draft dossier reflected a “pause” whilst

the new legal framework came into force. Despite the crisis the numbers of collective agreements being reached in 2009 is similar to the number in 2008;

- ✧ Employee relations in Portugal are not naturally suited to the style of European social dialogue and Portuguese people do not really apply the concepts of balanced partnership and concessions to reach consensus. Issues of trust and respect within and between social partners are a state of mind that needs to be fostered and can be achieved with or without a labour code;
- ✧ Compared with countries like the Netherlands and Denmark, the impact of losing a job in Portugal is very high because of the absence of social benefits and assistance.

Joint EU social partners work relevant to restructuring

Representatives from the European social partners presented their recent work in the area of restructuring (slides attached as appendix four).

Case study one – Caris

The Caris case study will be described fully in the national dossier.

Case study two – Portuguese Telecom

Due to an unfortunate misunderstanding around the dates of the presentation, the management representatives of Portuguese Telecom were unable to be present. They will forward the contents of their presentation after the event.

Summary discussion

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

- ✧ Liliane Volozinskis thanked those present for their active engagement, even though at times it was a series of parallel monologues rather than dialogue. She noted and agreed with the need to place more emphasis on the issue of micro and small enterprises. She suggested that improvement in the anticipation of restructuring and the adoption of forward looking solutions such as continuous training and qualifications for a better competitiveness of the economy would require more goodwill, trust, confidence and a will to overcome challenges.
- ✧ Valeria Ronzitti was happy that the Portuguese social partners had felt able to speak their mind on a range of important issues – even if the external participants did not at times understand the details of the problems being raised. She highlighted what she saw as the important point that there is no need for a prescriptive legal framework to have effective social dialogue. She encouraged Portuguese social partners to focus more on the potential for finding joint solutions, particularly in the context of the current economic and social crisis, rather than pointing at shortcomings of the national industrial relations system.
- ✧ Maxime Cerutti felt that social dialogue in Portugal was evolving in the context of recent reforms. He stressed the need for a balance of discussion

between short and longer term including issues like lifelong learning and education. He added that an important question was the difficulty of sustaining a model in which competitiveness is based on continued low labour costs.

- ✧ Maria Helena André also thanked those present for engaging actively but suggested that parallel monologues are often difficult develop into positive dialogue. As a Portuguese national, at some points in the seminar she felt little had changed in 20 years, and then at others saw signs of real and tangible progress. It was perhaps the Portuguese nature to focus on differences rather than accord.

She explained that the start point of Portugal should be recognised – and it should be noted that comparisons with central and eastern European countries are difficult to make because of differences in terms of workforce education and qualifications.

She noted that the political bias in discussions in the Portuguese seminar was similar only to that had taken place in France. However, she complimented the group in their ability to analyse problems and suggested the need to focus equally on solutions. She suggested that disagreements on flexicurity in the seminar were not reflective of the kinds of flexibility and security practices that occurred on a day to day basis in Portugal. Finally she commented on the evidence of the last two days of the ability of the social partners to work together without the presence of the public authorities.

At the end of the meeting, the social partners were thanked for participation in the meeting and for their positive engagement in the process. Particular thanks were offered to Vitor Coelho of the UGT for his efforts in organising the meeting and to the interpreters for making the discussions possible.

APPENDICES

1. Attendance list for the seminar;
2. “A macroeconomic review of restructuring in Portugal” – 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.

