

TOWARDS A STRONG
PARTNERSHIP IN
AN ENLARGED EUROPE

THE SOCIAL DIALOGUE IN THE RAIL SECTOR

Information Seminars in Tallinn and Bucharest – 2006
with Estonia | Latvia | Lithuania | Bulgaria | Romania



The Voice
of European
Railways



EUROPEAN TRANSPORT
WORKERS' FEDERATION

TOWARDS A STRONG
PARTNERSHIP IN
AN ENLARGED EUROPE

THE SOCIAL DIALOGUE IN THE RAIL SECTOR

Information Seminars in Tallinn and Bucharest – 2006
with Estonia | Latvia | Lithuania | Bulgaria | Romania



*The Voice
of European
Railways*



**EUROPEAN TRANSPORT
WORKERS' FEDERATION**

Table of content

Foreword	3
Part 1: Introduction	5
Part 2: Social Dialogue in the European Union	9
2.1 General introduction to the European Social Dialogue	10
2.1.1. History of the European Social Dialogue and its role	10
2.1.2. The European Social Dialogue in the Treaty	11
2.1.3. The European Social Partners	12
2.1.4. Principles and elements	12
2.1.5. Forms of European Social Dialogue	13
2.1.6. Social policy area domains	15
2.2 The European Social Dialogue in the railway sector	17
2.2.1. The Social Partners	18
2.2.2. The functioning and activities of the European Social Dialogue in the railway sector	22
2.2.3. The future of the rail transport social dialogue	24
Part 3: Social Dialogue in the rail sector in the new Member States and accession countries – country reports	27
3.1. Estonia	28
3.2. Latvia	36
3.3. Lithuania	46
3.4. Bulgaria	54
3.5. Romania	63
Part 4: Conclusions and outlook for the European social dialogue	77
Annex I: Participants at the seminars in Tallinn and Bucharest	83

Foreword



NIKOLAUS G. VAN DER PAS, DIRECTOR-GENERAL
DIRECTORATE-GENERAL FOR EMPLOYMENT,
SOCIAL AFFAIRS AND EQUAL OPPORTUNITIES
THE EUROPEAN COMMISSION

European social dialogue is the social partners' instrument to contribute to European integration and to build Social Europe. The EC Treaty requires the European Commission to promote dialogue between management and labour and it provides the possibility for social partners to engage in negotiations and to conclude agreements at European level.

With their European agreement on working conditions in the railway sector, concluded in 2004, the social partners have fully used this contractual space. During the negotiation and approbation process, however, they realised how diverse industrial relations traditions in Europe can be. This diversity has increased with the European Union's enlargement towards the countries of Central and Eastern Europe and it will further increase with the accession of Bulgaria and Romania.

The information seminars organised by the European social partners in the rail transport sector in 2004 and 2006 are a good example of a common response to the new circumstances. The seminars gathered participants from across the enlarged EU and the accession countries and aimed at improving the social partners' knowledge of their counterparts, holding an exchange of views on the work of the European social dialogue in the sector and identifying the social partners' needs after enlargement. This capacity-building action helped to develop trust and mutual understanding and has already led to an increased participation of the new Member States in European social dialogue.

The purpose of this publication is to summarise the debate and the very rich information gathered during the two seminars organised in Tallinn and Bucharest in 2006. It will serve as a useful information tool for social partners in all the Member States.

NIKOLAUS G. VAN DER PAS
Brussels, November 2006



PART 1: Introduction



Introduction

In June 2006, the European social partners in the railway sector organised two meetings focused on restructuring in the railway sector in the participating countries, the national social dialogue in the railway sector and the European Social Dialogue, with the relevant social partners from three new Member States (Estonia, Latvia and Lithuania) and two accession countries (Bulgaria and Romania). These meetings took place in Tallinn, with the participation of the railway social partners from Estonia, Latvia and Lithuania, and in Bucharest, with the participation of the social partners from Bulgaria and Romania. These meetings were organised as a joint initiative of the Community of European Railway and Infrastructure Companies (CER) and the European Transport Workers' Federation (ETF) and received financial support from the European Commission. The seminars were a second series of seminars of this type to be organised by the European social partners, since they had previously organised two similar seminars in Budapest and Bratislava in 2004. On that occasion, the seminars were attended by the railway employer organisations and trade unions from the Czech Republic, Hungary, Poland, Slovakia and Slovenia.

These highly informative seminars reviewed the framework of European and the national social dialogue, as well as the functions and role of the social partners in the new Member States, the accession countries and at European level.

The seminars were divided into three parts.

The first part provided an overview of the railway business and of the sector's social relations in the new and the future Member States as presented by the two sides of industry, the company management on the one hand, and trade unions on the other. Separate meetings of the employers and the trade unions were included to provide platforms for an exchange of views and experiences focusing on their own priorities.

The second part took the form of a joint meeting of all the social partners, in order to highlight the objectives and activities of the European Social Dialogue in the railway sector, with presentations made by the European Commission and by the European social partners, in conjunction with the Commission.

The third and concluding part of the seminars took the form of a roundtable discussion grouping together representatives from the Commission, the European social partners and the national social partners. These discussions

focused essentially on the importance of the European Social Dialogue for the further integration of the sector.

The organisation of these seminars revolved around the following four objectives:

- promoting more mutual knowledge and awareness of and among the European and national social partners
- increasing debate among the social partners regarding the work of the European Social Dialogue in the railway sector
- fostering and reinforcing the participation of the social partners from the new and future Member States in the European Social Dialogue
- identifying the expectations and needs of the social partners in the new and future Member States

The European Social Dialogue is a process of continuous interaction between the relevant social partners with the aim of reaching agreements on the control of certain economic and social variables, at both macro and micro levels. In the railway sector, as elsewhere, it enables the social partners to play a dual role. Firstly, they fulfil a watchdog function by making their concerns known to the Commission and the Council of Ministers, which represents all 25 EU Member States. Secondly, they provide a forum for the exchange of ideas and dialogue between the social partners.

Under the social dialogue system, the social partners can take a wide variety of initiatives. Such social dialogue in the railway sector has generated a large number of joint texts representing the culmination of a process of negotiation and cooperation between the social partners. They take the form of joint opinions, declarations, resolutions, and guidelines, codes of conduct, agreement protocols and proper agreements.

Activities and outcomes of the European Social Dialogue in the railway sector have emphasised the importance of social dialogue. Social partners at European level have already learned from each other, have exchanged opinions and ideas and have dealt with common issues. These experiences have revealed the commitment to support and strengthen the various forms of social dialogue in the new and future Member States and to integrate the partners in the European Social Dialogue. The joint seminars and discussion forums held in Tallinn and Bucharest acted as an important tool to empower all of the partners, to fulfil key commitments and to create new relations between traditional partners under a new framework.

The following report sets out to provide a summary of the debate and aims to serve as a kind of guidebook to be consulted for information on the European Social Dialogue in the railway sector.



PART 2:
Social Dialogue
in the European Union



2.1 General introduction to the European Social Dialogue

2.1.1 HISTORY OF THE EUROPEAN SOCIAL DIALOGUE AND ITS ROLE

The so-called autonomous European Social Dialogue process started in 1985 with the Val Duchesse process, when former European Commission President Jacques Delors encouraged inter-professional European employers and trade union organisations to enter into an autonomous dialogue at European level on strategies for growth and employment.

The European Social Dialogue gained more importance with the second and third major modifications made to the following European Treaties: the Treaty of Maastricht (1992) and the Treaty of Amsterdam (1997). Since then, the European Social Dialogue has become institutionalised: not only has it become a means of consultation of the social partners on social initiatives and legislation at European level, it has also been established as an instrument to be used to negotiate agreements at this level (Articles 138 and 139 of the Treaty of Amsterdam).

In 1998, the Commission decided to place more emphasis on sectoral social dialogue at European level and introduced the option of establishing sectoral social dialogue committees, at the joint request of the European social partners. These new committees replaced the former joint committees, which had existed for the railway sector since 1972. At present, there are 32 sectoral social dialogue committees.

The Lisbon strategy, adopted by the European Council in Lisbon in 2000, states that social dialogue at all levels could contribute in an effective way to the challenges identified and could promote a balance between competitiveness, solidarity, flexibility and security.

In December 2000, the European Council in Nice set out a social policy agenda. Three major elements interact positively with each other to determine social policy: social policy with social quality and social cohesion, economic policy, which calls for competitiveness and dynamism, and employment policy, which calls for full employment and quality of work. These policies should come together to create a virtuous circle of economic and social progress, in a manner that reflects their interdependence and reinforces them as positively as possible. Four instruments were put forward to achieve the key objectives with greater quality: legislation, the European Social Dialogue, a financial instrument via the European Social Fund (ESF) and other open methods of coordination.

At the Laeken and Barcelona European Councils and the preceding social summits, the EU heads of state and government, the inter-professional social partners

and the Commission, all emphasised the role of the social dialogue at all levels in promoting modernisation and change within the Union and in the new Member States.

The social dialogue and the quality of industrial relations are regarded as being at the centre of the European social model. In 2002 and 2004, the Commission published two communications on the European Social Dialogue that aimed to analyze and strengthen this crucial – and ever evolving – process.

2.1.2 THE EUROPEAN SOCIAL DIALOGUE IN THE TREATY

The European Social Dialogue has been given solid institutional recognition within the European Treaty. According to Article 138 of the EC Treaty, the European Commission is responsible for promoting the consultation of social partners at Community level and must take every useful measure to facilitate an effective dialogue between them. This means that under EU law, the Commission should consult social partners, taking care to ensure there is balanced support for both sides.

Before submitting a proposal in the social policy field, the Commission has to consult the social partners on their views to gain a general orientation of a possible new EU-wide initiative or piece of legislation covered by Article 136 of the Treaty (1st phase consultation). Then, if the Commission still wants to propose this Community initiative, it has to consult the social partners a second time on the concrete content of this initiative (2nd phase consultation). There are differences in the interpretation of the consultation mechanism concerning legislation proposed by the DG TREN, the Commission's transport department, and the social partners. In the transport sector, a number of legislative measures have a direct social impact, which means that they should be considered to be social legislation in the view of the social partners (like the certification of professional qualifications of railway personnel or driving and rest time for road transport workers), while the Commission considers this legislation as transport safety related legislation. DG TREN does not consult the social partners as established in Article 138.

Within the second phase of consultation, the social partners can jointly declare that they would prefer negotiations between the social partners (Article 139 procedure) so as to find a solution at this level, as an alternative to a piece of draft legislation proposed by the Commission.

Article 139 of the EC Treaty declares that Community level social dialogue between the social partners can lead, if they so desire, to contractual relations, including agreements reached after collective bargaining. Agreements are to be implemented either in accordance with the procedures and practices of either the

social partners or Member States, or by a Council of Ministers' Decision. In the latter case, the agreement is transposed into EU legislation and applies to the entire industry or sector. In the railway sector, this instrument was used for the agreement on working conditions of mobile railway personnel assigned to cross-border activities.

2.1.3 THE EUROPEAN SOCIAL PARTNERS

The European social partners are comprised of different organizations acting at the different levels of social dialogue:

At general cross-industry level, the social partners are **cross-industry organizations** representing all categories of workers or undertakings, with the major partners UNICE and CEEP as employers' organizations and the ETUC as the trade union organisation. They work together with other organisations like the CEC, Eurocadres or UEAPME.

At sectoral level, **sectoral organisations** represent employers (e.g. CER, AEA, POSTEUROP, COPA, HOTREC, FBE...) and workers (e.g. ETF, ECA, EFFAT, UNI-Europa Finance...).

To be recognised as a European social partner, certain criteria have to be fulfilled: The organisations must be organised at European level, consist of organisations which are themselves an integral and recognised part of Member States' social partner structures and have the mandate and capacity to negotiate agreements at European level.

They also have to have adequate structures to ensure their effective participation in the work of the European sectoral social dialogue committees.

Formal acknowledgement as a European social partner is based on the principle of mutual recognition. Moreover, it is clearly critical that all partners involved in the dialogue recognize each other as full-fledged partners on an equal footing.

The question of just how representative European social partners are, is relevant when a social partner agreement is to be implemented by a Council Decision. In this case, the organizations acting as signatories have to be sufficiently representative of the workers falling within the scope of the agreement. The European Court of Justice has given some indications regarding the representatives of an organization.

2.1.4 PRINCIPLES AND ELEMENTS

The European Commission, which is responsible for promoting European Social dialogue under Article 138 of the Treaty, has committed itself to strengthening *sectoral dialogue* by pledging to make it more effective, structuring activities around

dialogue and negotiation, improving monitoring and implementation methods and tightening links between European and national social dialogue.

From the Commission's point of view, the following three principles shall promote and facilitate European Social Dialogue:

Respect for the **autonomy** of the social partners (bipartite social dialogue) and for providing balanced support for both parties. Each social dialogue committee establishes its own rules of procedure and joint work programmes. They also select their own instruments, including agreements, codes of conduct, guidelines, recommendations or joint declarations.

The social dialogue should be **transparent**. This is part of the principle of good governance and is especially important when social partners are formally consulted on EU initiatives or negotiate agreements to be implemented by a Council decision.

The partners work together on a **voluntary** basis, and it is on this basis that they decide whether they can come to an agreement. On the other hand, the social partners are also key actors in a process of change, reform and decision-making within their sector and their agreements could be standards for the European Union. Negotiations between the social partners are the most suitable way forward on questions related to modernization and management of change.

2.1.5 FORMS OF EUROPEAN SOCIAL DIALOGUE

Tripartite dialogue

Tripartite dialogue at European level takes the form of an annual meeting of high-level representatives, called the Tripartite Social Summit for Growth and



Employment. The partners are the cross-industry social partners (ETUC, UNICE, CEEP), the European Commission and the Council Troika (the country currently holding the rotating six-month EU presidency, the previous and the following presidencies).

Tripartite dialogue takes place in four fields:

- macroeconomic issues
- employment issues
- social protection issues
- education and training issues

Bipartite dialogue

European bipartite social dialogue takes place at three levels:

1. The so-called ‘Val Duchesse’ social dialogue is the autonomous cross-industry social dialogue at European level between cross-industry employers and employee representatives (UNICE, CEEP, ETUC).

2. The *sectoral* social dialogue within the social dialogue committees established on the basis of Commission decision No. 98/500 EC, 20 May 1998, with the social partners’ organisation representing different industry or service sectors. Since 1998, 32 committees of this type have been set up in various sectors at the joint request of the social partners.

3. European Social Dialogue at company level is conducted through European Works Councils. Today there are about 800 European Works Councils.

2.1.6 SOCIAL POLICY AREA DOMAINS

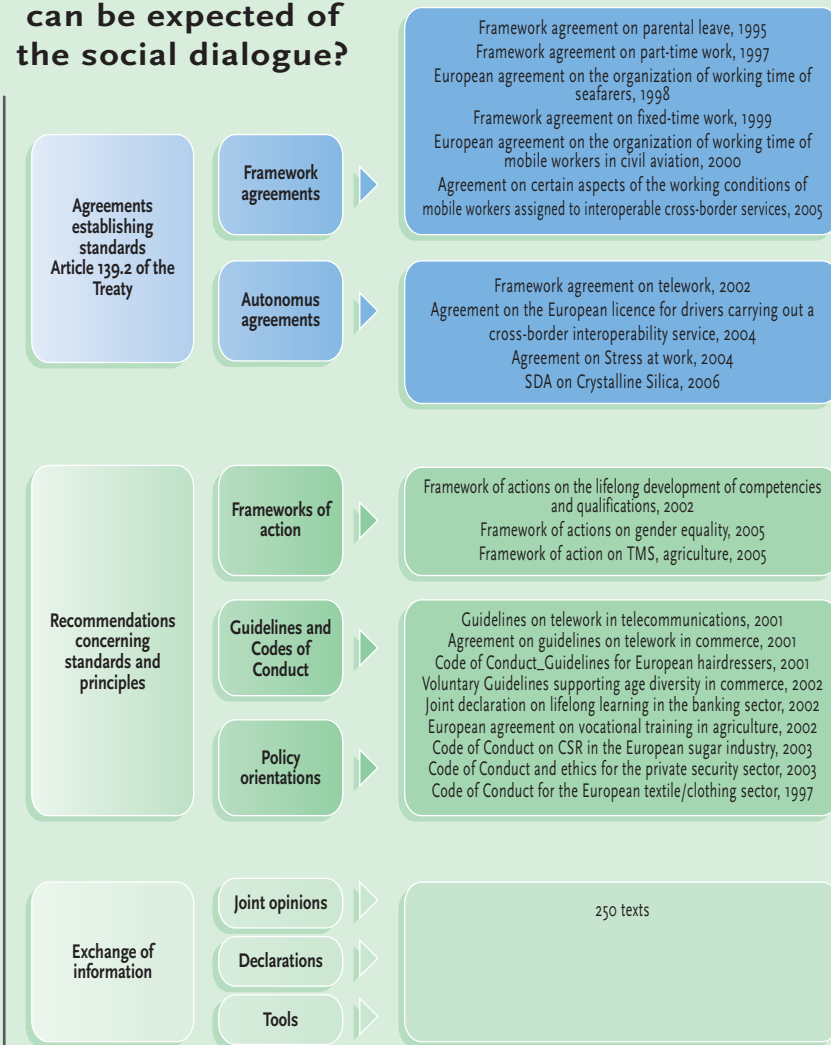
Domains in which social partners are active at European level:

- Training
- Employment
- Health and safety
- Working conditions
- Demography
- Enlargement
- Gender issues
- Discrimination

Compared to other potential policy-related actions, social dialogue at European level can intervene in almost all social policy areas.

The Lisbon strategy emphasises its role in addressing key challenges facing Europe, such as:

What outcomes can be expected of the social dialogue?



Domains	Potential action			
	Legislation	Social dialogue	Open method of coordination	ESF
Free movement of workers	XXX	X	X	
Working conditions, including information and consultation	XXX	XXX		
Health and safety at work	XXX	XXX	X	
Gender equality	XXX	XX	X	
Discrimination	XXX	XX	X	
Employment		XX	XXX	XXX
Social protection	X	X	XXX	
Social inclusion		X	XXX	X
Education and training		X	XXX	XXX
Industrial relation systems		XXX		

With regard to agreements, there are no limits to the European social partners' potential areas of activity according to Article 139. Wages or the right to strike, however, are areas specifically designated for negotiations between national social partners.

2.2 The European Social Dialogue in the railway sector

2.2.1 THE SOCIAL PARTNERS

> THE COMMUNITY OF EUROPEAN RAILWAY AND INFRASTRUCTURE COMPANIES (CER)

The Community of European Railway and Infrastructure Companies brings together 54 railway undertakings and infrastructure companies from the European Union, the accession countries (Romania, Bulgaria, Croatia) as well as from the Western Balkans, Norway and Switzerland. Some of them are publicly-owned, others privately; some operate nationally, some internationally; some focus exclusively on freight, others on passenger services; there are independent infrastructure managers that do not themselves operate trains whilst some others are 'integrated'. Together these companies employ more than 1.2 million railway workers.

CER and the social dialogue

CER is a non-profit organisation, recognised by the European Commission as a representative partner organisation for the railway sector on the employer's side. It has been granted a full capacity to comply with the role given to social partners by the EC treaty: Consultation on legislative proposals according to Art. 138 and negotiation of agreements on, for instance, working conditions for the whole sector according to Art. 139. CER is committed to the European Social Dialogue.

Other key policy issues

CER's main focus is the promotion of rail transport development: this is essential to the creation of a sustainable transport system which is efficient and environmentally sound. A key priority in this respect is the achievement of a more balanced modal split in the transport system, minimising external costs to society and improving economic efficiency. In parallel with the railways' own initiatives for improving the quality of rail services, CER sees ensuring proper funding for rail



The Voice
of European
Railways

infrastructure modernisation (both at the national level and through EU TEN-T and Cohesion funds) as a prerequisite for achieving the desired modal split.

Creating fair framework conditions for transport economics, in particular a level playing field for infrastructure access charging in all transport modes is another condition for achieving a modal shift. CER therefore believes that the internalisation of external costs in infrastructure access charges must be achieved in future EU legislation.

Achieving European rail system interoperability is vital to improving rail's competitiveness for international freight business and, in the long term, to reducing costs. CER supports actively the work of the European Railway Agency set up in 2005.

Structure and organisation

CER is run by a multinational team led by the Executive Director. The team covers all policy issues affecting rail: infrastructure, passenger and freight transport. It provides special support for its Central and Eastern European members and has a special focus on social affairs. CER offers expertise and advice to policymakers in Brussels.

The members meet regularly at working group level on specific issues, and twice a year at senior level, in order to decide on the policy guidelines for the CER work.

> THE EUROPEAN RAIL INFRASTRUCTURE MANAGERS (EIM)

EIM is the association of the independent European Rail Infrastructure Managers. It is a Brussels based non profit making organisation under Belgian law overseen by a Board and a General Assembly. Secretary General Michael Robson heads a team of eight people at the EIM Secretariat.

EIM mission

Since its creation in 2002, EIM has been the main lobbying organisation for the independent Infrastructure Managers. EIM's mission is to improve the development of the rail transport mode by acting as a lobby organisation towards and

together with the industry, and also to provide expertise to the appropriate bodies including the European Rail Agency (ERA).

Vision

Our vision is to create an intra- and intermodal level playing field, promoting the development of rail traffic by providing an efficient cost effective and open rail network, in which infrastructure managers operate in a non-discriminatory manner to facilitate optimisation of overall system cost and performance whilst taking the lead in developing the network.

Membership

The current members are the rail infrastructure managers from 11 EU countries (Belgium, Denmark, Finland, France, Italy, Portugal, Spain, Slovenia, Sweden, the Netherlands, the UK) and one European Free Trade Association country (Norway).

EIM members provide direct employment to over 200,000 people and their networks cover 93,000 km of lines, i.e. 50% of the EU25. In 2004, they transported 3.15 billion passengers (50% of the EU 25) and 350 million freight tonnes (30% of the EU 25).

Independence

In a liberalised market, the infrastructure manager who is at the heart of the railway network must be neutral and independent and provide a level playing for all customers and potential customers. Separation of infrastructure from operation clarifies the roles of all players concerned, i.e. the infrastructure manager on the one hand and operators on the other, and as such leads to a transparent process.

This neutrality and transparency enable the infrastructure manager to offer a safe and efficiently managed network, which in turn attracts customers and encourages competition.

Those customers compete and/or co-operate with each other, because of the following reasons:

- Non-discriminatory allocation of track capacity in line with market demands
- Access for all licensed Railway Undertakings
- Compulsory procurement for public passenger services

Ultimately, all of this will result in growth of rail traffic and job security.

Activities

EIM recognises that the industrial, political and international context has indeed evolved and therefore the transport policy needs to be adapted in order to ensure sustainable mobility.

European Rail
Infrastructure Managers



EIM believes there are various ways to develop these issues whilst taking into account the level playing field between all transport modes:

- Working together with the other stakeholders to encourage a Freight Oriented Network
- Contribute to appropriate development and implementation of the EU legislation such as the EC Railway Packages
- Contribute to the ongoing debate to find an efficient way to finance transport infrastructure
- Monitor, identify and influence the work of the European Railway Agency
- Monitor, identify and influence the standard setting bodies, e.g. CEN, CENELEC, etc.
- Influence any other representative bodies

EIM became a European social partner in 2005 upon request, after having been recognised by the existing social partners CER and ETF.

> THE EUROPEAN TRANSPORT WORKERS' FEDERATION (ETF)

The European Transport Workers' Federation (ETF) is the single organization in Brussels in the transport sector that incorporates all transport modes in one organization. The ETF represents transport workers from all transport modes, as well as fishermen. Its members are trade unions. Its membership is composed of 222 transport trade unions from 40 European countries, which together organise more than 2.5 million transport workers.

The ETF is the recognised European social partner in six European sectoral social dialogue committees (road transport, railways, civil aviation, maritime transport, inland waterway transport, fisheries). With the exception of the social dialogue committee in the civil aviation sector, the ETF is the single workers' representative within the European Social Dialogue in the transport sector. The ETF constitution provides the organisation with the capacity to sign agreements at European level according to Article 139 of the European Treaty, in other words agreements that are implemented in the form of European legislation. The ETF has already signed three agreements of this type for the maritime sector, the civil aviation sector and, in 2004, the railway sector).

The ETF is a member of the European Trade Union Confederation (ETUC) and the European regional body of the International Transport Workers' Federation (ITF).

ETF structure and organisation

The ETF governing bodies at horizontal level are the Congress, which elects the ETF President and General Secretary, the Management Committee and the Executive Committee.

The Federation's sector-related practical work is organised in what are known as the Sections. The ETF has seven separate Sections: Road Transport, Railway, Maritime, Inland Waterways, Civil Aviation, Dockers' and Fishery Section. In addition to the sections, the ETF has also established two permanent committees: The Urban Public Transport Committee and the Women's Committee.

The various sections act autonomously within the ETF, in accordance with general ETF policy. They decide their own work programme and are responsible for the political decisions and positions related to the respective transport sector.

The ETF employs a small team comprised of 12 staff members. The General Secretary Eduardo Chagas, a Deputy General Secretary, four political secretaries, three assistants and three staff members in administration and accounting, jointly manage the political and day-to-day work.

The ETF Railway Section

The ETF Railway Section represents 72 trade unions from 33 European countries that organise about 900,000 railway workers. It elects its president, two vice-presidents and a representative of women railway workers every four years and together they form the Bureau of the ETF Railway Section.

The Railway Section meets twice a year in a plenary meeting of all railway trade unions. Between these two plenary meetings, the Bureau acts as the main management body. The Section's decisions and activities are prepared in two permanent working groups, one on railway policy and the other on social dialogue. Ad-hoc working groups are also formed as needed.

Activities

The activities of the Railway Section, which are similar in all ETF Sections, are based on four pillars:

- Lobbying the European institutions on sector-related EU legislation;
- European social dialogue
- Organising European industrial action and solidarity action
- Servicing its members



As the transport sector is one of the most regulated sectors at European level, influencing EU legislation is an important part of ETF activities. About 10% of all EU legislation, known as the *aquis communautaire*, concerns the transport sector.

As an integral part of the wider European social model, the European Social Dialogue is of great political importance to ETF and the ETF Railway Section.

2.2.2 THE FUNCTIONING AND ACTIVITIES OF THE EUROPEAN SOCIAL DIALOGUE IN THE RAILWAY SECTOR

European Social Dialogue in the rail transport sector has a long history. In 1972, a Joint Committee for the Railway Sector was founded at the initiative of the European Commission. Its members were nominated by the Commission, based on proposals made by the relevant social partners. The Joint Committee was initially more of a consultative body than a forum for real social dialogue. But the social partners involved used it to develop an active dialogue and, moreover, since 1992 they have taken advantage of the possibilities provided by the Treaty of Maastricht pertaining to sectoral social dialogue.

The Sectoral Social Dialogue Committee for the Railway Sector was founded in 1999, at the joint request of the social partners, the CER and the ETF. Its creation became necessary due to a requirement stipulated in the Commission's Decision 98/599, which replaced the former joint committees by social dialogue committees. One of the main differences compared to the former joint committees is that the social partners are no longer individuals nominated by the Commission, rather they are nominated by the representative and recognised European social partner organisations.

The structure of the European Social Dialogue for the railways

The Social Dialogue Committee for the Railway Sector has 25 members from each side – employers' associations (nominated by CER and EIM) and trade unions (nominated by ETF). The Committee meets once a year in a **plenary meeting**.

The Steering Committee is composed of four representatives from each side and the Secretariats of the CER, EIM and ETF. It prepares the agenda for the plenary meeting. The Social Dialogue Committee for the Railway Sector has **two permanent working groups** called Working Group I, which focuses on adaptability, interoperability, working conditions and the train driver license, and Working Group II, which focuses on employability, training, gender equality and disabled persons. The Social Dialogue Committee is organised according to internal rules. However, in its daily work, it follows a flexible approach and utilises its structures according to different needs as they arise.

The work programme and the outcomes

Every year, the Social Dialogue Committee adopts a work programme that follows current developments in the sector. It is expanding because social dialogue in the railway sector has gained in importance and recognition in recent years by including formal consultation of the social partners within sector-related legislation, such as technical specifications for interoperability and proposals for a European Railway Agency.

In general, the work programme contains the following points:

- information and consultation on EU railway legislation (tripartite part of the dialogue)
- joint positions on EU railway legislation if common points are identified (e.g. on the mid-term review of the White Paper on European Transport Policy until 2010)
- negotiations, implementation and follow-up of the two agreements on a "European locomotive drivers license" and on "Working conditions for mobile personnel assigned to cross-border interoperability services" (now Directive 2005/47/EC)
- regular contact and formal consultation by the European Railway Agency on its work programme and draft recommendations regarding the social dimension
- joint projects (in 2006/2007: follow-up project on better integration and representation of women in railway professions, impact of the developments in the rail freight sector on employment and rail professions)

The work programme clearly shows that the social partners take full advantage of all instruments that are available via the European Social Dialogue, including information and consultation, joint positions, negotiations resulting in agreements and joint projects.

Negotiations according to Article 139 of the Treaty: an important experience

The European social partners first of all negotiated in 1996 and signed in 1998, an agreement regarding the integration of railway workers in the EU's working time directive (93/104/EEC, now 2003/88/EC). In this agreement, the social partners jointly declared that railway workers shall be fully included in the scope of the working time directive and identified three areas of activity where the derogation possibilities of Article 17 of the directive may apply.

When the working time directive was amended and the excluded sectors (transport workers, fishermen, doctors in training) were included, the Commission, European Parliament and the Council of Ministers fully respected the agreement and definitions of the social partners. However, in this agreement, the social partners agreed on principles and did not negotiate the terms and conditions for working time.

The two agreements that were negotiated in 2003 and signed on 27 January 2004, were different and groundbreaking for the European Railway Social Dialogue, since they provided for:

- agreement on the introduction of a European Locomotive Driver's License for cross-border activities
- agreement on working conditions for mobile railway workers assigned to cross-border interoperability services

In these agreements, the social partners were able to define their own terms and conditions for the workers concerned. The agreement on "Working conditions for mobile railway worker assigned to cross-border interoperability services", became European legislation (Directive 2005/47/EC) in July 2005. The content of the agreement on a "European locomotive drivers' license" was integrated in the Commission's draft directive on the certification of train crews within the 3rd Railway Package.

The two agreements define common qualification standards, safeguard the health and safety of mobile railway workers and attempt to avoid social dumping. They are an important contribution made by the railway sectors' social partners to the creation of a common European railway market.

The negotiations were tough and all the social partners went through a necessary learning process in order to succeed by reaching agreement. Negotiations at European level, in a multi-national delegation with partners from different systems and negotiation cultures, require a high capacity and willingness to move away from one's own national background and to search for common European views. The European social partners in the railway sector gained a wealth of experiences and capacities through these successful negotiations.

2.2.3 THE FUTURE OF THE RAIL TRANSPORT SOCIAL DIALOGUE

The European railway sector will continue to face the challenge of establishing a single European railway market. According to the EU regulation for the establishment of a European Railway Agency, the agency will play a role in creating a European railway culture.

The European social partners within the social dialogue have already played a role in establishing a **European culture of the railway social partners**. In this sense, the two agreements in the railway sector have a highly political dimension. One major challenge over the next few years will be the implementation and follow-up of the agreements.

The CER, EIM and ETF have differing views on the liberalisation of rail passenger transport, which has been a key priority on the EU legislative agenda over the

last few years. However, they do share views on, for instance, the question of infrastructure policy or fair competition between transport modes. In a joint declaration addressed to the European Commission in May 2006, for example, they expressed a joint request to speed up the Commission's work on the internalisation of external costs in infrastructure charging.

The European Railway Agency (ERA) started its work in 2005 and many of its tasks will affect railway safety, qualifications of workers and working conditions. The social partners must therefore continue their work in these fields. The ERA has, for example, to propose recommendations on the certification of railway training centres, an item that the social partners have included in their work programme in order to be as proactive as possible, on the basis of the experience they have gained through the two previous agreements.

Many new questions will also arise from the implementation of a common rail freight market. It is the task of the European social partners to observe the developments, to analyse the impact on employment and to make, if appropriate, common recommendations. A joint project is therefore part of the work programme.

The integration of the social partners from the new and future Member States is essential for continuing a successful European Social Dialogue.



PART 3:
Social dialogue
in the rail sector
in the new Member States
and accession countries
COUNTRY REPORTS



3.1 ESTONIA

HISTORY OF ESTONIAN RAILWAYS AND ITS REFORM

In 1870, the first railway line opened between Paldiski-Tallinn-Narva-Gatshina and a connection was made with the St Petersburg – Warsaw railway line. In 1918, the independent company Estonian Railways (EVR) was founded. In 1940, EVR became a part of the Soviet Railways. In 1992, the independent state company Estonian Railways was re-established.

The restructuring of the Estonian railway sector started in 1993, with the establishment of the 100% state owned company AS Eesti Raudtee. At the same time, a political decision was taken to completely privatise the Estonian railway system, including the infrastructure.

By 1997, most of departments dealing with infrastructure management and maintenance of AS Eesti Raudtee were separated and privatised. The social activities of the company, such as hospitals, schools and holiday resorts for railway workers, were outsourced. Freight and passenger transport were separated in 1998, resulting in four different Ltd. Companies (100% state ownership):

- AS Eesti Radtee – freight transport operator
- Edelaraudtee AS – passenger transport with diesel trains
- AS Elektriraudtee – passenger transport with electric trains
- AS EVR Ekspress- international passenger transport

In 2001, three of the four companies were privatised: AS Eesti Radtee, Edelaraudtee and AS EVR Ekspress. At the same time AS Elektriraudtee was transferred to municipal ownership. Full open access to the privatised infrastructure for other operators has applied in Estonia since 2005.

ATTENTION : Estonian Railways EVR is again 100% state-owned since 8 January 2007. The Estonian government bought back first the privatised infrastructure and in January also the shares of the operational part. This country report was written during autumn 2006 and translated into 7 languages. We are not able to adapt the text to the new situation of the railway sector in Estonia.

During the restructuring process of the Estonian railway sector, the number of railway employees decreased by 70% within 10 years (1996 to 2006).

THE ESTONIAN RAILROAD MAP TODAY

Discussions on the re-nationalisation of the infrastructure

The specific characteristic of the Estonian rail privatisation is that the infrastructure was privatised as well and, for example, the private freight operator AS Eesti Radtee is also the owner of the freight infrastructure.

In early 2006, a political debate took place on the question of whether the state should buy back the infrastructure.

AS EESTI RADTEE OR ESTONIAN RAILWAYS, LTD. – A COMPANY PROFILE

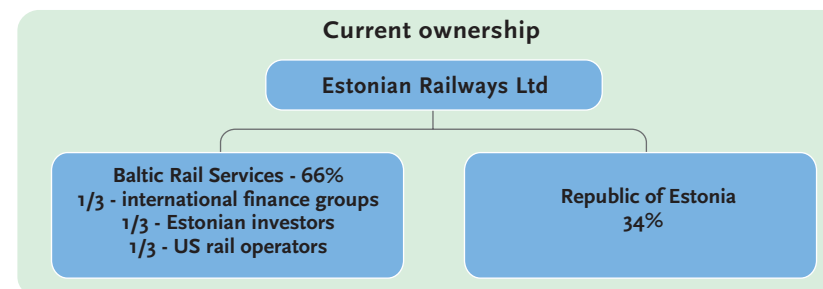
In August 31 2001, EVR was privatised, becoming Europe's first vertically integrated rail privatisation and the first rail privatisation of any type on the European mainland.

Baltic Rail Services Ltd., a consortium of USA, UK and Estonian investors paid a figure of 1 billion EEK and took over 66% of shares of the AS Eesti Raudtee.

The company provides infrastructure access for passenger and freight services and also carries out freight transportation services.

EVR FACTS SHEET

- The EVR rail infrastructure consists of around 700 km of railway track and accompanying structures
- Improvement of capacity and safety of the infrastructure has been the main goal of large-scale investment activities carried out by the EVR. Investments made in 2005 of 472.5 million EEK (~31 million EUR).



- The number of locomotives in use reached 90 in 2005 which is sufficient for servicing current cargo flows
- Wagon fleet 3,779
- Number of employees 2,330

EVR PERFORMANCE HIGHLIGHTS 2005

- Open access management per EU directives from June 2004
- Volume 44 million tons, and growing
- Small net profit of 62 million Estonian kroons (caused mainly by market redistribution and inadequate infrastructure fee)
- 2005 safety record was excellent (number of accidents in which injuries were suffered dropped to 6 in 2005 from 24 in 2001)

Impact of EU membership – a company's view

- New railway law and infrastructure access fee system
- Infrastructure capacity allocation / market redistribution
- Three new operators with Russian background
- Loss of market share as railway operator
- Labour markets open to other EU countries and consequent pressure on salaries

Our experience with integration into the EU: New challenges in changed environment:

- Staying competitive and develop our business
- Facing up to and overcoming negative changes on the Estonian railway freight market, labour market and salary market:
 - > Employees' development and training to retain staff
 - > EVR business development processes and objectives with the EVR.
 - > Language skills
 - > Professional and managerial skills
 - > Becoming more competent in our approach to the European business and social model.



TALLIN.
SABINE TRIER (ETF) ;
SERGE PITELJON
(ETF / CGSP CHEMINOTS);
JEAN-PAUL PREUMONT (CER) ;
JOLAN SEVTSOV
(ERAÜ RAILWAY UNION)

SOCIAL DIALOGUE IN THE ESTONIAN RAILWAY SECTOR

No formal tri-partite social dialogue at sector level

There is no formal tripartite social dialogue at sector level, but the Rail Workers Trade Union (ERWTU), the biggest railway union in Estonia, is involved in the process that leads to the creation of legislation. They are also represented in the national committee responsible for developing professional standards for the railway sector.

Bi-partite social dialogue at company level plays a more important role

In companies in which the employees are organised, social dialogue takes place through regular exchanges of information and consultation between the trade unions and employers. Negotiations are also held on salary and the work environment and these negotiations lead to the conclusion of collective agreements.

Collective agreements specify the conditions for salaries, social security, number of workplaces, distribution of information and scope of consultations, re-training of employees and occupational safety issues.

In Estonia, company works councils are not very common. The sharing of information and consultation take place during regular information meetings between employers and trade unions.

In the view of the ERWTU: "The level of social dialogue is good in most companies. There is the possibility of substantial discussions with the company management on the issues that are most relevant to the employees. The practice of consultation and sharing of information works well in traditional railway companies. However, as a result of the opening-up of the transport market, new companies have emerged in which trade unions are usually not welcome. Therefore, in these companies it is quite complicated to organise the employ-

ees and to establish social dialogue. We could not, however, say that we are completely ignored, because all companies accept us as a representative social partner.”

A particularity of Estonian legislation

Estonian legislation stipulates that companies have to negotiate separate collective agreements with all trade unions present in their company. A trade union can be created with a minimum number of 5 members. Collective agreements cover only the trade union members of the union that has signed the agreement.

Pursuant to Estonian legislation, an employer may not refuse negotiations for a collective agreement when a trade union requests the initiation of these negotiations. At least five employees are required to establish a trade union.

In the opinion of the Rail Workers Trade Union, this system inhibits the development of social dialogue. The employer is required to negotiate with all trade unions, even if there are 100 of them. This approach contributes to the fragmentation of the employee organisations and internal tensions within the worker groups. In addition, it reduces the motivation of the companies to engage in constructive negotiations, because the requirements of the trade unions could be conflicting and there is always the risk of the emergence of a new pressure group that is not satisfied with the results of the negotiations, which means that maintaining a strike free work environment may become problematic.

A trade union view

“We in Estonia joke that the companies are working for the trade unions. They need to have departments that have the single task of negotiating collective agreements with the different trade unions. There is an absolute need that the railway companies in Estonia create an employers’ association and negotiate a single collective agreement for the whole sector. This is in the interest of the companies.” Jolan Sevtsov, President of ERWTU.

In the opinion of the Rail Workers Trade Union, trade unions should have a mandatory minimum level of representation. For example, they should represent at least 30 % of the employees of a company. This could be the limit at which a company may not refuse to start collective agreement negotiations.

The trade unions set themselves the priority of concluding collective agreements. In the companies that do not have trade union representation, a representative of the employees may also conclude collective agreements. In addition to

the Trade Union Act, Estonia has adopted the Employees Representative Act, which specifies the rights of the employees’ representative in disseminating information, holding consultations and collective agreement negotiations. It also stipulates the social security entitlements of the representative.

TRADE UNIONS IN THE ESTONIAN RAILWAY SECTOR

From the trade union perspective

There are currently four trade unions in the Estonian railway sector:

- Estonian Rail Workers Trade Union (ERWTU), representing approximately 2,000 employees from 13 different employers
- Locomotive Workers Trade Union with about 200 members from 2 different employers
- Professional Association of Estonian Locomotive Workers with about 150 members from 2 different employers
- Koostöö (‘Cooperation’) with 180 members in one company

ERWTU is the single trade union organisation that organises railway workers in all Estonian railway companies. At the moment, ERWTU has signed collective agreements with 10 employers, covering almost 90% of the ERWTU membership. Collective agreements have not yet been concluded in companies in which the trade unions have only recently been established.

The other trade unions have concluded a total of 5 collective agreements with the different companies in which they are present.

Trade union representation in Estonian Railways Ltd. (EVR): the company perspective

Three trade unions are present in EVR:

- Union of Estonian Railway Workers (ERWTU)
- Professional Association of Estonian Locomotive Drivers
- Union of Estonian Locomotive Drivers

The Union of Estonian Railway Workers (ERWTU) is the biggest union in EVR and the single union representing all groups of railway workers. It represents 1,375 workers, which is 58% of all EVR employees. The collective agreement signed with ERWTU is valid for three years up to 31.12.2007.

The Professional Association of Estonian Locomotive Drivers is a professional union and represents 113 locomotive drivers, in other words 32% of the locomotive drivers employed by EVR. The collective agreement signed with the union is valid for two years up to 31.12.2007.

The Union of Estonian Locomotive Drivers is the second professional union in the company. It represents 153 locomotive drivers, which is 43% of EVR loco-

tive drivers. The collective agreement signed with this union ended formally at the end of 2005, but it will remain in force until a new collective agreement is signed. Negotiations on the new agreement are currently underway.

The company, however, defines “social partners” in a broader sense. As far as EVR is concerned, the partners in social dialogue:

- Trade Unions
- Public Bodies (e.g. the Official Mediator) and the Ministry of Social Affairs
- The Labour Inspectorate
- Estonian Employers’ Confederation
- The Law Courts

Wage negotiations in the Estonian railway sector (ERWTU view)

When concluding collective agreements, the ERWTU is guided by the principle that the agreement should be concluded on a long-term basis, for up to three years.

When negotiating and concluding salary agreements, we follow the principle that the salaries of all employees should be raised at least by the rate of increased productivity and the increase in the consumer price index. The indicators from the last year and forecasts for the current year are used as a basis. Generally speaking, we are successfully in achieving this aim.

There have been significant developments in respect of salary increases over the last five years. For example, in 2001, the average salary in the railway sector was by 2% higher than the general average salary. In 2005, the average salary in the sector was already 18% higher than the national average. In real terms, the salaries of railway workers increased by almost 51% between 2001 and 2005. Taking into account inflation, the increase amounted to 68%.

At the moment, the opening-up of the market of transportation services and the creation of new companies are having a positive impact on the salaries of the employees, since there is a shortage of qualified staff and the resulting competition forces the companies to increase the salaries of the employees quite significantly.

ments separately, which indicates a weak level of cooperation between the organisations that represent the employees. For example, AS Eesti Raudtee as an employer has three collective agreements, which means negotiations with three different trade unions.

In the last few years, the railway has been the most turbulent economic sector in respect of social issues. This is partially caused by the fact that the railway has no branch level social dialogue that would be similar to the one in road transport, for example. The obligation to refrain from taking strike action, stability and sustainable development of the whole sector cannot be ensured until the employers and trade unions start to develop social standards and salary policies in a concerted manner. The ERWTU, which represents railway workers employed by 13 different employers, believes that there is a real need to develop social dialogue at sectoral level. There should be branch level employers’ association. Issues such as salaries, conditions of employment and rest time should certainly be harmonised at sector level.

NEED FOR BRANCH LEVEL SOCIAL DIALOGUE IN THE RAILWAY SECTOR

In Estonia there is no single collective agreement that covers whole sector. Therefore, negotiations are held separately with each company by each union. Over the last couple of years, the trade unions have concluded collective agree-

3.2 LATVIA¹

RESTRUCTURING OF THE LATVIAN RAILWAY SECTOR

Latvian Railways was established in 1919 as the railway company of an independent country. It resumed its business activities in 1991. Soon after, its legal status was changed and Latvian Railways became a state joint-stock company „Latvijas dzelzceļš” (Latvian Railways, hereinafter LDZ) with the Latvian government as a 100% shareholder.

LDZ is a vertically integrated railway transport company that provides passenger and freight traffic and simultaneously manages the public use of the railway infrastructure.

LATVIAN RAIL NETWORK

- Operational length of all lines – 2 270 km
- Operational length of all electrified lines – 257 km
- Length of main communication cable lines – 3,174 km
- Length of optic communication cable - 766 km

The restructuring of LDZ started in 1998. A new national railway law was adopted in 1998 and provided the legal basis. The purpose of restructuring was the liberalisation of the railway sector, ensuring a high level transport safety, government support for the passenger services and infrastructure maintenance and the creation of conditions for free competition of activities in the railway transport system, according to the requirements of EU legislation.

¹ Joint company (LDZ) and trade union (LDzSA) report

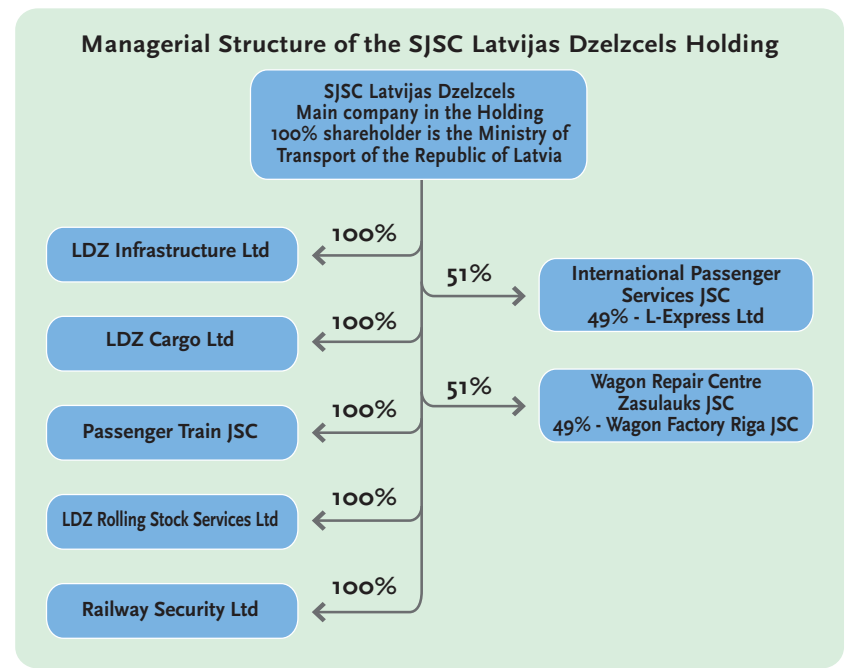


Since 2002, four subsidiary companies have been established and are now operating:

- Passenger Train JSC
- Wagon Repair Centre Zaslauks JSC
- International Passenger Service JSC
- Railway Security Ltd.

Following a decision of the Cabinet of Ministers in 2006 on the last phase of the SJSC „Latvijas dzelzceļš” restructuring, LDZ established three new subsidiaries along side the 4 subsidiaries already in existence: LDZ Infrastructure Ltd, LDZ Cargo Ltd and LDZ Rolling Stock Service Ltd. They will start operating once the reorganized system comes into force and LDZ will become the governing company for the 7 dependent companies of the Holding.

The operational functions of the future business activities’ model are clearly distributed amongst the Holding’s companies. Generally speaking these functions may be divided into large, basic categories – maintenance and management of the railway infrastructure, freight traffic, passenger services and rolling stock services.



With Latvia's accession to the European Union, particular attention in the LDZ strategy is being paid to the facilitation of transit traffic, to the development of transport corridors and to the integration process into EU.

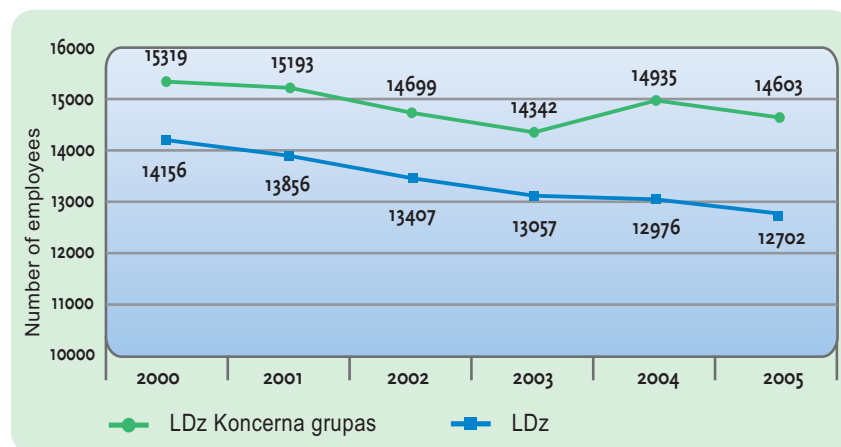
LDZ Infrastructure belongs to the company. To ensure the implementation of the requirements of the EU directives, infrastructure charges are being set by the Regulator, an institution established by the government. The State Railway Authority performs the distribution of infrastructure capacities.

Unlike railways in most EU countries, LDZ receives little or no assistance from the national budget for performing infrastructure maintenance or providing passenger services. However, in the national budget in 2005, provision was made to provide funding for the purposes of pump priming domestic passenger services.

LDZ is the largest employer in Latvia and one of the biggest taxpayers in the country. There are more than 14,500 people employed in the LDZ Holding, 12,700 of them are employees of the SJSC „Latvijas dzelzceļš” and 1,900 work in the subsidiaries of the holding. The employment trend in holding companies are illustrated in figure 1.

In 1995, prior to the beginning of the restructuring process, the number of employees in the company was 20,254.

The largest decrease in the employees' number is due to the separation of the social-related services (outsourcing of social services of the company) in the first half of the nineties, as well as the establishment of other private structures in the railway transport sector and the introduction of new machinery and technology. The decrease in the number of LDZ employees has not caused any social tensions.



REVIEW OF LDZ ECONOMIC ACTIVITY

Freight traffic, market shares and modal split

Transit freight traffic is at the heart of LDZ's economic activity. It has increased by 150% in the period 2000 to 2005. The company carried 54.9 million tonnes of freight in 2005. That is the largest amount in the last 15 years. Revenue from this kind of commercial activity exceeds 3/4 of the total revenue generated by LDZ and the holding. The Latvian railway system occupies the second position among the EU countries regarding t/km carried per 1 rail/km. One km of the infrastructure had the load of 10.1 million t/km freight in 2005.

LDZ rail transit services are carried out through three main ports. The main transit way that connects Latvian seaports with Russia, Belarus, Lithuania and Estonia is in a position to ensure a freight throughput capacity that corresponds to 62 million t per year.

The railway freight traffic market share in the Latvian transport business is increasing annually. It reached 44% in 2005 (39% - road, 17% - pipeline transport).

Private freight operators Baltic Express JSC and Baltic Transit Service JSC have started freight services. The total amount of the goods carried by them in 2005 was 4.9 million t or 10% of the total amount of goods carried.

Infrastructure

Since 1998, when the use of European aid funds for accession countries started, there have been more than 150 million EUR invested into the development of the infrastructure of the Latvian railways. The bulk of the funding has been used for the reconstruction of track facilities. This has led to an increase in train traffic speed along the main sections of the transit corridor. The telecommunication systems have been brought up-to-date by changing over largely to fibre-optic technologies. This has introduced not only an improvement in the quality of communication, but has also accelerated the introduction of information technologies as well. This has significantly improved the operative performance and quality of freight services.

An up-to-date Rail Welding Centre has been constructed and highly productive permanent machines have been acquired for the purposes of infrastructure maintenance that meets with present day requirements.

The Latvian railway infrastructure will develop further in three main directions: modernization of the railway lines; development and capacity increase of the major railway junctions Riga, Liepaja and Daugavpils; the modernization of railway signalling and radio communication system.

In conformity with the infrastructure development and modernisation plans for the projects announced for the years 2007 – 2013, it is envisaged that the EU Cohesion fund will provide 135 million EUR to help fund these projects.

Passenger traffic

The LDZ subsidiary Passenger Service JSC provides domestic passenger traffic services. The passenger services share within the LDZ traffic structure is significant. The number of passengers carried in the domestic traffic sector has increased over the last few years. It reached a figure of 23,5 million in 2004 and 25,5 million in 2005.

Railway transport costs are higher than they are for road transport. The amounts of funding allocated by the government for the pump priming of passenger traffic services is nevertheless significantly less than the amount allocated to the road transport sector. In order to modernize the out-dated rolling stock, an extensive project has been started with the assistance of EU funds in order to repair and to modernise 68 electric trains and diesel trains. The implementation of this project will take place over the course of three years.

The LDZ subsidiary, International Passenger Service JSC, provides cross-border passenger traffic services. These are the trains from Riga to Moscow and St Petersburg in Russia, to Gomel in Belarus, to Truskavets and Simferopol in Ukraine.

The numbers of passengers carried in the cross-border traffic is not large. The passenger figures have increased slightly over the last few last years. In 2005, the level of the previous year was exceeded by 6%.

**WORKERS' REPRESENTATION IN THE RAILWAY SECTOR – A SINGLE SECTOR UNION
LATVIAN RAILWAY AND TRANSPORT SECTOR WORKERS' TRADE UNION (LDZSA)**

The LDzSA, which organises workers in the railway sector, is the third-largest sector trade union in Latvia. It has 16,000 members, 75% of whom are LDZ employees, 19% are employees of private railway companies and 6% are employees from other sectors. 85% of LDZ employees are LDzSA members.

LDzSA has been is a member of the International Transport Workers' Federation (ITF) since 1998 and a member of the European Transport Workers' Federation (ETF) since 2000.

LDzSA is the single employees' representative in the social dialogue in the railway sector. The legislation regulating the social dialogue in Latvia provides for the activity of an authorized agent, however such a practice has not gained ground in the railway sector.

SOCIAL DIALOGUE IN THE LATVIAN RAILWAY SECTOR – SECTOR COLLECTIVE AGREEMENT

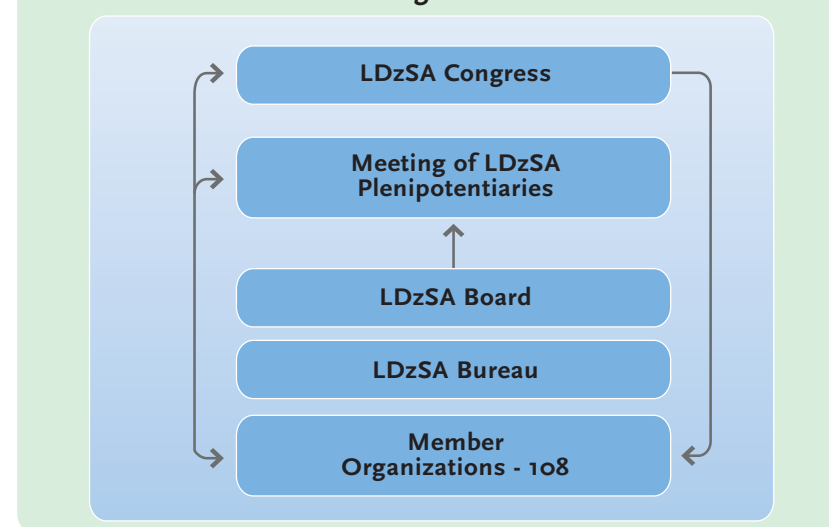
The Labour Law of the Republic of Latvia and the Law on Trade unions of the Republic of Latvia regulate social dialogue as a collaboration and consultation

mechanism between the employer and employees' organizations, their associations and the government.

The Latvian Employers' Confederation, Latvian Free Trade union Alliance and the government (Ministry of Welfare), conduct social dialogue at the national level (**tripartite social dialogue**). LDZ is a member of the Latvian Employers' Confederation, whilst the LDzSA is a member organization of the Latvian Free Trade union Alliance.

The **bipartite social dialogue** institution for the employers in the railway sector in Latvia is the **Latvian Employers' Organisation of the Railway Sector (LDzDDO)**. This association was established by seven 7 companies in the sector in 2002. More than 80% of the employees of the sector are covered by it.

A good example of social dialogue in this sector is the General Agreement in the Railway Sector, which was concluded by both parties. Such agreements must be applied in all companies in the sector, according to the Labour law of the Republic of Latvia. The General Agreement sets out the minimal scope of rights and guaranties of the parties, which are extended by collective agreements within individual companies. In the railway sector, collective agreements have been concluded in all companies that are LDzDDO members, as well as in the LDZ Holding companies (in the parent company – in the Latvijas Dzelzceļš SJSC and in subsidiaries – Passenger Train JSC, in Wagon Repair Centre Zaslauks JSC, International Passenger Services JSC and Railway Guard Ltd.)

LDzSA Managerial Structure

The Collective Agreements of LDZ Holding companies regulate issues such as salaries, working time and rest time, labour protection; allowances and guaranties; health protection, culture and sport; protection of rights and matters relating to mutual relations between the employers and workers.

The LDZ Collective Agreement envisages additional guaranties in addition to those established under Latvian laws:

- Increase of employees' salary – not less than the inflation rate
- Employees' health, life and industrial accident insurance
- Supplementary pension Insurance for individual professional employees
- Additional paid leave for those who spend their entire working life at the railway

The economic and social philosophy of the LDZ restructuring process is based both on ensuring a competitive and safe railway sector and also on the establishment of social security provisions for the employees that correspond to the conditions of the market economy. Before decisions are made that are essential for the employees, a rule has been established at the LDZ, according to which efforts are made to reach an agreement between the opinions expressed by the employers and the unions. This is achieved through what is known as constructive dialogue. There is a working group on Collective Agreements at the LDZ, composed of an equal number of employer and trade union representatives. This permanent working group was set up in 2001 and it oversees the implementation of the Collective Agreement and prepares plans for necessary changes etc.).

A type of sectoral tripartite social dialogue

Trade unions are involved in the LDZ restructuring process institutions. The trade union chairman is a member of the restructuring management committee of the Ministry of Transport; the deputy chairman is a member of the personnel management subgroup of the LDZ restructuring working group of the ministry. The Collective Agreement has been concluded for the period of time up to 2009. An agreement has been reached on compensatory payment for workers who take early retirement in cases in which their job is cut. In the initial period of LDZ reforms, an Agreement was concluded on the selection and relocation of workers who lost their job during the restructuring process.

It is important for social dialogue parties that everybody understands what the company expects from the employees and what may be given to the employees. The LDZ policy and the human resource management process have both therefore been published in a special brochure, whilst an employee manual has been prepared and the managers at all levels and union officials executors have been made aware of the HR management strategy and the HR control processes at the training centre.

Collaboration between trade unions and management mainly takes the form of information and consultation, the elaboration of a common position and work on joint projects.

Trade unions are represented on the LDZ HR Management Committee, on labour protection, lease and bonus system commissions, as well as on job vacancy and recruitment commissions. Trade unions cooperate in the implementation of the LDZ HR policy and its updating, in the perfection of personnel management processes, in the elaboration of the Employees' Manual, in the employees' satisfaction surveys etc. Joint projects also take place regarding the sector's traditional activities (annual trips and visits, LDZ anniversary arrangements, employees' talent shows etc.).

Another significant area of collaboration between the management and the trade unions is the matter of employees' training and development. There are vast opportunities for employees' development in the company. At the trade unions' initiative, an internal company training centre was established in 1998. More than 2,250 managers and experts attend courses at the centre to improve their professional and social skills each year. The managers also learn skills required to conduct social dialogue correctly. The Collective Agreement stipulates that trade union activists are entitled to attend courses at the centre and that their cost be covered by a fund set up by the employers.

Wage trends the LDZ

Salary increases are an on-going topic of social dialogue at the LDZ, as well as being a priority of the Board. The average wages at the LDZ were 466 EUR in 2005 (22% increase in comparison with the year 2004).

Freight turnover has increased by 32% in the three first months of this year in comparison with the same period last year, thanks to the increase of freight volume and a consistent wages' policy, based on an agreement reached between the railway management and the unions. According to this agreement, employees receive a quarterly bonus for maintaining good performance levels. It is nevertheless not sufficient when compared to the EU railway sector. Latvia is 3rd from bottom in the EU league wages league table. According to an agreement reached with the trade unions, the average wage in the company should reach 714 EUR over the next two years. It is, however, not sufficient to ensure a competitive wage within EU.

The railway sector in the future will come under greater control by freight owners and shippers, as a consequence of the liberal legislation. The privatisation of subsidiaries is possible. A range of specialised railway professionals (shunting inspectors, operators of permanent-weight machines, railway signalling equipment engineers) can work in other EU railway companies without

particular restrictions, due to a unified licensing procedure for these specialists. **The companies expect a tough battle over skilled employees in the future. Many capable and talented specialists and potential workers are leaving their jobs in Latvia and go abroad in order to earn more money.**

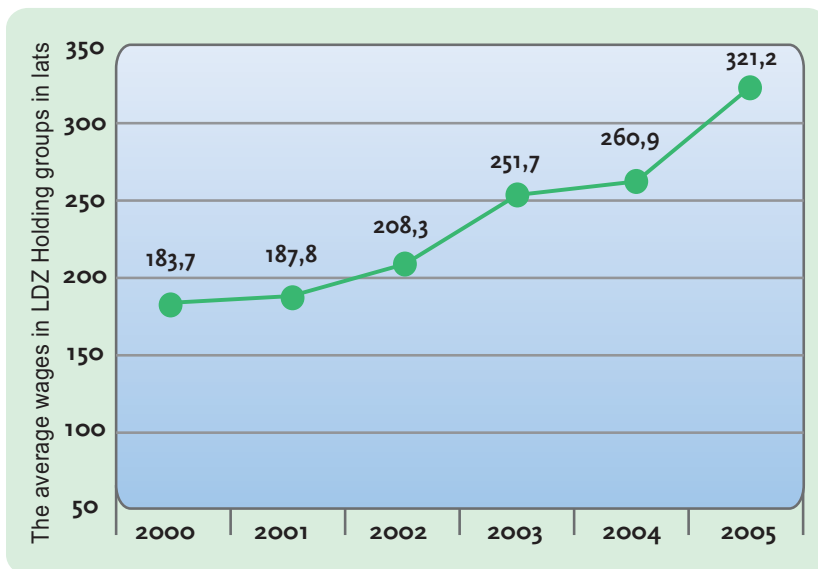
This means that LDZ has no other choice than to gradually even up the salary level of railway employees. However, increasing productivity and decreasing the number of employees cannot solve this problem. There is a need for an adequate level of governmental funding for public service requirements and for infrastructure maintenance.

EXPECTATIONS FROM THE EUROPEAN SOCIAL DIALOGUE

LDZ expectations of sectoral European social dialogue are: balanced economic and social development, strategic support for the integration process and financial assistance from EU funds for infrastructure and for rolling stock modernisation. In the framework of the European social dialogue, efforts should be made to tackle issues such as unified minimal tariff rates for leading railway professions and unified retirement conditions for railway professionals.

LDZ was one of the first companies in Latvia to sign up to the **UN Global Compact on corporate social responsibility** and on the basis of this Compact it is now striving to introduce nine principles in the area of human rights, employment rights and the environment. LDZ is doing its utmost to respect the values of corporate social responsibility and to achieve positive changes following the principle:

Good business is socially responsible business.



3.3 LITHUANIA

THE DEVELOPMENT OF THE RAILWAY SECTOR

In Lithuania there is one operating railway company, the **Lietuvos geležinkeliai (LG)**. The company is an integrated company with the main activities divided into passenger transport, freight transport and infrastructure management. It is 100% state owned.

There is one private undertaking called "Transachema" that has received a license for operating international freight and passenger transport services.

The recent restructuring of the Lithuanian railway sector resulted in the following new structures:

LG employed 11,327 railway workers in 2005. In 2000, the company still employed 15,618 railway workers, which represents a reduction in jobs of 4,291 (25%) within five years.

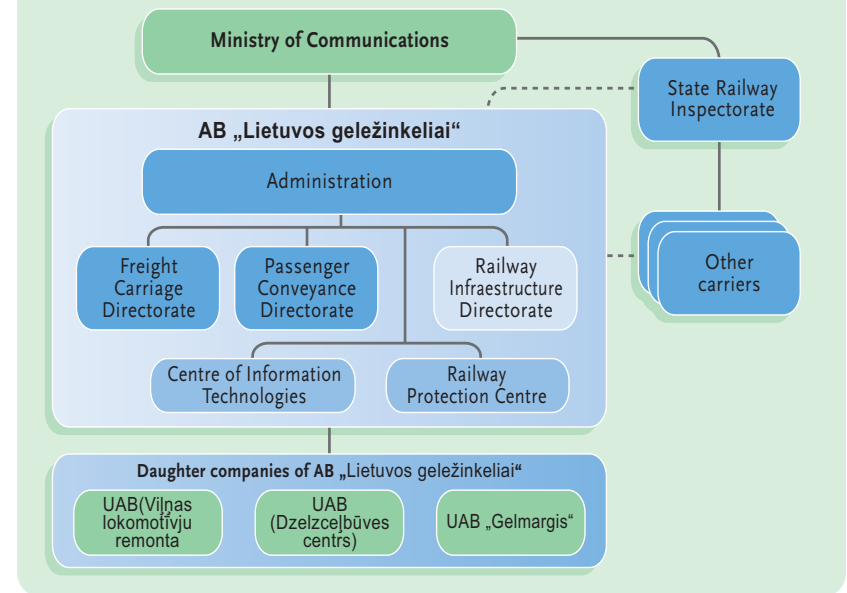
With regard to transport developments, the company experienced increases in freight transport and decreases in passenger transport in the period 2000 to 2005.

	Freight transport	Passenger transport
2000	30,7 mio t	8,ç mio passengers
2005	49,3 mio t	6,7 mio passengers



LITHUANIA.
109 STATIONS OPERATE IN AN OVERALL
2187.4 KM TRACK.

Structure of the Lithuanian railway

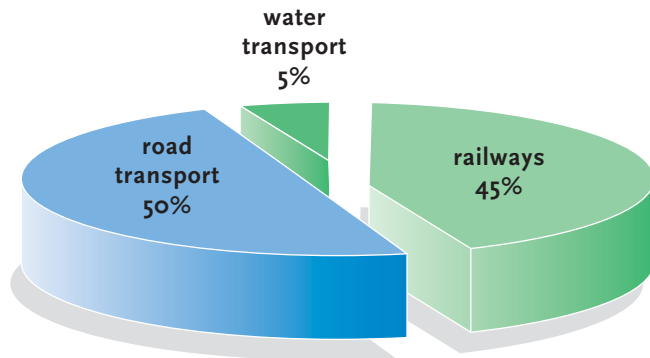


In 2005, international freight transport constituted 71% of total freight transport, whilst there has been a slight increase in domestic freight transport since 2003.

The share of international passenger services was 15% in 2005, whilst domestic passenger services represented 85%.

MODAL SPLIT IN FREIGHT TRANSPORT IN LITHUANIA

Investments in the railway sector increased considerably from €21.5 million in 2000 to €124.3 million in 2005. 54.8 % was invested in infrastructure and 40.1% in freight transport. Only 2.3 % went to passenger transport in 2005. However, 71% of the investments came from LG's own resources, 15,5 % from EU funds and only 7.1% from state funds.



THE SOCIAL DIALOGUE IN THE LITHUANIAN RAILWAY SECTOR

Trade unions in the railway sector

There are two active trade unions within the LG company: The Lithuanian Trade Union Federation of Railway Workers, with 5,600 members and the Lithuanian Association of Trade Unions of Railway Workers, with 1,200 members.

There is no sectoral tri-partite dialogue

There is not formal tri-partite dialogue committee for the railway sector. The trade unions do, however, participate in meetings of the Ministry in which rail reform projects are discussed.

One of the two unions participates in the inter-professional tri-partite social dialogue within its Confederation. Conferences between the trade unions and management take place on an annual basis. The railway unions applied for representation in the Company Observer Council, however the government turned down their application.

Bi-partite dialogue

Social dialogue takes place at company level. The two trade unions present in the company decided to create a joint representative body in order to negotiate and sign the Collective Agreement jointly. The LG Collective Agreement regulates questions of employment and dismissal, health and safety issues, annual leave, wages, additional payment for mobile workers as well as training and re-training.

The trade unions in the sector have been able to negotiate wage increases on an on-going basis over recent years and these increases are higher than the public sector average. However, the relative low level of average monthly wages

(€487 in 2005) also leads to the problem of a “brain drain” in Lithuania, as is the case in the other Baltic States.

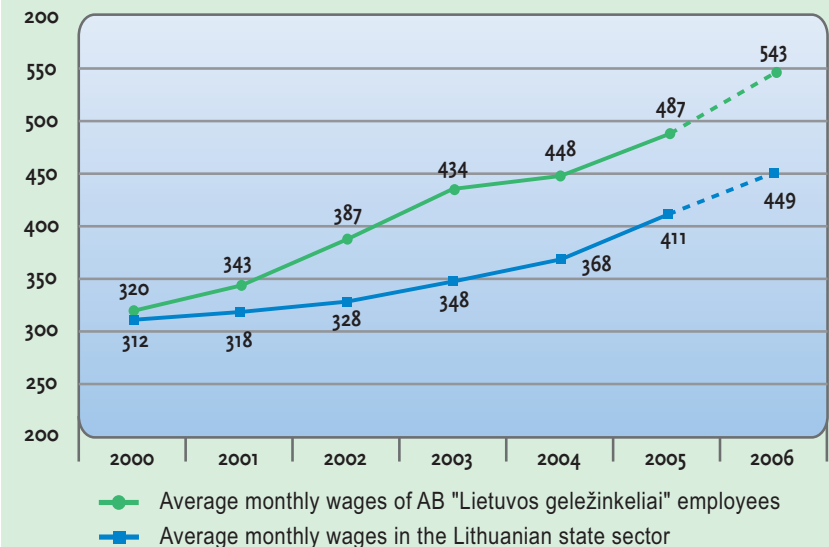
Wage increases (average monthly wages in €)

The company has also established a training programme together with the trade unions, as well as a number of social activities:

Employees' Qualification and Skill Improvement

- 12 % of employees hold a higher education degree
- 26% have gained advanced vocational education
- In 2005, 823 employees studied at higher education schools and colleges
- AB LG established 20 nominal scholarships for excellent students
- The employees also benefit from in-service training

Wage increase (average monthly wages in €)



In 2005, the company started an employee skills development project which was supported by the EU Social Fund (the project value is over 1 million EUR, 35% of which comes from EU financial aid)

- In 2005, the company spent 0.8 million EUR on training employees

The Social Needs Fund

- The Social Needs Fund has been virtually tripled over the last few years:
 - > 0.38 million EUR was allocated to social needs in 2000
 - > 1.16 million EUR was allocated to social needs in 2006
- Funds were allocated for:
 - > Leisure activities for the employees and their family members in summer camps
 - > Health services for the employees (diagnostic tests, sanatorium therapy, etc.)
 - > Support for employees engaged in studies
 - > Material support for employees and former long-term workers (pensioners)
 - > Support for youth organizations and veterans' club
 - > Organisation of the railway workers' professional holiday, etc.

Other Social Measures

- Children's recreation camp "Ignalina"

Approximately 800 children of railway workers spend their holidays in the camp during the summer months

- Employees' training, rehabilitation and recreation complex in Giruliai
Approximately 3000 railway workers and their family members spend time in the complex during the summer months
- Magazine "The Railway Worker" (published twice per month)
- Honorary Railway Worker Award, established in 1997, thus far 176 employees have received the award.

From the LG presentation

However, the Labour Code makes taking strike action very difficult. Only a union or a union's strike committee may call a strike, so that employees without union representation are unable to strike legally.

Trade unions are at present relatively weak in Lithuania; they represent approximately 200,000 members, or 14% of the workforce. There are three major trade union associations: The Lithuanian Trade Union Confederation with a membership of 120,000 (the Lithuanian Federation of Railway Workers' Trade Union being a member), the Lithuanian Trade Union "Solidarity" with 58,000 members and the Lithuanian Labour Federation counting about 20,000 members (it includes a branch of the Railways trade union).

The Law on Collective Agreements (1991) provides for, and protects, collective bargaining for almost all workers and the right of unions to organise employees. The new Labour Law, which entered into force in 2003, established collective bargaining as the main tool to regulate labour relations and gives employees the right to be represented in collective bargaining by either trade unions or by works councils elected by secret ballot at a general meeting of the workforce. Works councils possess all the rights of a representative body in the absence of the trade union, but may not perform functions recognised under the laws as being the prerogative of trade unions. Worker representatives have the legal right to information and consultation about the general situation in the enterprise, dismissals of employees on economic or technical grounds and restructuring of the work place. On a few questions, such as modification of internal work regulations, the consent of the workers' representatives is required.

Collective negotiations regarding labour relations, including wages, are not widespread in Lithuania. It is estimated that between 5 and 25 percent of workers were covered by collective bargaining agreements in 2003. However, the situation is different in the areas of employment covered by the state budget and state enterprises, where strong trade unions traditionally exist, as is the case in the railway sector.

The Social Dialogue

The Labour Code also regulates social dialogue in Lithuania. It can be developed on different levels, such as national, sectoral, territorial and enterprise. Social dialogue may also take different forms, such as tripartite or bipartite councils and commissions, and these bodies are generally involved in information and consultation procedures, conducting collective bargaining to conclude a collective bargaining system, as well as the involvement of employees participation in the management of the company.

Trade union representation and social dialogue in Lithuania in general

The Constitution of Lithuania (1992) and the Law of Trade Unions (1991) allow workers to form and join trade unions, which shall be freely established and allowed function independently. Unions must have at least 30 founding members in large enterprises or no less than one-fifth of all employees in small enterprises, in order to legally register. The Constitution also provides for the right to strike.

TALLINN.
LITHUANIA'S
TRADE UNION
REPRESENTA-
TIVES IN THE
MEETING.



Sources:

- EBRD (2006): Strategy for Lithuania, p. 35, <http://www.ebrd.com/about/strategy/country/lith/strategy.pdf>
- EIRO (2005): Tripartite partnership institutions examined, <http://www.eiro.eurofound.eu.int/print/2005/01/feature/lt0501103f.html>
- Gruzevskis, Boguslavas/ Blaziene Inga (2003): Social dialogue and EMU in Lithuania, <http://www.eurofound.eu.int/docs/areas/industrialrelations/EF0388ch6.pdf>
- LO (2004): National Labour Law Profile: Lithuania, <http://www.ilo.org/public/english/dialogue/ifpdial/ll/observatory/profiles/li.htm>
- Seimas of the Republic of Lithuania (2003): Labour Code, http://www3.lrs.lt/pls/inter2/dokpaieska.showdoc_e?p_id=191770
- Tripartite Council (2006), <http://www.lrtt.lt/en/index.htm>
- U.S. Department of State (2005): Country Report on Human Rights Practices in Lithuania 2005, <http://www.state.gov/g/drl/rls/hrrpt/2005/61660.htm>

Tripartite Dialogue

At present, tripartite dialogue is much more developed and widespread in Lithuania than bipartite dialogue and usually takes place at national level. Since the Lithuanian Government plays a relatively active role, the social dialogue is mostly being developed from a “top down” perspective.

The most important platform for tripartite dialogue is the Tripartite Council of the Republic of Lithuania (LRTT). The LRTT was established in 1995 following an agreement on tripartite partnership signed by representatives of the Government, trade unions and employers' organisations. The work of the Council is based on the principle of equal partnership and seeks to resolve social, economic and labour problems by mutual agreement between all partners, with a view to promoting social harmony. An agreement on tripartite cooperation, signed between the three parties in 2002, provides for regular meetings to discuss issues related to the implementation of their priorities.

The Council acts in compliance with the Constitution, the Labour Code, other legislation and its own rules. The basic rules of its activities include equality of the rights of the various parties, regular activities, joint consensus in decision-making and the recommendatory nature of decisions for the parties. The total number of members may not exceed 15, which means not more than five representatives from each party. All three abovementioned trade union associations are represented.

3.4 BULGARIA²

THE RESTRUCTURING OF THE BULGARIAN RAILWAY SECTOR

Railway transport is a main element of the national transport system and its development towards integration into the European Transport systems has an essential influence on the entire development of the economy of the Republic of Bulgaria.

Transport system development has been a part of the on-going, irreversible process of the restructuring of the national economy over the last few years and is based on the experience of the European Union members, the principles of a market oriented economy, a liberalized market and free competition.

Bulgarian State Railways was established in 1888 and it is one of the oldest railways in Europe. The geographical location of the country provides connection between Europe and Asia and the railways have contributed to the development of relations with countries from the Balkan region, Central, Western and Northern Europe, as well as with those from the Near East.

Bulgarian Railways operates a railway network of almost 4,200 km across the country and also has several long-distance destinations. The railway system of the Bulgarian State Railways is linked to systems in neighbouring countries – Greece, Turkey, Romania, Serbia and Montenegro. There is an existing project for railway connections with the Former Yugoslavian Republic of Macedonia. Trans-border have also been strengthened with the extension of the ferry connection between Varna and Ilichovsk (Ukraine). The railways make continuous efforts to increase the quality of services, carrying out their activity in a market-oriented environment and under the pressure of their biggest competitor, in order to satisfy their customers' needs.

In the past, BDZ existed as a public enterprise providing national and international transport services, using commercial principles. The company uses mainly its own locomotives, wagons, containers and other rail machines.

The need for the effective management of railway transport in an environment in which there is extreme market competition, made gradual restructuring necessary.

Thus:

- In 1995 – Bulgarian State Railways were re-formed into the National Company “Bulgarian State Railways” with 84,180 members of staff

- In 1996 – 1997 – withdrawal of some railway industrial works from the company structure: reduction of staff to 61,000 employees
- In 1998 – changes continued. A whole management level was removed from the structure of BDZ – Regional Railway Departments. The number of regions, depots and wagons was reduced: reduction of number of employees to 49,250
- In 1999 – privatisation of 10 railway industry units: 44,585 members of staff
- In 2000 - privatisations went on at full speed and led to a headcount of 37,250

On 1st January 2002, with the implementation of the Railway Transport Act, and on the basis of EU Directives in the transport field, two independent business structures were established:

- **Sole owner joint stock company with government interest “Bulgarian State Railways” (BDZ EAD)** is a railway operator whose main business activity is to provide railway transport services for transportation of passengers and freight on domestic and international lines, maintenance and repair of railway vehicles and all other activities not forbidden by the law.
- **National Railway Infrastructure Company (NRIS)** is a public enterprise whose main business activity is to facilitate the use of the railway network capacity by licensed carriers and implementation of activities on development, repair, maintenance and operation of the railway infrastructure.

These newly instituted companies are currently undergoing a period of restructuring. They work and perform their main tasks in an environment marked by a fall in productivity in the economic sectors, an ageing rolling stock, bad quality of the railway network, etc.

The restructuring process is moving in two directions, namely:

- **Optimisation of the Railway network** - lots of actions need to be undertaken in compliance with the new organization of work for all the activities of the operational process and management.
- **Organizational restructuring of railways.** Changes are oriented towards reconsidering the staff numbers, as discrepancies between staff costs and manpower is taken into account.

Companies' evaluation of the restructuring process:

Despite the problems, we consider that it is also positive to speak about the positive economic effect of the railway transport restructuring process in the Republic of Bulgaria.

² Joint report of NRIS -infrastructure manager- and BDZ EAD -operator

- Limitation and regulation of costs by development and introduction of methods for costs distribution by lines, sections and stations
- Cost planning and reporting by activities in total (passenger and freight)
- Cost estimation by an indicator (train/km; gross ton/km; loco/hour)
- Regulation of relationships between both companies with a view to ensuring access and use of railway infrastructure, provided on mutual basis by the signing of an agreement
- Elaboration of internal regulatory documents with regard to overall regulation of processes and compliance with the European standards

The main objectives of the companies in the railway sector are:

- Market orientation and policy, aiming at the recognition of the companies as socially responsible organizations
- Transition from supporting strategy to recovery of the project capacity and consequent development of the infrastructure, transport and management technology
- Policy oriented towards the development of human resources, improvement of labour conditions and fulfilment of a range of social needs in accordance with modern standards
- Horizontal and vertical integration with participants from national and international markets and modernization of the functional and product structure
- Development and market adaptation of the product structure
- Improvement of organizational, procurement and logistics and financial management system with a view to increasing dynamism, flexibility and adaptability
- Harmonization of conditions and consequent integration within the European Railway Transport System, essentially by bringing about an improvement of the railway infrastructure and its connection to the neighbouring countries of the Republic of Bulgaria

The main objective of the newly created companies is integration into the European Union through modern infrastructure building and rolling stock renovation for higher speed of trains, leading to an increase in the competitiveness of the railway sector.

In 2005, two new carriers entered the market in Bulgaria, but as yet have only a small market share.

Facts and figures

- Passenger and freight flows (about 40 million passengers and 20 million freight) have increased steadily over recent years. Production capacity of the National

Railway Infrastructure Company (as the sole manager of the railway infrastructure of the Republic of Bulgaria) is 28,000 train/km for freight transport and 35,000 train/km for passenger transport.

- The total length of track is 7,349 km, of which 4,876 km is electrified.
- NRIS employs a workforce of 15,500.
- The capacity of BDZ EAD as an operator is as follows: locomotives (diesel and electrified) – 584; multiple unit trains (diesel and electrified) - 89, passenger wagons – 1,217 and freight trains – 12,114.
- BDZ EAD employs a workforce of 17,979.

The strategy of both companies in the railway sector through to 2012 is aimed at:

- Increasing their share of the transport market
- The “Revival” of railway transport
- The Liberalisation of international railway transport
- Ensuring quality and protection of customers’ interests
- Unified rules of competition between different modes of transport and different operators
- The optimisation of staffing levels

Activities in the railway sector are geared towards the implementation of the investment programme in of its projects, the completion of the restructuring of the sector, the elaboration of general regulatory documents, the optimisation of staffing levels and ensuring relative economic and production – operational stability.

The abovementioned objectives have all led to the introduction of a new strategy for human resources development, based on the optimisation of the quality and quantity of staff, the linking of salaries to levels of efficiency and the possibility of flexible and operative modelling of vocational qualifications.

Human Resources Management is a strategic activity that has to ensure the quantity, quality and structure of the workforce, as well as making sure that their activities and conduct fit into the business strategy of the railway companies.

THE MAIN OBJECTIVES OF THE HUMAN RESOURCES DEVELOPMENT PROGRAMME ARE DIVIDED INTO TWO AREAS:

- The economic area:
 - > Determination of staffing levels required for the implementation of the economic programme
 - > Provision of working conditions that are conducive to the fulfilment of the workers’ potential at work

- The social area:
 - > Providing a normal standard of living for workers and employees;
 - > Safe and healthy working conditions
 - > Ensuring opportunities for the professional development of the workers, providing them with opportunities to advance their career within the company

MAIN TRENDS OF THE HUMAN RESOURCES DEVELOPMENT PROGRAMME:

- **Forming of a business strategy and identification of human resources needed for its implementation:**
 - > Identification of priorities in infrastructure operation and maintenance activity, as well as train movement, provision and management at the stations
 - > Identification of strategic priorities for the operator in the field of passenger transport and market strategy for freight transport
 - > Analysis of the current human resources – number, age, gender, functions, professions, qualifications, education, managerial and production structures
 - > Development of an information system for human resources database, with the purpose of creating a system to promote for carrier growth
- **Identification of problems in the field of human resources, related to the achievement of objectives and measures to resolve these issues:**
 - > Development and approval of criteria and indicators for staff surveys, jointly with Trade Unions
 - > Workers who lose their job to be given full pension rights and social security allowances in accordance with length of service and age
 - > Use of the available staff for restructuring activities and technological changes at the workplace, by asking workers to perform more than one job or function
 - > Search for forms of motivation of workers and employees to encourage better performance levels and the creation of conditions that ensure the best possible use of working time so as to increase productivity levels
 - > Strengthening of communication with workers and employees by across the regions, seeking out their opinions in order to improve the organisation of work through discussions and consultations
 - > Applying different systems to limit job cuts by reducing working time and introduction of flexible employment models
- **Improvement of employment relations is developing in three directions:**
 - > Social peace through social dialogue with the Trade Unions
 - > Forming of friendly relations between employers on the one hand and workers and employees on the other hand

- > Establishment of a system for HR surveys and remuneration for work through development of work performance and improvement of communications between employer and employee
- > Creation of possibilities for professional and business growth and level of salaries

- **Staff training is oriented in three directions:**

- > Internal re-training, depending on the needs, based on analysis (expected retirement of older workers, changes in work organization), in order to carry out additional tasks, covering of vacancies, career growth
- > Additional training and re-training of employees as a result of changes in the sector
- > Elaboration of criteria for selection of candidates and information collection for skills' testing
- > Inclusion in priority programmes for staff re-training

- **Measure implemented by the Employer to overcome social pressures in a team are as follows:**

- > Adoption of a Social Programme to increase social costs in the field of medical services and prevention, provision of food free of charge, financial aid for prolonged illness, one-off aid and other forms of aid.
- > Staff optimisation programmes does not envisage large-scale job cuts. Mechanisms for staff reduction are directed at those close to retirement age, re-training of staff who lose their job, as well as the development of a Programme for Investments in Temporary Employability. A Programme for young specialists is currently being devised in order to keep young workers in the sector.
- > Development strategy foresees activities not directly related to the main areas of business in the separate companies. This will lead to job cuts and will free up resources to be used for salary increases.

SOCIAL DIALOGUE IN THE RAILWAY TRANSPORT IN THE REPUBLIC OF BULGARIA

The status and representative nature of the Trade unions

Bulgarian legislation regulates the relationship between employers and Trade Unions by means of a Labour Code in which the principles of Social Dialogue are included. A trade union can be founded with 6 members.

Tri-partite social dialogue

National Council for Tripartite Collaboration establishes collaboration and consul-

tations at national level. It consists of representatives from the Government, recognised inter-professional trade unions organisations and representatives of employers at national level.

There are two representative Trade unions at national level: the Confederation of Independent trade unions in Bulgaria and the Confederation of Labour PODKREPA.

Social Dialogue at branch and municipal level is established through Councils for Tripartite Collaboration. An Industrial council for social collaboration exists under the aegis of the Ministry of Transport but it does not operate at the moment.

Bipartite Social dialogue

At “enterprise” level, Social Dialogue is implemented through Collective Labour Agreements and the Councils for Social Collaboration. There are two different collective agreements for the two companies.

The Trade Unions represented in BDZ EAD and NRIC are as follows:

- Trade union of Railway Workers in Bulgaria
- Union of Transport Worker’ trade unions in Bulgaria
- Federation of Transport workers PODKREPA, Confederation of Labour PODKREPA
- National railway trade union, Confederation of Labour PODKREPA

A Collective Labour Agreement regulates the system of collaboration between the unions and company management in both companies. The working rules for the social partners are defined on the basis of this Agreement and the Central Council composed of the two sides that signed the Collective Labour Agreement enforces them. At a “Regional Departments” level, a Council composed of the two sides that signed the Collective Labour Agreement monitors them.

Social Dialogue covers discussions and solving problems that are connected to labour relations and issues related to living standard and the aim is to conduct these discussions in a friendly spirit, with both sides prepared to make mutual concessions in full respect of each party’s wishes.

At this stage, the Unions do not have representatives amongst the management of both companies. It has been agreed that Trade Unions be invited to attend meetings of the Board of Managers of NRIC or the Board of Directors of BDZ EAD in cases in which this is deemed to be necessary in order to discuss important issues that are covered by the Collective Labour Agreement.

Social dialogue in practice

Planned negotiations are established through working groups for negotiations. The various stages of negotiations include:

- Feasibility study of the list of issues for negotiation

- Good preparation of positions to be adopted
- Participation of each side in problem solving process

Discussions and the resolution of conflicts is carried out by the means of:

- Face to face negotiations
- Use of impartial third party expertise and experience
- Emphasis on transition process for decision making
- Social compromises on behalf of both sides

The importance of social dialogue for the companies’ management

Railway transport restructuring in the Republic of Bulgaria has its social price. The difficulties we are faced with are surmountable only in an environment of reasonable social dialogue on both sides – Employers and Trade Unions. In the social area, the managements of both companies in the railway transport system have set themselves the goal of communicating with

the Trade Union at all levels and of preparing for change so as to guarantee a clear understanding of future challenges. We cannot claim that all changes will gain approval, agreement and adoption, but this is part of a change management process. In all cases, it is clear for Trade Unions that the companies support Employee’s activities and that they will take care of employees through good preparation and the provision of full information.

At the moment, Social Dialogue between the managements of BDZ EAD and NRIC and Trade Union representatives takes the form of two Collective Labour Agreements. Both sides have displayed considerable skills in conducting this form of social dialogue, since they are tolerant of one another and have therefore been able to reach an agreement through mutual understanding, respect and giving due consideration to one another’s interests.

We are achieving all of this in difficult conditions for the railway sector – restructuring, staff reduction and financial obstacles.

In conclusion, we can state that all circumstances for open social dialogue exist in the railway sector, according to both sides’ merits.

Mutual coordination of interests is a guarantee for the success of the social partners.

And what do the trade unions say? – An interpretation

The railway trade unions in Bulgaria criticize the lack of proper tripartite social dialogue in the railway sector. Decisions on the specific ways of restructuring the railways were taken without listening to the trade unions' opinion. Trade unions expected a dialogue at national level among the three parties involved, the government, the companies and the workers' representatives, on the future development of the Bulgarian railways and believed that this should have formed the basis for a decision on issues such as the specific restructuring model, timing etc. The extraordinary degree of identification of railway workers with their sector and their profession, means that railway workers' representatives do not just consider their interests as workers, but also have an interest in the future of their company. This position has not been respected at a political level.

In general terms, the unions believe that social dialogue at company level does work fairly well and they agree to the principles of mutual understanding, respect and taking into account each others' interests, as formulated by the management.

3.5 ROMANIA³

THE ROMANIAN RAILWAY TRANSPORT SECTOR

The framework for the major Romanian Railway reorganization was created by the emergency Governmental Ordinance 12/1998, which stipulates:

- The separation of accounts and balances for infrastructure and transport services through institutional separation
- The independence of management (assets, budgets and accounts –separate from the state)

The Governmental Ordinance 12/1998 created the framework for:

- Compliance with European Union directives
- Establishment of companies capable of supplying railway transport services that are essential for society
- Social protection for staff considered to be surplus to requirements
- Use of excess assets for capitalization of newly formed companies
- Freight tariffs deregulation
- Establishment of immediate privatisation goals
- International alliances with other railway operators
- New companies are freed of historical debts

The three main railways entities created following the 1998 reorganization of the former Romanian National Railway Society SNCFR (organised as an autonomous body), are:

- **The National Railway Company CFR-SA** – which manages the railway infrastructure
- **The National Passengers Railway Company CFR Calatori SA** - the national operator for passenger transport
- **The National Freight Railway Company CFR Marfa SA**- the national operator for freight transport

All the three above-mentioned companies are full CER members. They are joint-stock companies owned by the State.

³ Joint report of CFR SA, CFR Calatori SA and CFR Marfa Sa

THE STAGES OF THE SUBSEQUENT RAILWAY REFORM, FOLLOWING THE MAIN INSTITUTIONAL RAILWAY REFORM OF 1998, WERE:

- 1999-2003:** Consolidation of reform, continuous process
Creation of the branches of railway companies
- 2003-2004:** Transposition of the first EU railway package
Privatisation of most of the branches
- 2005:** Beginning of the transposition of the second EU railway package

THE NATIONAL RAILWAY COMPANY CFR-SA

Total employees: 29,200

The main business purpose of the National Railway Company CFR-SA is:

- To manage the railway infrastructure and to make it available to the railway undertakings
- To develop and modernize the Romanian railway infrastructure in accordance with European standards in order to ensure compatibility and interoperability with the European railway system
- To organize, plan, co-ordinate and control the railway infrastructure manage-

ment, operation, maintenance and overhauling activity

- To carry out industrial activity and to supply the associated services in order to ensure the functioning of the railway infrastructure
- To manage the ancillary railway assets

At December 31 2005, CFR-SA managed a railway transport network of 10,724 km with normal gauge (1.435 mm) and 57 km of wide gauge, whereas the lines in operation amounted to 10,781 km with 994 stations and small stations.

Out of the 10,781 km, 2,965 km are of double track. At December 31 2005, the total length of the railway infrastructure lines amounted to 20,409 km, all of which were built and made available to the railway undertakings, thus placing Romania in sixth in Europe, after Germany, France, Poland, Italy and Great Britain (taking into account only the normal gauge of 1.435 mm) in terms of total track length.

Legal status of the infrastructure

The following **public infrastructure** is granted under license to CFR SA: railway lines between stations, bridges, tunnels, viaducts, geo-technical protection and consolidation works, fixed installation for traffic safety, network marshalling yards.

CFR SA owns the following private infrastructure: railway lines in stations, railways stations and any other buildings, depots, land properties, track machinery and other rolling stock.

There is commercial operation of the infrastructure, the access fee being paid by freight and passenger sectors based on the train-km indicator. The structure of the budget of the infrastructure manager includes a part provided by the State contribution and a part supplied by the access fee. The State contribution covers the investments and the general overhaul of the public infrastructure.

Trade Unions at CFR SA

Out of the total number of 29,200 employees of the National Railway Company "CFR" – S.A., 29,000 are trade union members (~99.3%) and 28,790 employees (98.6%) are members of the company level representative trade unions that have signed the collective agreement.

There are 4 representative trade unions that are signatories to the collective agreement of the National Railway Company "CFR" – S.A.:

- The Independent Federation of the Trade Unions Railway Transport Movement/Commercial Activity, which has 13,600 trade union members (44.6% of the employees), mainly from the operations and railway traffic activity
- The National Federation "Drum de Fier", which has 11,080 trade union members (38% of the employees), mainly from the track maintenance and operations activity



BUCHAREST, 21 JUNE 2006. EDUARDO CHAGAS (ETF GENERAL SECRETARY);
CONSTANTIN MANEA (CFR SA DEPUTY DIRECTOR GENERAL); ALEXANDRINA MIHALACHE (CFR SA DIRECTOR
FOR HUMAN RESOURCES); MARIANA FLOREA (CFR Călători HEAD OF HUMAN RESOURCES DEP.);
ION PAUN (CFR MARFA HEAD OF HUMAN RESOURCES SERVICE)
FLORIN DOBRESCU (NATIONAL UNION FEDERATION 'DRUM DE FIER')

- The Federation of Railway Automation, with 2,560 trade union members (8.8% of the employees), mainly from the railway system maintenance and operations activity
- The National Federation of the Transport Trade Union “Elcatel,” with 1,500 trade union members (5% of the employees), mainly from the railway system maintenance and operations activity

Social Dialogue at CFR SA

It is considered that Social Dialogue within the National Railway Company “CFR” – S.A. is carried out in a legal framework and that it takes complex forms. The collaboration between the trade unions and the representatives of the management is good, whereas the experience and knowledge of the representatives of the trade unions stimulate the management representatives to accumulate specialty knowledge at the highest level for the conclusion of the collective agreements and the achievement of social peace that is crucial to the company’s future strategies.

At the level of the National Railway Company “CFR” – S.A., Social Dialogue takes place:

1. **At the work place of each employee**, with the aim of establishing the working conditions necessary to achieve a high level of productivity and for increasing the satisfaction level of the relevant employees.
2. **At the level of the company**, with the aim of concluding Collective Agreements that set out wages and other workers’ rights.
3. **Involvement in the management of the company**: representatives of the representative trade unions are invited to the meetings of the company’s Management Board. They do not belong to the structure of these management bodies and thus do not take part in the decision-making process. The employees do not have a share in the company’s capital.

The Labour Code stipulates that collective negotiations are mandatory, unless the employer has less than 21 employees.

The first collective agreement of the Romanian Railways was signed in 1991 and has been continually amended and improved, being considered one of the most complete agreements signed by companies in the Romanian economy.

Since 1998, when the National Railway Company “CFR” – S.A. was set up, there have been collective agreements have been prepared and signed every year and they cover all areas of social dialogue: wages, employment, professional training, working conditions, employees’ protection, travel discounts, trade union rights, joint commissions.

The rights of all of the company’s workers are guaranteed in the collective agreement, even if the workers are not members of one of the representative trade unions.

In the past, the failure to satisfy some of the unions’ economic and financial difficulties led the trade unions to take industrial action in the form of strikes, temporary or partial withdrawal of labour. The disputes were finally resolved through the courts. At this time, due to the different points of view of the representatives of the trade unions and of the management, no new collective agreements were signed at company level meaning that the higher-level collective agreement (of the group of the railway units) applied in the meantime.

During its period of application, the collective agreement provides for:

- Joint commissions composed of employer and trade union representatives
- The joint commission
- The health and safety at the workplace commission

Management and trade union representatives sit on these commissions to debate and solve the social problems faced by the company’s employees.

An important role was played by the representative trade unions in 2003 and 2004 to avoid social conflict when about 9,600 employees of the National Railway Company “CFR” – S.A. and its branches lost their jobs as a result of downsizing.

Tri-partite Dialogue at CFR SA

This is regulated by the Labour Code, and is mainly carried out by:

- The Economic and Social Council – a public, tri-partite autonomous institution of national interest, set up in order to foster Social dialogue at the national level
- The social dialogue commissions – which function within the ministries and the prefect’s offices and play a consultative role between the public administration, trade unions and the association of employers

These bodies all exist today and function correctly.

Thus far, the collective agreement at the national level and at the level of the branch has already been concluded and the procedure for the negotiation of collective agreements at the level of a group of units is being launched. These collective agreements represent the starting point for the negotiation of the collective agreements at the level of each individual unit.

THE NATIONAL PASSENGERS RAILWAY COMPANY “CFR CALATORI”

Total employees: 17,080

The main assets:

- 306 electric locomotives of 5100kw
- 59 electric locomotives of 3400kw
- 245 Diesel electric locomotives
- 216 Diesel hydraulic locomotives

- 3,166 passenger cars (604 1st class carriages and 2,562 2nd class)
- 140 DMU + 75 DMU - Désiro type
- 160 sleeping cars
- 15 dining cars

During 2005, the average daily traffic flow was 1,547 trains, comprised of:

- International trains 32 trains
- Intercity trains 26 trains
- Fast trains 88 trains
- Express trains 56 trains
- Interregio (Desiro type) 32 trains
- Local trains 1,388 trains

CFR Calatori SA has a 5 years license for providing “passenger railway transport”, issued by the Romanian Railway Authority (AFER), following the application of the Council Directive 95/18, amended by 2001/13, concerning the granting of licenses to railway undertakings.

As a result of the application of the provisions of Council Directive 2001/14, CFR Calatori SA has signed a contract with CFR SA. Based on this contract, CFR

Calatori SA must pay an infrastructure access fee according to the volume of the passenger trains-Km (2.4EURO in 2005).

Romania applies all the provisions of the Council Regulation 1191/69 concerning the obligations relating to the “public service “ concept.

Thus, under the terms of the 4-year contract agreed between CFR Calatori SA and the Ministry of Transport, the requirements of the Public Service Obligations for the passenger railway transport sector are met as follows:

- for passenger railway transport in general
- for the transportation of certain categories of passengers (war veterans, retired persons, pupils and students)

Under the Performance Contract, CFR Calatori is obliged to:

- provide passenger services according to the quality and safety standards stipulated in the contract
- keep providing certain routes with low traffic volumes, for which there is no alternative transport solution

CFR Calatori SA receives, from the State Budget:

- compensation which covers the difference between tariffs and costs.
- a contribution for investments to pay rates and interests for international loans.

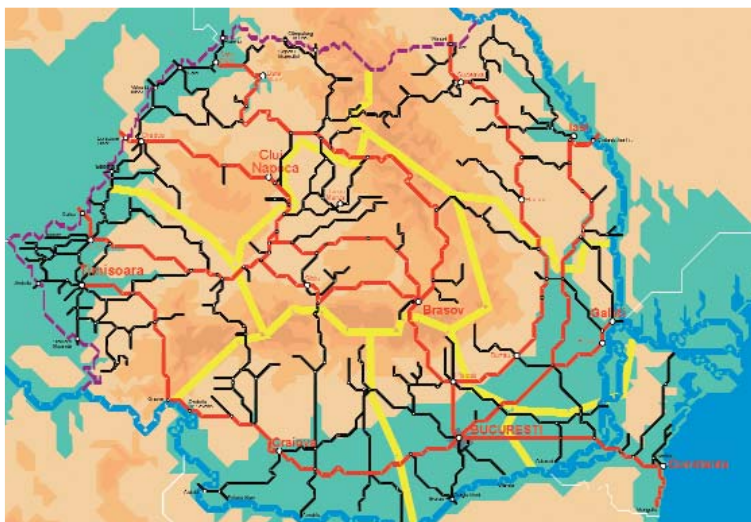
CFR Calatori considers safety, quality, environmental protection and interoperability to be its main aims and believes that this can be achieved through a permanent reorganization of the company and ensuring that the company is oriented. CFR Calatori intends to continue the modernization process of the rolling stock, to improve the quality of railway passenger transport so as to reach European standards. CFR Calatori is anxious to guarantee levels of protection for its employees during the reorganization process, as well as providing good and safe working conditions

Trade Unions at CFR Calatori SA

The trade unions have been our dialogue partners for a long time and represent the interests of 95% of the company’s employees.

Trade Unions at CFR Calatori:

- The Independent Federation of Labour Unions from the Traffic Management /Commercial departments of railway transport (42.7%) – established in 1992
- The Federation of Labour Unions from the Railcars Branch (21.3%); – established in 1990
- The Federation of Railway Carriers’ Labour Unions (10.7%) – established in 2001



ROMANIA. REGIONAL ORGANIZATION OF "CFR CALATORI".

- The Federation of Engine Drivers' Labour Unions (20,5%)– established in 1990.

The trade unions are independent from the public authorities, political parties and management. The statute adopted by its members provides for the establishment, organization, reorganization and functioning of a trade union, as well as the termination of its activity.

CFR Calatori has negotiated the present Collective Agreement with the trade unions, as well as the previous agreements.

Social Dialogue at CFR Calatori SA

The Collective Agreement is concluded between the employer and the employees, who are represented by trade unions. This Contract:

- promotes fair and equal relations between both parties
- assures social protection of the employees
- is negotiated on an annual basis

The Collective Agreement contains: clauses referring to the individual labour contract, employment, working conditions, salaries, work and leave of absence, rights and obligations of both parties, training and re-training, professional and trade-union improvements. The implementation of the collective agreement is binding on both parties.



BUCHAREST,
21 JUNE
2006.
CONFERENCE
TIME.

Trade union recognition and social dialogue in Romania

In Romania, legislation provides for social dialogue at all levels. Decisions on the representational nature of trade unions are established by Court rulings:

- a) the respective trade union must organise at least one third of the unit employees or
- b) the respective union is a member of a representative national trade union confederation.

Tripartite dialogue

Takes place at national level with the representative inter-professional trade unions, employers' association and the government. These social dialogue commissions are only consultative.

Bipartite dialogue

Annual negotiation of collective agreements at company level.

Transport Ministry and the Labour Ministry may play the role of mediators in the case of conflicts.

No seats for workers' representatives on the management board of the railway companies, but trade union representatives are invited to the meetings when items of relevance to them are to be discussed.

THE NATIONAL FREIGHT RAILWAY COMPANY CFR MARFA SA

Total employees: 19,300

The main assets:

- 359 electric locomotives of 5100 kw
- 22 electric locomotives of 3400 kw
- 312 Diesel electric locomotives 2100 HP
- 266 Diesel hydraulic locomotives 1250 HP
- 28 other Diesel locomotives 700 HP, 120 HP
- 53,546 wagons out of which: 21,053 high open wagons, 8,130 covered and opening roof wagons, 9,180 tank wagons, 1,166 special flat wagons for carrying vehicles and containers, 4,180 conventional bogie flat wagons, 7,300 special wagons for grain and cement goods
- 2 ferry-boats Mangalia and Eforie of 12000 tdw, with 80 TIR or 85 wagons loading capacity

In 2005, the average daily traffic flow was 691 freight trains out of which:

- Direct trains 394
- Local trains 283
- Trans-container trains 14

Financial Performance in 2005

- Gross Profit 18,528,675 EUROS
- Net profit 12,895,016 EUROS

CFR Marfa SA has a 5 year license for providing “freight railway transport”, issued by the Romanian Railway Authority (AFER), following the application of the Council Directive 95/18, amended by 2001/13/CE, concerning the granting of licenses to railway undertakings.

CFR Marfa has established a systematic approach to quality management and is certified to ISO Management Systems 9001:2000 requirements.

In accordance with the application of the provisions of Council Directive 2001/14, CFR Marfa SA has signed a contract with CFR SA. Based on this contract, CFR Marfa SA must pay an infrastructure access fee according to the volume of freight train-Km (3.6 EURO in 2005).

Goals:

- to increase the service quality for customers
- to increase flexibility in negotiating and concluding the contracts
- reduce feedback times and streamline decision-making structures
- environmental protection

Measures:

- concentrating the activity of concluding commercial contracts from 8 centres to only one customer service centre, this measure stipulated by the transport restructuring project supported by IBRD loan 4757
- organizing the central structure into general coordination departments and Business Units according to specific goods' markets
- organizing the territorial structure into Territorial Commercial Agencies, one for each branch
- opening Representations abroad in areas of interest for CFR Marfa, particularly in countries close to the Black Sea or situated along Corridor IV.

Trade Unions at CFR Marfa SA

In CFR Marfa SA there are three main trade unions:

- The Independent Federation of Trade Unions Movement/Commercial for Rail

Transport (FISMCTF) is the biggest trade union of Romanian Railways, with 9,100 members, representing 47.15% of the workforce

- The Federation of Locomotive Drivers from Romania (FMLR), 6,800 company employees are members of this trade union, representing 35,23%
- The Trade Unions Federation of Wagon Branch (FSRV) 3,050 company employees are members of this trade union, representing 15,8%

Each of the abovementioned federations is affiliated to a trade union Confederation.

Social Dialogue at CFR Marfa

The relationships between the CFR Marfa management and the above mentioned Trade Unions are based on mutual respect, with the aim of cooperating in order to accomplish common objectives such as: negotiating the Collective Agreements, active participation in the joint commissions made up of employer and trade union representatives, solving workers' social issues solving some issues related to working conditions, etc.

The Collective Agreement is an agreement between the company management and trade unions and is concluded in accordance with Romanian law. It sets out the rights and obligations of employers and employees, provisions related to wages, working conditions, recruitment and professional skills of the employees. At the same time, the Collective Agreement includes a separate chapter stipulating the rights and the obligations of the trade unions.

When downsizing is necessary, then efforts are made by both the employers and the trade unions to find a solution for the workers who are going to lose their job through re-training for jobs that are specific to the rail transport sector, in order to reduce the possibility of social conflicts.

Tri-partite Dialogue at CFR Marfa

When differences of opinion arise between CFR Marfa and the trade union federations, with both sides expressing different points of view concerning the issues that require a consensus, then the Ministry of Transportation, Housing and Tourism (the ministry to which the company is accountable) is called upon to help settle these differences.

Furthermore, the General Directorate of Labour, Social Solidarity and Family issues, based in Bucharest, ensures that social dialogue takes place in areas that the parties have failed to reach an agreement. This body is also under the authority of the Ministry of Labour, Social Solidarity and Family.

This process is based on Romanian law that also sets out a wide framework for the harmonization of relations with trade unions, as well as for the achievement of common objectives.

In the National Railway Transport Strategy 2005-2008 there is a special chapter dedicated to the efficient management of human resources, which includes provisions for:

- Adequate professional preparation
- Top jobs are subject of an open competition
- Vocational training, health and medical services (rehabilitation), adequate social programmes (collaboration with the trade unions)
- Initiatives for restructuring and redefining the university level courses for the railway sector (courses, authorizations, teachers)
- Management contracts centralised within the company

A trade union point of view

The railway trade unions in Romania opposed the 1998 restructuring plan of the Transport Ministry, since it provided for a complete fragmentation of the railway sector into five independent companies, including the complete separation of infrastructure management and operations. The trade unions carried out industrial actions in favour of an integrated railway system under the umbrella of a holding structure.

Instead of establishing a tripartite social dialogue with the workers' representatives, the Ministry of Transport unilaterally decided on an employee redundancy programme without trade union consultation and without a negotiated social plan. Only employees who decided on a "voluntary" basis to leave the company, received compensatory wages.

Part of the restructuring programme was the establishment of a wage fund decided unilaterally by the Ministry of Transport with a wage target for each company/unit. Company managers face sanctions for non-compliance with the approved wage funds.

The trade union's critical view on restructuring and its implementation

Restructuring is taking place without coherent objectives and a coherent plan. For the trade unions, many activities appear to be only driven by the need to meet the wage plan targets for the different units. The system has not worked efficiently due to a lack of cooperation and the imposition sometimes incomprehensible decisions, such as the decision regarding infrastructure fees. Some privatisation decisions have been driven by "wage fund requirements", rather than being based on logical management decisions.

The trade union's critical view on social dialogue

Social dialogue is under threat in Romania because new governments do not respect agreements that have been previously concluded between trade unions and the government level.

At company level, social dialogue is being challenged because of the limits set by the annual wage plan imposed by the Ministry. The annual collective negotiations cannot take place if the budget is not known and this was an issue in 2005/2006 for the 2006 budget, for example.

Managers have a limited negotiating mandate, since the budget is imposed by the Ministry.

From a trade union point of view it is unclear who the right negotiation partner should be: the Ministry or the companies?



PART 4:
**Conclusions and outlook
for the European social
dialogue**



Conclusions and outlook for the European social dialogue

A BRIEF SUMMARY

The restructuring of the railway sector as a result of the implementation of EU railway legislation in preparation for EU membership, continues to be the dominant factor for national social dialogue in the railway sector in all five participating countries. The participating countries all represent different kinds of restructuring models: integrated companies under the umbrella of a holding company in Latvia and Lithuania, complete separation of infrastructure management and operations in Bulgaria and Romania and the specific model of the privatisation of operations and infrastructures as an integrated company in Estonia.

The fact that the terms and conditions of employment in the railway sector are influenced to a large extent by government decisions on the restructuring of the railways, led the trade unions to call for an effective sectoral tri-partite dialogue, in which the trade union voice is heard. We have noted that this form either does not exist at all in these countries or, as is the case in Bulgaria, does not operate correctly. In some countries, however, trade union representatives have participated on an individual basis in government working groups on railway reform. Only in Latvia was this participation considered to be effective from a trade union point of view.

Social dialogue in the railway sector takes place at company level. In all countries the membership rate is high amongst railway workers and collective agreements are negotiated in all countries at company level. In Latvia and Lithuania, there is one general collective agreement for the railway sector (with the possibility of additional work unit agreements) facilitated by the holding structure of the company. In Bulgaria and Romania, the separation of the companies (2 in Bulgaria and 3 in Romania) has resulted in different collective agreements. In all four countries, however, the question of a sectoral collective agreement has not yet been discussed as a priority or, as is the case in Latvia, it exists already (see below). In Estonia, the larger number of companies and the specific national legislation on collective bargaining and the nature of trade union representation, has created a particular situation: each union (with a minimum number of five members) negotiates separate collective agreements with the management in each railway company. Here the majority union strongly argues in favour of a sectoral collective agreement and the establishment of a railway employers' association as a negotiating partner. This would not only make the process more efficient, but

would also create a level playing field for the companies. In Latvia such an employers' association already exists.

We have observed that in the Baltic countries the number of trade unions in the railway sector is relatively small, with a single, sectoral trade union in Latvia and a good level of trade union cooperation between the two unions in Lithuania. From our previous seminars, we learnt that both social partners, trade unions and management, consider the capacity of the unions "to speak with one voice" as preferable for a good social dialogue.

In the Baltic countries, trade unions have been able to negotiate relatively high wage increases and this has been facilitated by the specific situation of the railway freight sector in these countries, since freight transits through them between Russia and the Baltic ports. However, these wage increases (from a very low level) have not been sufficient a general problem in the Baltic countries, namely that young, well-qualified workers are leaving the country (brain drain), and this is a problem that also affects the railway sector. The trade unions have therefore called for a minimum wage at the European level.

SOCIAL DIALOGUE – A KEY TO BETTER GOVERNANCE

The conferences were marked by a great diversity of descriptions and national situations and helped to bring together direct knowledge about the main players in social dialogue at national and European level, their organisational structures, their strategies and their problems. They contributed not only to a better understanding of the social and economic developments currently under way in the countries concerned and in the European Union, but also gave an insight into the capacity of the social partners in these countries to promote their own politically effective social dialogue.

At a European level, social dialogue has entered a new era. It is moving from putting in place the tools enshrined in the Treaty (consultation on Community initiatives, possible negotiation of independent agreements, etc.), to coping with the strategy for economic and social modernisation and the new challenges that have emerged through changes in society, employment and the world of work.

During the seminars, everyone agreed that dialogue is the only way of managing the integration of economic and social needs. Social dialogue is the pre-eminent European way of managing the market economy; it represents the essence of the 'European social model'.

In the railway sector, European Social Dialogue is an instrument for:

- better governance
- managing change
- defining minimum standards in order to ensure fair competition and avoid social dumping

The European Commission's White Paper on European Governance

Within civil society, the social partners have a particular role and influence derived from the nature of the subjects they cover and the interests they represent in connection with the world of work.

Working conditions, definition of wage standards, qualifications and continuous training, organisation of work and working time are just a few examples of specific topics that the social partners, as representatives of employees and employers, are entitled to deal with.

Implementation of the Lisbon strategy, based on an integrated economic and social policy agenda, has extended and reshaped the scope of the fields covered by the dialogue.

The European Treaty also recognizes the social partners' ability to undertake genuine independent social dialogue: that is, to independently negotiate agreements which then become law. It is this ability to negotiate agreements that sets social dialogue apart. Finally, the social partners may, upon request, assume responsibility for the transposition of directives into national law. The latter often includes provisions to allow for adaptations to be made to specific situations.

Independent dialogue between European organisations was launched in 1985, as the first step towards a genuine European bargaining area. New ground was broken with entry into force of the Maastricht Treaty, which formalised the social partners' participation in the preparation of Community law.

Today's European Social Dialogue covers two essential functions: *consultation* and *negotiation*.

It is a force for economic and social modernization. It has also taken on a new dimension with the progress made by economic and monetary integration, which fuels demand for dialogue, exchanges and coordination in the area of industrial relations – thereby strengthening the role of the social partners.

The European Social Dialogue is marked by a modern approach. The combination of autonomous social dialogue and the involvement of the national and European social partners is crucial to ensure more balanced and more coherent economic and social development.

In its various forms in the different Member States, social dialogue is a component of democratic government and also of economic and social modernisation. Social dialogue makes it possible to define the practical arrangements for reform, which are economically efficient and socially acceptable.

The European Social Dialogue process has arrived at a crossroads. It is a vehicle for the core values of participation and responsibility, based on deeply rooted national traditions, and provides a suitable framework for managed modernisation, which is something that is particularly relevant to the new Member States. To take on this role properly at a European level, it needs, however, to broaden its working

practices, diversify its operational methods and to use the entire bargaining area available to its best possible advantage,

SOCIAL DIALOGUE AS AN INSTRUMENT OF GOOD GOVERNANCE IN THE EUROPEAN RAILWAY SECTOR

The European railway sector is currently undergoing a far-reaching restructuring process brought about by EU legislation. In general, the already adopted EU railway legislation is marked by the opening of the freight market, on the one hand, and, on the other, organisational restructuring with a transfer of tasks from the companies to state authorities, separation of infrastructure and transport accounting and provisions for infrastructure charging and capacity allocation. The First Railway Package, the so-called Infrastructure Package, had to be implemented in national legislation by 15 March 2003.

The Second Railway Package required further restructuring by 30 April 2006, with the rail freight market to be completely open by 1 January 2007. The Third Railway Package is currently under discussion in the European Parliament. In 2005, the European Railway Agency for railway safety and interoperability started its work. It will contribute to the creation of a bona fide 'European railway culture'.

In preparation of EU membership, EU-compliant railway legislation was introduced in various forms in the new Member States. This process has not yet been completed in all of the old EU15 countries. The main political vision for the railway companies is to complete their transformation into effective, market-oriented businesses, focused on customer service and customer needs. For the trade unions, the main concerns lie in keeping a close eye on the integration of the sector, managing restructuring in a socially acceptable way and avoiding social dumping within the sector by creating a level playing field across the sector. At the business level, the railway companies themselves have already made significant progress, within the limitations of structural funding issues and infrastructure capacity. However, governments and railway companies in Europe have had different responses to the challenges of market competition and the requirements of EU directives. The operational and structural reorganisation of these companies has therefore been rather diverse.

European Social Dialogue has gained a new dimension through the enlargement of the European Union and the profound changes in the European railway sector.

The European social partners now have more responsibilities:

- to anticipate the social and safety dimension of the changes
- to define social standards at the same European level
- to monitor new developments
- to identify common interests and act together vis-à-vis European policy makers

- to contribute to creating a European railway culture

These responsibilities and challenges require that both social partners are sufficiently reliable and empowered to engage in commitments at European level. An effective European Social Dialogue requires a high level of willingness to act in a 'European' way. New relations between traditional partners have to be created under a new framework. This is a condition for playing a role within European governance.

The railway social partners have proved their capacity and will to strengthen their relations at European level by signing two agreements. This was an important first step. This must be followed by the effective implementation of the agreements at national level. This requires a closer link between the European and national level, and this is a major challenge for both social partners, the CER and the ETF and its members.



PART 5: Annex

PARTICIPANTS AT THE SEMINARS IN TALLINN AND BUCHAREST

Surname	First Name	Organisation
BULGARIA		
Valchev	Ivan	Bulgarian State Railways BDZ EAD
Velikov	Lubomiz	Bulgarian State Railways BDZ EAD
Vetskova	Lilyana	National Railway Infrastructure Company NRIC
Atanasova	Elena	National Railway Infrastructure Company NRIC
Ignatov	Angel	FTW Podkrepa union
Ivanova	Iskra	FTW Podkrepa union
Georgiev	Petar	UTWSB union
Manov	Jordan	UTWSB union
Tsanova	Vesk	UTWSB union
ESTONIA		
Aadnesen	Christopher	Estonian Railways Ltd.
Einmann	Ille	Estonian Railways Ltd.
Ellervee	Merike	Estonian Railways Ltd.
Kuldar	Väärsi	Estonian Railways Ltd.
Kalvi	Pukka	Edelaraudte Ltd. passenger transport
Sevtsov	Jolan	ERAÜ railway union
Rudz	Natalja	ERAÜ railway union
LATVIA		
Abike	Brigita	Latvian Railways LDZ
Baltina	Linda	Latvian Railways LDZ
Grjaznovs	Vladimirs	Latvian Railways LDZ
Smiltneiece	Lolita	Latvian Railways LDZ
Semjonovs	Savelijs	LDzSA union
Krisjane	Gita	LDzSA union
Lepiksone	Violeta	LDzSA union
Novikovs	Vladimirs	LDzSA union
Taurins	Eriks	LDzSA union
LITHUANIA		
Kazbaras	Adomas	Lithuanian Railways
Muciniene	Daiva	Lithuanian Railways
Auksciuniene	Aldona	Lithuanian Railways
Brazauskas	Remigijus	Federation of Railway Workers' Trade Union
Cyganov	Valerij	Federation of Railway Workers' Trade Union
Kolesnikov	Kleonik	Federation of Railway Workers' Trade Union
Rudaitis	Zenonas	Federation of Railway Workers' Trade Union
Varanauskiene	Larisa	Federation of Railway Workers' Trade Union

Surname	First Name	Organisation
ROMANIA		
Manea	Constantin	National Railway Infrastructure Company CFR SA
Mihalache	Alexandrina	National Railway Infrastructure Company CFR SA
Daschievici	Virgil	National Railway Infrastructure Company CFR SA
Trandafir	Florentina	National Railway Infrastructure Company CFR SA
Florea	Mariana	National Railway Passenger Company CFR Calatori
Papa	Mihaela	National Railway Passenger Company CFR Calatori
Paun	Ion	National Railways Freight Company CFT Marfa
Petcu	Marta	National Railways Freight Company CFT Marfa
Dobrescu	Florin	National Federation 'Drum de Fier'
Nita	Florin Cezar	National Federation 'Drum de Fier'
Spinu	Gheorghe	Federation M-C
Maxim	Rodrigo Gabriel	Federation of Unions T F
Buhac	Constantin	Federation Wagons

SOCIAL PARTNERS FROM EUROPEAN SOCIAL DIALOGUE

Hall	Colin	CER
Preumont	Jean-Paul	CER
Hara	Raymond	CER/SNCF
Mette	Olaf	CER / DB AG
Inglese	Italo	CER / FS Holding
Chagas	Eduardo	ETF
Trier	Sabine	ETF
Tilling	Cristina	ETF
Bartl	Michael	ETF / TRANSNET
Gamez	Antonio	ETF / FCT-CC.OO
Le Reste	Didier	ETF / CGT Cheminots
Moberg-Lindwall	Lena	ETF / ST
Petit	Jean-Yves	ETF / CGT Cheminots
Piteljon	Serge	ETF / CGSP Cheminots

EXPERTS - GUESTS

Durst	Ellen	European Commission
Morin	Jackie	European Commission
Moberg-Lindwall	Lena	ETF / ST
Petit	Jean-Yves	ETF / CGT Cheminots
Piteljon	Serge	ETF / CGSP Cheminots

EUROPEAN TRANSPORT WORKERS' FEDERATION



EUROPEAN TRANSPORT
WORKERS' FEDERATION

COMMUNITY OF EUROPEAN RAILWAY AND INFRASTRUCTURE COMPANIES





EUROPEAN TRANSPORT
WORKERS' FEDERATION



The Voice
of European
Railways

ETF
European Transport Workers' Federation

Rue du midi 165
B-1000 BRUSSELS
Tel: +32.2.285 46 60
Fax: +32.2.280 08 17
e-mail: etf@etf-europe.org
web: www.etf-europe.org

CER
Community of European Railway
and Infrastructure Companies

Avenue des Arts 53
B-1000 BRUSSELS
Tel: +32.2.213 08 70
Fax: +32.2.512 52 31
e-mail: contact@cer.be
web: www.cer.be



With the support of the European Commission