

*UMF Management Board Meeting,
Athens, 3 November 2016*

Joint Statement

Concerning the importance and benefits of Sectoral Collective Agreements (SCA) with extension *erga omnes* and respect of the *most favourable terms* principle

1. Social cohesion, less inequalities, more equitable distribution of income, prevention of social fragmentation.

The higher the level (sectoral, national) of collective bargaining, the better the collective coverage, and more limited the creation of "working poor".

Sectoral Collective Agreements (SCAs) are positively correlated with higher collective coverage, as well as with strong union and employers' organizations density.

They are also correlated with reduced disparities, less strained working relations, mutual understanding and constructive problem-solving.

Furthermore, SCAs provide a more appropriate framework for family-work life balance, for comprehensive approaches of sectoral problems and better protection of employee groups with limited bargaining power. On the contrary, no statistically significant relationship between decentralization of collective bargaining and improvement of economic efficiency has been found so far.

2. Prevention of unfair competition based on social dumping.

SCAs impede the artificial survival of businesses based on socially aggressive employer practices and / or on the violation of labor and social security legislation.

3. Elimination of premium profits for bad-faith, fraudulent employers, who take advantage of yellow company unions.

4. Ensuring higher efficiency in the economy.

By setting uniform minimum standards, adequately tailored for each sector, SCAs induce employers to focus on more qualitative and innovative investments, in order to improve competitiveness.

5. Providing higher transparency in salaries and social security contributions, thus more effective enforcement control and less transactional costs for SMEs

6. Inducing better terms of understanding among the social partners to tackle broader sectoral issues and take coordinated measures.

As already stated by the ILO, it has been historically proven that higher-level, multi-employer collective bargaining and SCAs are in fact part of the solution, not of the

problems of overcoming a crisis. This is particularly true nowadays, given that multilateral understanding and coordination are highly required.

7. Wage and labour rights set by SCAs usually constitute a secure and more appropriate basis for company level collective agreements (CCAs).

The latter should then specify, complement and improve sectoral achievements, instead of undermining and replacing them on a derogatory basis, on the principle that one agreement should not replace the other, but complement it.

8. In the absence of SCAs, sectoral conflict is transferred at company level, which may involve greater tensions and additional costs for businesses, especially where the company union is strong.

9. For South European Countries, which are marked by a vast majority of SMEs, an imposed primacy of CCAs in the name of flexibility implies a serious dismantling of the collective coverage, leading to a dramatic elimination of sectoral and occupational collective agreements.

Moreover, supremacy of CCAs results in marginalization if not elimination of collective institutions (unions and employers' organizations), with an equally dramatic impact on collective coverage, collective autonomy and, finally, on Democracy itself...

10. Unlike any separate business logic, which is usually short-sighted and fragmentary, the perspectives of SCAs are inclusive, more compatible with medium and long term economic priorities.

11. Minimum legal wages, where applied, must not be used in competition against collectively bargained wages on a sectoral basis, as an inappropriate tool to replace the latter ones and finally to lower them.

Athens, 3rd November 2016

UMF Management Board