

**Report on the High Level Mission to Greece**  
(Athens, 19-23 September 2011)



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## I. Introduction

### 1. Mandate and purpose of the High Level Mission

1. In a communication dated 29 July 2010, the Greek Confederation of Trade Unions (GSEE) transmitted to the Committee of Experts of the Application of Conventions and Recommendations (CEACR) comments under article 23 of the ILO Constitution on the impact of the measures taken within the framework of the mechanism to support the Greek economy on the application of the following ratified Conventions: the Labour Inspection Convention, 1947 (No. 81), the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), the Protection of Wages Convention, 1949 (No. 95), the Right to Organise and Collective Bargaining Convention, 1949 (No. 98), the Equal Remuneration Convention, 1951 (No. 100), the Social Security (Minimum Standards) Convention, 1952 (No. 102), the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), the Employment Policy Convention, 1964 (No. 122), the Minimum Age Convention, 1973 (No. 138), the Labour Administration Convention, 1978 (No. 150), the Collective Bargaining Convention, 1981 (No. 154), and the Workers with Family Responsibilities Convention, 1981 (No. 156). The GSEE submitted further comments in a communication dated 28 July 2011.
2. In its 2011 report, the CEACR examined the comments made by the GSEE in the framework of Convention No. 98. In light of the complexity and pervasiveness of the measures adopted in the framework of the support mechanism, the CEACR invited the Government of Greece to avail itself of the technical assistance of the ILO and to accept a high-level mission to facilitate a comprehensive understanding of the issues before its examination of the impact of the measures in question on the application of the ratified Conventions.
3. At the 100th Session of the International Labour Conference (June 2011), the Committee on the Application of Standards discussed the application of Convention No. 98 by Greece. It welcomed the Government's indication that it was working on arrangements with the ILO for the visit of the High-Level Mission proposed by the Committee of Experts. It considered that contact with the International Monetary Fund (IMF) and the European Union (EU) would also assist the Mission in its understanding of the situation.
4. The High Level Mission visited the country from 19 to 23 September 2011. After the mission, follow-up meetings took place with the EU and the IMF in Brussels and Washington on the basis of the request made by the Committee on the Application of Standards.
5. The mandate of the Mission, as defined by the Committee of Experts and the request made by the Committee on the Application of Standards, was twofold. On the one hand, the High Level Mission aimed to collect information on the application of the Conventions that the GSEE brought to the attention of the supervisory bodies in the areas of freedom of association and collective bargaining, protection of wages, employment policy, social security, non-discrimination and labour inspection. On the other hand, it aimed at facilitating a comprehensive understanding of the exceptional situation facing the country and of the impact of the policies of international organizations in this context, with a view to making constructive proposals on a possible way forward.
6. The High Level Mission was led by Mr Guy Ryder, ILO Executive Director for Fundamental Principles and Rights at Work. It was composed of Ms Cleopatra Dombia-Henry, Director of the International Labour Standards Department, Mr Stephen

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Pursey, Director of the Policy Integration Department, Ms Karen Curtis, Deputy Director of the International Labour Standards Department responsible for Freedom of Association, and Ms Katerina Tsotroudi, Legal Specialist (Labour Inspection, Labour Administration and Labour Statistics) of the International Labour Standards Department.

7. The Mission held extensive meetings with a large number of officials from the Ministry of Labour and Social Security, notably the Minister of Labour and Social Security Mr Koutroumanis, the Ministry of Finance, notably with Mr Zanas, Chairman of the Council of Economic Advisors, as well as the Greek Confederation of Trade Unions (GSEE), the Confederation of Greek Public Servants' Unions (ADEDY), the Hellenic Federation of Enterprises and Industries (SEV), the Hellenic Confederation of Professionals, Craftsmen and Merchants (GSEVEE), the National Confederation of Hellenic Commerce (ESEE), the Association of Greek Tourism Enterprises (SETE). It also met with the Economic and Social Council of Greece (OKE), the Athens Chamber of Commerce and Industry (EVEA), the Organization for Mediation and Arbitration (OMED), the Greek Ombudsman and the Bank of Greece.
8. The programme of meetings and lists on the persons who participated therein, are attached to this report.

## 2. The mechanism to support the Greek economy

9. In 2009, public debt in Greece stood at 127.1 per cent of GDP while the average European Union (EU) rate was 79.3 per cent and the announced deficit stood at 12.9 per cent of GDP and was later on revised upwards to 15.4 per cent, while the EU average was 6.3 per cent. The lowering of the credit rating of Greece by international rating agencies and the consequent increase in the credit spreads of Greek bonds which commenced at the end of 2009 and continued in 2010, led to a vicious circle of borrowing at increasingly higher interest rates in order to service Greece's public debt. In order to support Greece in its efforts to break out of this unsustainable situation, the mechanism to support the Greek economy was established on the basis of a decision of the Heads of State and Government of the Euro Area dated 25 March 2010 and was activated in May 2010.
10. For the activation of the mechanism, the Ministry of Finance prepared with the participation of the European Commission (EC), the European Central Bank (ECB) and the International Monetary Fund (IMF), a draft programme for 2010-2013 which was laid down in a "*Memorandum of Economic and Financial Policies*" and a "*Memorandum of Understanding on Specific Economic Policy Conditionality*" (*the Memoranda*). The memoranda were communicated in letters signed by the Minister of Finance and the Governor of the Bank of Greece to the President of the Eurogroup, the EC, the ECB and the IMF on 3 May 2010.
11. The Memoranda were also annexed to Act No. 3845/2010 on "Measures for the Implementation of the support mechanism for the Greek economy by the Eurozone member-States and the International Monetary Fund" and enacted into law by the Hellenic Parliament on 5 May 2010. The Act was published in the *Official Gazette* on 6 May 2010.
12. As explained by the Greek Government in its letter dated 16 May 2011, the texts of the two memoranda reflected first and foremost, the terms under which Greece would access the financing package of €110 billion made available to it by the EU-ECB (80 billion) and IMF (30 billion) generally known as the "Troika". This is the reason for which the two memoranda were incorporated into the relevant loan instruments, i.e., in the Loan Facility Agreement dated 8 May 2010 and the IMF Stand By Arrangement, by virtue of which the creditors of Greece undertook the commitment to grant specific funds to the country for a period of three years with a 5 per cent interest rate. The funds were to be disbursed in

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installments, on condition that the country, in addition to its obligation to regularly serve the loans according to the conditions agreed upon, would also implement the time-bound measures and achieve the objectives set out in the Memoranda and second, that measures would be taken by Greece within the framework of the excessive deficit procedure of article 126(9) of the EU Treaty.

**13.** The said Memoranda aim according to the Government to:

- eliminate the root causes of the debt crisis facing Greece, through the implementation of adequate measures and policies to restore fiscal stability so that the State might cease spending more than it collects;
- improve the competitiveness of the Greek economy, so that the country might cease importing more than it exports;
- create the conditions for a sustainable public debt management so that the Greek State might continue to finance its borrowing needs through the financial markets, to which the memoranda, through their overall planning are helping it to return;
- deal with the critical condition of the country's social security and financial system, which threatened the sustainability of the Greek economy not only in the short run but also in the long run.

**14.** The Memorandum of Economic and Financial Policies (MEFP) contains in addition to fiscal reforms which are the cornerstone of the programme, structural policies to strengthen labour markets and income policies:

in line with the lowering of public sector wages,<sup>1</sup> *private sector wages need to become more flexible* to allow cost moderation for an extended period of time. Following consultation with social partners and within the frame of EU law, the Government will *reform the legal framework for wage bargaining* in the private sector, including by eliminating asymmetry in arbitration. The Government will adopt legislation for *minimum entry level wages* in order to promote employment creation for groups at risk such as the young and long-term unemployed. In parallel, the Government will implement the new *control system for undeclared work* and modernize labor market institutions. Employment protection legislation will be revised, including provisions to *extend probationary periods*, recalibrate rules governing *collective dismissals*, and facilitate *greater use of part-time work*. The scope for improvements in the targeting of social expenditures will be revised in order to enhance the *social safety net* for the most vulnerable.<sup>2</sup> (emphasis added)

**15.** The MEFP also provides that the public administration will be modernized and public enterprises divested with specific reference to railway and public transportation companies which are identified as the main loss-makers.

**16.** The Government states in the MEFP that it:

is committed to fairness in the distribution of the adjustment burden. Our resolve to protect the most vulnerable in society from the effects of the economic downturn was taken into account in the design of the adjustment policies. In consolidating government finances, larger contributions will be raised from those who have traditionally not carried their fair share in the tax burden.

<sup>1</sup> Addressed in the fiscal policy section of the memorandum.

<sup>2</sup> Details of the rationale of the programme are set out in European Economy Occasional Papers No. 61 of Directorate-General for of the European Commission dated 26th May 2010.

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17. The MEFP also adds that:

To explain and forge consensus on policies to overcome the crisis, the Government will invite representatives of businesses and labor to sign a social pact for the duration of the programme. The spirit of the above considerations is to maintain strong social cohesion, fight poverty, and maintain employment.

18. The accompanying Memorandum of Understanding on Specific Economic Policy Conditionality (MoU) sets out specific time-bound commitments for successive quarters of the Programme:

By end Q4-2010:

Following dialogue with social partners, the Government proposes and parliament adopts legislation to reform wage bargaining system in the private sector, which should provide for a *reduction in pay rates for overtime work and enhanced flexibility in the management of working time. Allow local territorial pacts to set wage growth below sectoral agreements* and introduce variable pay to link wages to productivity performance at the firm level. Government *amends regulation of the arbitration system* (Law 1876/1990), so that both parties can resort to arbitration if they disagree with the proposal of the mediator. Following dialogue with social partners, Government adopts legislation on minimum wages to introduce *sub-minima for groups at risk* such as the young and long-term unemployed, and put measures in place to guarantee that *current minimum wages remain fixed in nominal terms for three years*. Government amends employment protection legislation to *extend the probationary period for new jobs to one year, to reduce the overall level of severance payments* and ensure that the same severance payment conditions apply to blue- and white-collar workers, to *raise the minimum threshold for activation of rules on collective dismissals* especially for larger companies, and to *facilitate greater use of temporary contracts and part-time work*.

By end Q2-2011:

Government completes the reform to strengthen the Labour Inspectorate, which should be fully resourced with qualified staff and has quantitative targets on the number of controls to be executed. Government adapts the legislation on tackling *undeclared work* to require the registration of new employees before they start working. Review the scope for improvements in the targeting of social expenditures to enhance the social safety net for the most vulnerable.

19. The Troika has reviewed the implementation of the programme five times so far (September 2010, December 2010, March 2011, June 2011, September-October 2011). Following such reviews, the Memoranda were successively revised and updated versions communicated to the Troika through new Letters of Intent, signed by the Minister of Finance and the Governor of the Bank of Greece. A major revision of the programme took place on 1 July 2011, when the Parliament adopted **Act No. 3986 on Urgent Measures for the Implementation of the Mid-term Fiscal Strategy Framework** (FEK 152/1-07-2011). This mid-term fiscal strategy introduced new austerity measures with a revised implementation plan and a new time-horizon of 2012-2015.

20. On 21 July 2011, Eurozone leaders responded to growing concern on financial markets that Greece might be unable to meet its debt payments by establishing a new support programme for Greece through the European Financial Stability Fund (EFSF). In their joint statement, the Eurozone leaders indicated among other things:

We have decided to lengthen the maturity of future EFSF loans to Greece to the maximum extent possible from the current 7.5 years to a minimum of 15 years and up to 30 years with a grace period of 10 years. In this context, we will ensure adequate post programme monitoring. We will provide EFSF loans at lending rates equivalent to those of the Balance of Payments facility (currently approx. 3.5 per cent), close to, without going below, the EFSF funding cost. We also decided to extend substantially the maturities of the existing Greek facility. This will

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be accompanied by a mechanism which ensures appropriate incentives to implement the programme.

We call for a comprehensive strategy for growth and investment in Greece. We welcome the Commission's decision to create a Task Force which will work with the Greek authorities to target the structural funds on competitiveness and growth, job creation and training. We will mobilise EU funds and institutions such as the EIB towards this goal and re-launch the Greek economy. (...)

The financial sector has indicated its willingness to support Greece on a voluntary basis through a menu of options further strengthening overall sustainability. The net contribution of the private sector is estimated at €37 billion.<sup>3</sup> Credit enhancement will be provided to underpin the quality of collateral so as to allow its continued use for access to Eurosystem liquidity operations by Greek banks. We will provide adequate resources to recapitalise Greek banks if needed.

21. In line with this decision, in early September 2011, the European Commission established a task force for accelerating access to projects financed under Structural Fund and Cohesion Fund programmes in Greece.
22. As of mid October, details of the implementation of the agreement on easing the terms of Greece's debts were still being worked out. On 4 October 2011, the Eurogroup announced that it was reviewing the size of the private sector's involvement (PSI) in the package and would delay the release of the next installment of the support mechanism until mid-November 2011 instead of mid-October 2011.
23. The fifth review of the implementation of the programme which commenced in September 2011 was completed on 12 October 2011. In its press communiqué, the Troika indicated the following:

Regarding the **outlook**, the recession will be deeper than was anticipated in June and a recovery is now expected only from 2013 onwards. There is no evidence yet of improvement in investor sentiment and the related increase in investments, in part because the reform momentum has not gained the critical mass necessary to begin transforming the investment climate. However, exports are rebounding – albeit from a low base – and a shift towards a more dynamic export sector, supported by a moderation of unit labor costs, should lead to more balanced and sustainable growth over the medium term. Inflation has come down over the last year and is expected to remain below the Euro Area average in the period ahead.

In the **fiscal area**, the Government has achieved a major reduction in the deficit since the start of the programme despite a deep recession. However, the achievement of the fiscal target for 2011 is no longer within reach, partly because of a further drop in GDP, but also because of slippages in the implementation of some of the agreed measures. [...]

As to **structural reforms**, [...] a reinvigoration of reforms remains the overarching challenge facing the authorities. In this regard, the decision to suspend the mandatory extension of sector-level collective agreements to the firm level is a major step forward, as it will help ensure the flexibility in the labour market needed to boost growth and prevent high unemployment from getting entrenched.

Overall, the authorities continue to make important progress, notably with regard to fiscal consolidation. To ensure a further reduction in the deficit in a socially acceptable manner and

<sup>3</sup> This takes into account the cost of credit enhancement for the period 2011-2014. In addition, a debt buyback programme would contribute 12.6 billion euro, bringing the total to 50 billion euro. For the period 2011-2019, the total net contribution of the private sector involvement was estimated at 106 billion euro.



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to set the stage for a recovery to take hold, it is essential that the authorities put more emphasis on structural reforms in the public sector and the economy more broadly.

The success of the programme continues to depend on mobilizing adequate financing from private sector involvement (PSI) and the official sector. Ongoing discussions on PSI together with assurances provided by European leaders at their July 21 summit suggest that the programme remains fully financed.

Once the Eurogroup and the IMF's Executive Board have approved the conclusions of the fifth review, the next tranche of €8 billion (€5.8 billion by the Euro Area Member States, and €2.2 billion by the IMF) will become available, most likely, in early November.

24. On 25 October the Parliament adopted Act No. 4024/27-10-2011 which introduced additional measures for the implementation of the mid-term fiscal strategy 2012-2015.
25. On 26 October 2011, the Eurozone leaders decided to modify the agreement of 21 July 2011 on easing Greece's debt and announce "a sustainable and credible new EU-IMF multiannual programme", which would involve increased PSI with a view to reaching a debt to GDP ratio of 120 per cent by 2020, and a strengthened mechanism for monitoring the implementation of the programme. According to the Statement of the Eurozone leaders:

We welcome the decision by the Eurogroup on the disbursement of the 6th tranche of the EU-IMF support programme for Greece. We look forward to the conclusion of a sustainable and credible new EU-IMF multiannual programme by the end of the year.

10. The mechanisms for the monitoring of implementation of the Greek programme must be strengthened, as requested by the Greek Government. The ownership of the programme is Greek and its implementation is the responsibility of the Greek authorities. In the context of the new programme, the Commission, in cooperation with the other Troika partners, will establish for the duration of the programme a monitoring capacity on the ground, including with the involvement of national experts, to work in close and continuous cooperation with the Greek Government and the Troika to advise and offer assistance in order to ensure the timely and full implementation of the reforms. It will assist the Troika in assessing the conformity of measures which will be taken by the Greek Government within the commitments of the programme. This new role will be laid down in the Memorandum of Understanding. To facilitate the efficient use of the sizeable official loans for the recapitalization of Greek banks, the governance of the Hellenic Financial Stability Fund (HFSF) will be strengthened in agreement with the Greek Government and the Troika.
  11. We fully support the Task Force on technical assistance set up by the Commission.
  12. The Private Sector Involvement (PSI) has a vital role in establishing the sustainability of the Greek debt. Therefore we welcome the current discussion between Greece and its private investors to find a solution for a deeper PSI. Together with an ambitious reform programme for the Greek economy, the PSI should secure the decline of the Greek debt to GDP ratio with an objective of reaching 120 per cent by 2020. To this end we invite Greece, private investors and all parties concerned to develop a voluntary bond exchange with a nominal discount of 50 per cent on notional Greek debt held by private investors. The Eurozone Member States would contribute to the PSI package up to €30 bn. On that basis, the official sector stands ready to provide additional programme financing of up to €100 bn until 2014, including the required recapitalisation of Greek banks. The new programme should be agreed by the end of 2011 and the exchange of bonds should be implemented at the beginning of 2012. We call on the IMF to continue to contribute to the financing of the new Greek programme.
26. The modalities of PSI would have to be negotiated with the private sector, namely, the Institute of International Finance (IIF), i.e., the global association of financial institutions. On 27 October 2011, the IIF issued a press statement according to which:

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We welcome the announcement by the leaders of the Euro Area of a comprehensive package of measures to stabilize Europe, to strengthen the European banking system and to support Greece's reform effort. On behalf of the private investor community, the IIF agrees to work with Greece, Euro Area authorities and the IMF to develop a concrete voluntary agreement on the firm basis of a nominal discount of 50 per cent on notional Greek debt held by private investors with the support of a €30 billion official PSI package. This should set the basis for the decline of the Greek debt to GDP ratio with an objective of reaching 120 per cent by 2020.

The specific terms and conditions of the voluntary PSI will be agreed by all relevant parties in the coming period and implemented with immediacy and force. The structure of the new Greek claims will need to be based on terms and conditions that ensure an NPV loss for investors fully consistent with a voluntary agreement.

27. On 3 November 2011, following the announcement by the Greek Government of an upcoming referendum on the new multiannual programme which had been announced on 26 October, the EU/IMF decided to withhold the disbursement of the 6th tranche of the support programme until after the referendum. Pursuant to the Government's decision to withdraw the referendum, and political developments in Greece leading to the formation of a new Government, the disbursement of the 6th tranche was still pending at the time of writing of this report, along with the modalities for PSI contribution to reaching more sustainable debt levels.

### 3. Legislative texts adopted in the framework of the support mechanism

28. In the context of the country's deteriorating financial situation and prior to the establishment of the support mechanism, *Act No. 3833 of 15 March 2010 on the "Protection of the national economy – Emergency measures to tackle the fiscal crisis"* was adopted (FEK A'40/15-3-2010). This Act reduced wages in the wider public sector (including in local self-government, publicly owned enterprises or enterprises in which the State had a stake and legal entities which received regular subsidies from the State) by seven per cent. It also reduced the Christmas, Easter and Annual allowances (known as the 13th and 14th wage) by 30 per cent, all other allowances by 12 per cent and the maximum overtime in the public sector by 30 per cent. The Act froze all new recruitments in the core public sector for 2010; introduced a 20 per cent quota for the absorption of those who had already succeeded in the examinations for entry to the public service (one employee hired for every five departures) and reduced recruitment on the basis of private law contracts and external collaboration contracts in the public sector by 30 per cent in 2010.
29. Articles 1(1) and (2), 1(5) and 3(5) of Act No. 3833 cancelled and superseded all provisions in collective agreements which were contrary to the Act in question and prohibited the negotiation of wage increases in the public sector (including in publicly owned enterprises or enterprises in which the State had a stake) until 31 December 2010.
30. *Act No. 3845/2010 of 6 May 2010 on "Measures to implement a mechanism to support the Greek economy by the Member States of the Euro Area and the International Monetary Fund"* (FEK A'65/6-5-2010). This legislation:
- further reduced the wages of workers in the wider public sector by 3 per cent, their allowances by 8 per cent and replaced the 13th and 14th wage with a much smaller flat amount (Article 3 para. 4(6) and (8)). Pension reductions were introduced for the first time. Article 3(8) provided that all collective agreement provisions which were contrary to the Act were cancelled and superseded;
  - provided that enterprise level and sectoral agreements could contain provisions less favourable to the workers than the national general collective agreement (Article

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2(7)). It thus overturned the favourability clause (Article 10 of Act No. 1876/1990), by virtue of which in case of plurality of collective agreements the one most favourable to the worker prevailed;

- introduced a “contract for acquiring business experience” for unemployed persons aged 18-24 years, remunerated at 80 per cent of the minimum basic wage as established in the national general collective agreement for a maximum period of 12 months (Article 2(6)). Employers were to be exempt from social security contributions which would be subsidised by the Manpower Employment Organization (OAED);
- authorized the Minister of Labour to further regulate through Presidential Decrees working conditions and the minimum wage for young persons under 25 years of age that entered the labour market for the first time, as well as the general working conditions and social security coverage for workers with annual contracts of “apprenticeship” (Article 2(9) (e) and (f)). These workers were previously covered by the national general collective agreement.

**31. Act No. 3846/2010 of 11 May 2010 on employment security safeguards** institutionalized a wide range of flexible forms of employment (telework, part-time work, temporary employment agencies, rotation work, suspension of work, etc.) while providing for certain safeguards.

**32. Act No. 3847 of 11 May 2010** (FEK A’67/11-5-2010) replaced the 13th and 14th pension of former public employees with a much smaller flat amount.

**33. Act No. 3863 of 8 July 2010 on the “New Social Security System and relevant provisions”** (FEK A’115/8-7-2010). This Act:

- established as of 1.1.2015 a welfare entitlement to a basic pension (set by Article 2 at €360) supplemented by a retributive pension financed by the budget of the social security funds through the contributions of workers and employers, and limited the funding of social security by the State to the basic pension only. The Act resulted in the drastic reduction of pensions as well as the drastic extension of the minimum contributory period and the increase of the pensionable age. The State withdrew its guarantee for the funding of auxiliary pension;
- raised the minimum threshold for activation of rules on collective dismissals and significantly reduced severance payments (up to 50 per cent reduction under certain conditions and possibility of paying in bi-monthly instalments). Special provision was made for the protection of older workers (57-64 years old) so as to ensure employer participation in the payment of social security costs for a period of three years;
- introduced sub-minimum wages for workers of 15-18 years of age in the framework of apprenticeship contracts of maximum duration of one year, remunerated at 70 per cent of the minimum wage (Article 73(9)). It also introduced conditions under which unemployed young persons up to 25 years of age could conclude contracts for acquiring work experience (see above) (Article 73(8));
- addressed the question of “asymmetry in arbitration” by providing that both parties, i.e., employers and workers, could resort unilaterally to arbitration if the other party refused the mediator’s proposal. Under the previous regime (Act No. 1876/1990) trade unions could resort to arbitration unilaterally if the employer refused the mediator’s proposal;
- revised the legislation on working time (Act No. 3385) by reducing overtime pay.

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**34. Act No. 3871 of 17 August 2010 on “Financial Management and Responsibility”** (FEK 152/1-7-2010) cancelled and superseded all arbitral awards issued by the Organization for Mediation and Arbitration (OMED) which had granted wage increases for 2010 and the first semester of 2011 (Article 51). Awards for the period 1.7.11 to 31.12.2012 would have to limit any wage increases to those foreseen in the general national collective agreement, i.e., a percentage equal to the average Eurozone inflation rate. The Act also provided for a definition of the average Eurozone inflation rate.

**35. Act No. 3899 of 17 December 2010 on “Financial and Tax Measures for the Implementation of the Programme”** (FEK 212/17-12-2010). This Act:

- provided that (contrary to what was stipulated in Article 2(7) of Act No. 3845 – see above) the national general collective agreement had precedence over sectoral and enterprise agreements and that special enterprise agreements could deviate from sectoral agreements only under certain conditions (Article 13). The Act maintained the possibility of extending sectoral collective agreements (on the basis of Article 11 of Act No. 1876/1990). Special enterprise agreements were to be concluded with a view to improving competitiveness and adaptability to market conditions and creating or preserving jobs in enterprises facing difficulties and should be submitted to the Council of Social Oversight of the Labour Inspectorate (C.S.O.L.I.) for an advisory opinion as to the justification of the agreement. They could be signed by an employer who employed less than 50 employees even if an enterprise trade union did not exist at the workplace (enterprise unions could only be created in enterprises with more than 50 workers and be composed of 20 workers). In the absence of an enterprise trade union, the employer could negotiate a special enterprise collective agreement with the relevant sectoral trade union or federation;
- reformed the regime of mediation and arbitration, explicitly superseding article 2(6) of Act No. 3845/2010 (see above). Each party could appeal to arbitration unilaterally following the submission of the mediator’s proposal, as long as both parties had previously participated in the mediation process (Article 16). Arbitration was limited to the determination of basic wages and the arbitral award should take into account, among other things, the economic conditions and the development of competitiveness in the productive activity concerned. The right to strike was suspended for ten (10) days from the day of the submission of the arbitration appeal. Disputes on the statutory validity of the arbitration award could be brought to the First Instance Civil Court and heard on the basis of an accelerated procedure;
- reformed the structure of the Organization for Mediation and Arbitration (OMED) which became bipartite with the Government maintaining only one seat as observer (Article 17). The whole body of mediators and arbitrators was replaced;
- introduced further wage reductions in publicly owned enterprises (thus building on Article 3 of Act No. 3845) and extended to 2011 the prohibition of negotiating wage increases in the public sector (this prohibition was first introduced by Act No. 3833 for the year 2010);
- doubled the permissible duration of subcontracting of workers by temporary employment agencies from 18 to 36 months; increased six-fold the probationary period of contracts without limit of time from 2 to 12 months; extended the period over which the employer could unilaterally introduce rotation work from six to nine months; abolished the (previously applicable) increased rate of pay for part time workers who worked less than four hours per day or worked overtime (thus building on Act No. 3846);

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- abolished all exceptions to the quota for recruitment in the public sector (Act No. 3833 had introduced exceptions for categories like teachers, nurses, police, the military etc.) and further reduced the recruitment of staff through private law contracts and external collaboration contracts by an additional 15 per cent.
- 36. Act No. 3920 of 3 March 2011 on the “Reform, Restructuring and Development of Urban Transportation”** restructured the urban transportation system in Attika, abolished all collective agreements in force, and imposed the renegotiation within 30 days of new collective agreements with the two most representative organizations in each newly created enterprise, otherwise terms of employment would be regulated by law. The Act also prohibited the unilateral recourse to arbitration for this particular negotiation.
- 37. Act No. 3979 of 16 June 2011 on “Electronic governance and other provisions”** extended working hours in the public sector (core and wider) from 37.5, set by collective agreement, to 40.
- 38. Act No. 3986 of 1 July 2011 on “Urgent Measures for the Implementation of the Mid-term Fiscal Strategy Framework”** (FEK 152/1-07-2011) introduced a revised fiscal strategy with a new time-frame (2012-2015). The Act:
- Extended to three years (from two years) the duration of fixed term employment contracts before they could be converted into contracts without limit of time.
  - Introduced the system of “labour reserve” in the core and wider public sector: any surplus staff would be placed in a “reserve” and receive 60 per cent of the base salary for 12 months. Reintegration was possible if available posts existed in the public sector. The possibility to take early retirement was also envisaged. There was no clarification as to what happened if reintegration or early retirement was not possible.
  - Doubled the duration of “contracts to obtain work experience” by young persons from 12 to 24 months, on condition that the employer did not dismiss any other worker for the two year duration of the contract and had not dismissed any worker during the three months preceding the contract (built on Act No. 3633).
  - Provided for compensatory time-off instead of pecuniary payment for overtime.
  - Allowed “associations of persons” to negotiate working time arrangements at the enterprise level, in the absence of a trade union (built on the provisions of Act No. 3846). An association of persons could be created in enterprises with less than 20 workers by 15 per cent of workers and in enterprises with more than 20 workers by 25 per cent of the workforce. Under Article 1 of Act No. 1264/1982 associations of persons could be created for a limited duration of six months. Under Act No. 1264/1982, associations of persons were not considered as fully-fledged trade unions since they had a limited duration and could not sign collective agreements. They also did not benefit from the protection available to trade union members and were not subject to the detailed provisions on the governance of trade union organizations. Their purpose was to ensure worker representation for a specific time-bound purpose, e.g., prior to the closure of an enterprise, if unions did not exist.
  - Further reduced the quotas for the recruitment of public employees established by Acts Nos. 3833 and 3899 (10 per cent quota in 2011 and a 20 per cent quota for the period 2012-2015). Limited the conclusion of private law contracts in the public sector by an additional 50 per cent for 2011 and by 10 per cent until 2015.

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- Introduced a “cap” on the amount of subsidies that could be obtained under employment promotion programmes and reduced the Christmas and Easter benefits of the unemployed as of 1 January 2012.

**39. Act No. 3996 of 5 August 2011 on the “Reform of the Labour Inspectorate (S.E.P.E.)”** (FEK A’170/5-8-2011). This Act:

- extended the control functions of the labour inspectorate to undeclared work, including by irregular migrant workers, and gave labour inspectors the power to impose fines for violations of the legislation in this field. It also enhanced the involvement of the labour inspectorate in the conciliation of labour disputes;
- elaborated on the conditions which applied to the dismissal of older workers aged 55-64 years, especially as regards the employer’s participation in the payment of social security contributions and the possibility of participation of older workers in OAED programmes for the long-term unemployed;
- extended to 18 months the period of time during which working mothers could not be dismissed after their return from maternity leave;
- introduced an “employment check” to obtain professional qualifications by providing access to vocational education and on-the-job training for the long term unemployed;
- introduced the institution of “employment card” which electronically detected the time of arrival and departure of workers to and from the workplace. The information was communicated on line to the labour inspectorate, the social security fund and the OAED. Employers who implemented this system benefitted from a 10 per cent reduction in social security contributions. The measure was being pilot tested in areas, sectors and categories of enterprises where undeclared work was most prevalent.

**40. Act No. 4002 of 22 August 2011** abolished and merged a number of public agencies.

**41.** After the conclusion of the High Level Mission, and at the time of writing this report, *Act No. 4024/27-10-2011 on “Provisions concerning pensions, the common pay-scale and grading system [in the public sector], the labour reserve and other provisions for the implementation of the mid-term fiscal strategy 2012-2015”* was adopted by Parliament. The Act introduced significant amendments to the collective bargaining framework in place since 1990, in particular, on the entities authorized to conclude collective agreements, the favourability principle, and the extension of collective agreements (Articles 3(5) 10(2) and 11(2) and (3) of Act No. 1876/1990). In particular, the Act :

- abolished all the provisions on special enterprise agreements previously introduced by Act No. 3699/2010 (see above) (Article 37(2));
- allowed associations of persons to conclude enterprise collective agreements as long as 3/5 of workers in the enterprise participated in these associations (Article 37(1) and (3)). The duration of associations of persons was no longer limited to six months (Article 1(3)(a)(cc) of Act No. 1264/1982 was amended);
- gave priority to enterprise collective agreements over sector level and occupational agreements but not over the national general collective agreement (Article 37(5));
- suspended the extension of sector level and occupational collective agreements until the end of the Mid-Term Fiscal Strategy Programme enacted into law by Act No. 3986 of July 2011 (in principle until 2015) (Article 37 (6));

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- introduced further wage cuts in publicly owned enterprises while all applicable collective agreements were cancelled and superseded;
  - introduced pension cuts in the order of 40 per cent of the amounts over €1,000 which were received by persons below 55 years of age and 20 per cent of pensions for the amounts over €1,000 received by persons above 55 years of age. It also introduced reductions in supplementary pensions;
  - Specified that the labour reserve was a form of retrenchment: the period of the labour reserve was assimilated to a period of notice for termination of employment and the money paid to the public employees during this period, i.e., 60 per cent of the base salary for one year, was assimilated to severance pay. The labour reserve concerned those employees who worked in the public sector under private law contracts without limit of time. Among them, those employees who would obtain a pension until 31.12.2013 were automatically placed in the labour reserve until their retirement. Those serving in public entities which were abolished by Act No. 4002/2011 and the excess personnel of the public entities which were to be merged pursuant to Act No. 4002/11 were also to be placed in the reserve and eventually dismissed if they could not find employment in another public agency (Article 34(1)(e));
  - introduced the measure of “pre-retirement suspension” for public employees with “permanent” contracts (Article 33). According to paragraph 1(b), all public employees in the core public sector as well as local self-government organizations and other public entities who turned 55 years old and completed 35 years of service by 31.12.2013, were automatically suspended until retirement. Their posts were abolished and they were paid 60 per cent of their base salary until retirement;
  - introduced a new public service statute, a new job classification and a new harmonized wage scale resulting in wage cuts of up to 50 per cent in certain cases (e.g. employees of the Ministry of Finance).

## **II. Information obtained from the Government**

### **1. Ministry of Labour and Social Security**

- 42.** The Minister of Labour and Social Security (Mr Koutroumanis) indicated that the country was committed to meeting its international obligations in the current unprecedented situation. The Ministry was faced with difficult decisions on measures that should be adopted in a tight time framework in order to accelerate fiscal consolidation. Under conditions of crisis and recession, important changes had been introduced in the labour market to introduce flexibility in labour relations. The measures were not of a permanent nature but were considered as essential for the duration of the mid-term fiscal strategy framework, i.e., until 2015.
- 43.** The Ministry did everything in its power to accompany these reforms with appropriate safeguards in order to avoid the creation of pockets of non-respect for labour rights and ensure effective control and labour law enforcement by the labour inspectorate. Since March 2010, the Government had made all efforts to avoid weakening core trade union freedoms. The framework for freedom of association had remained intact. The Government was making efforts to reinforce the role of the social partners so that any changes introduced could be, to the extent possible, the result of an agreement between them.

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44. Nevertheless, the conditions for social partner negotiations had not matured yet on certain questions which had to be addressed urgently for fiscal reasons. Pay scales and working time arrangements in the wider public sector, including in publicly owned enterprises in the transportation sector (railways), were one example.
  45. The Minister emphasized that the Government tried to strike a balance between two particular concerns: on the one hand, the social partners should understand the difficulties that the country was going through and the fact that conditions had substantially changed in the labour market. All sides should show social responsibility and act in the common interest. On the other hand, the crisis could not serve as a pretext for abandoning workers' rights and the European social acquis while attracting investments by lowering social standards. The Government did not wish to turn the labour market into a free for all.
  46. The Minister considered that the ILO could play a constructive role in providing advice on the safeguards that could be introduced in the current circumstances in order to address the social consequences of the crisis while abiding by International Labour Standards. The Government also looked forward to any "red lines" which might be set by International Labour Standards in relation to the policies pursued in Greece and Europe as a whole. It was also interested in the possibility of the ILO transmitting its views to other international organizations after having met the Government and the social partners.

### ***Freedom of association and collective bargaining***

47. The Memoranda aimed to achieve an "internal devaluation", i.e., a sharp reduction in wages and consequent living standards, since Greece, as a member of the Eurozone, could not rely on currency depreciation to boost its competitiveness in the international economy. The MEFP aimed to achieve this by fundamentally revising the way the collective bargaining system functioned, especially at sectoral level.
48. The Troika was of the view that the current collective bargaining structure had led to an upward trend in wages which was not correlated with the country's productivity and competitiveness. By virtue of the principle of favourability, the national general collective agreement set the basic minimum wage while sectoral agreements could adapt by providing for additional remuneration in light of the strengths inherent to each sector and finally, enterprise agreements could further increase wages in relation to productivity and the company's financial statement. On this basis, there had been considerable wage increases in the past, e.g., in the banking sector. The Government was of the view that these increases had been agreed among the parties in free negotiations during the days of prosperity, on the basis of the economic and financial considerations applicable in certain sectors at that time. The State did not intervene in collective bargaining and did not decide upon the level of wage increases.
49. The Government informed the High Level Mission that it would soon have to face the implementation of measures suggested during the fourth revision of the Memoranda in June-July 2011. The revision stipulated that the Government would amend the legislation on sectoral collective bargaining (i.e., Act No. 3899/2010) if it proved necessary to support greater firm-level wage flexibility. The main issue was the abolition of the extension of sectoral and professional collective agreements.<sup>4</sup> This proposal had met with the staunch opposition of all the social partners in written and oral statements.

<sup>4</sup> The mechanism of extension is provided for in Article 11 of Act No. 1876/1990. Either party to a sectoral or occupational agreement can ask for its extension as long as 51 per cent of workers in the sector are covered by the agreement. The request is examined by the High Labour Council on which



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- 50.** The Government was of the opinion that it was important to safeguard the institution of extension, which prevailed in many other EU countries, as its revision would lead to the total deconstruction of the labour market and would have a high impact on the level of incomes and wages. It considered that the social cost of such a policy was very high and would not necessarily be offset by an eventual increase in investment. As a result, the Government continued to receive applications for the extension of collective agreements and so far, had extended 55 collective agreements in 2011.
- 51.** The Government considered that the social partners should be encouraged to negotiate in a manner which took into account the need to increase competitiveness and that any intervention into the day-to-day operation of the system should not have a spill over effect on the legal framework in place. So far, the Government had intervened into wages and collective bargaining in the public sector (including state enterprises) only for specific periods of time and for reasons of public interest.
- 52.** The Government had been particularly prudent in its interventions into the collective bargaining mechanism in order not to destabilize the system. Any modifications introduced into the collective bargaining mechanism through Act No. 3899/2010, following extensive dialogue with the social partners, had maintained the provisions of Act No. 1264/1982 which was the basic Act on trade union freedoms and Act No. 1876/1990 which was the basic Act on collective bargaining. The Government felt however, that the successive revisions of the Memoranda complicated its task.
- 53.** Act No. 3899/2010 had introduced the special enterprise agreements as a way to maintain the extension of sectoral collective agreements while at the same time giving the possibility to enterprises which faced difficulties, to “opt out” from sectoral agreements by setting wages below the sectoral levels. One important safeguard was that wages should not fall below the minimum set by the national general collective agreement. Negotiations for special enterprise agreements would take place either with the enterprise trade union, or if no union existed at enterprise level, the sectoral trade union. The agreement should be submitted to the Council of Social Oversight of the labour inspectorate for an advisory opinion on the conditions which justified the conclusion of a special enterprise agreement. These agreements did not therefore violate the applicable legal framework or detract from minimum protection standards.
- 54.** Eleven enterprise agreements had been concluded since the introduction of Act No. 3899/2010 in December 2010, and 10 of them had entered into force, covering 3,000 workers. One agreement had been found by the Social Supervision Council not to correspond to the conditions of Article 13 of Act No. 3899/2010 and the parties had chosen not to go forward with it.
- 55.** According to the Government, the Troika was concerned that enterprise level agreements were not sufficiently widespread because there were few trade unions at enterprise level, especially SMEs. According to Act No. 1876/1990, enterprise agreements generally applied to enterprises employing over 50 workers. Given that the Civil Code required 20 persons to establish an association, the law generally prevented the creation of unions in small enterprises. About 230 enterprise agreements were being concluded each year on average. In 2010, 104 agreements had been concluded, 11 of which were special enterprise

the social partners are represented. The Council verifies whether 51 per cent of workers are covered and makes a recommendation to the Minister of Labour. The latter has discretionary power to extend the collective agreement. This mechanism is complemented by Article 10 of Act No. 1876/1990 which establishes the principle of favourability according to which, in case of plurality of collective agreements, the one providing for the most favourable terms to the worker prevails.

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agreements. Moreover, the process of creating enterprise unions was lengthy, requiring a decision of the first instance court. The courts had announced that a fast track procedure would apply to applications for the creation of enterprise level trade unions, but the results were not clear yet. Furthermore, in these times of crisis, employers seemed reticent to have enterprise trade unions and generally preferred the conclusion of individual contracts instead of collective agreements.

56. The Government understood that the Troika wanted to provide more opportunities to the workers in small enterprises to make use of special enterprise agreements. In this regard, Act No. 1264/1982 allowed for the creation of associations of persons by 10 workers in enterprises with up to 40 workers. Associations of persons were not trade unions and their creation was not subject to the same formal processes. Associations of persons in this configuration could not sign collective agreements as Act No. 1264 provided that their duration was limited to six months.<sup>5</sup>
57. The Government also informed the High Level Mission that as part of the conditionality attached to the support mechanism in order to promote flexibility in labour relations and youth employment, the provisions of Article 2(6) of Act No. 3845/2010 had led to the establishment of a programme, essentially an internship, under the auspices of the Manpower Employment Organization (OAED), in order to enable *young persons to enter the labour market through contracts to obtain work experience* while providing for necessary safeguards in terms of pay levels, social security contributions, age limits, duration of the contracts, etc. In the Government's view, the provision did not impinge upon trade union freedoms and collective bargaining.
58. Initially, the age limits for this programme were 16 to 24 years, the duration was 6 to 12 months, pay was at 80 per cent of the minimum wage and there was full social security coverage. For the first 6-12 months, the OAED subsidised the social security contributions in their entirety. If the contract was extended, it became a formal employment contract and the OAED paid 70 per cent of social security contributions for two years. The conditions were that employers should not have dismissed any staff six months prior to the contract, they could not reduce their labour force during the programme, and they had an obligation to continue the contract for a further two years after the 24 months of the programme.
59. Consultations on this provision had not been possible at the time of adoption of Act No. 3825/2010 due to the urgency of the situation as well as the fact that the Act in question was the reflection of an agreement with Greece's creditors. Moreover, the OAED was governed by a tripartite board and consultations were superfluous.

<sup>5</sup> It should be noted however, that subsequent to the high level mission the GSEE provided additional information according to which the associations of persons (which had already since July 2011 been allowed to conclude agreements on working time arrangements under Act No. 3986/2011) were given the capacity to conclude collective agreements under Act No. 4024/2011 adopted in October 2011. Article 37(2) of Act No. 4024/2011 enables associations of persons to conclude enterprise collective agreements as long as 3/5 of workers in an enterprise participate in these associations and provides that the duration of these associations is no longer limited to six months. The Act also reverted to the provisions of Act No. 3845/2010 with regard to the favourability principle by providing that in case of plurality of collective agreements, enterprise collective agreements have priority over sector level and occupational agreements while maintaining the primacy of the national general collective agreement as a minimum floor (Article 37(5) of the Act). On this basis, enterprise level collective agreements can provide for terms less favourable than sector level and occupational agreements. Moreover, the Act suspended the practice of extension of sectoral and occupational collective agreements until the end of the Mid-Term Fiscal Strategy Program (in principle, until 2015).

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60. The response to this programme had been disappointing. While the OAED programme had funds for the coverage of 10,000 beneficiaries, only 1,500 applications to join the programme had been made by employers and only 324 persons had been hired under the programme. The reasons for the limited take up could be the deep recession which did not allow enterprises to hire additional staff, as well as the conditions attached to the programme in combination with the close monitoring of OAED programmes. In general, employers wanted more flexibility and the prevalence of undeclared work mitigated the impact of such administrative initiatives.
  61. Act No. 3986/2011 which had been adopted in July 2011, provided for a modified version of the contracts to obtain work experience for young persons. The difference from the previous legislation was that: (i) contracts to obtain work experience had a duration of 24 months instead of 12; (ii) this was not an OAED programme; (iii) pay was 80 per cent of the wage set by the applicable collective agreement, not just the national general collective agreement. These contracts should be notified to the OAED and the labour inspectorate within 24 hours and the new staff should be hired in addition to the existing personnel. The employer must have not dismissed anyone for three months prior to the contract. The latest legislation was very recent (July 2011) and its impact on the labour market remained to be seen.
  62. Despite the fact that Article 2(9)(e) and (f) of Act No. 3845 authorized the Minister of Labour to regulate through Presidential Decrees the working conditions and minimum wage for young persons under 25 years of age, i.e., issues which according to the GSEE used to be regulated by the national general collective agreement, no such Decree had been adopted and nothing had changed in terms of the broader conditions of work of young workers, apart from working hours.
  63. Act No. 3863/2010 also provided for the introduction of contracts of “apprenticeship” for young workers aged 16-18 years, which would have a duration of one year and be remunerated at 70 per cent of the minimum wage. The OAED had created certain programmes to subsidise these wages up to 85 per cent of the minimum wage, but these programmes had not yet been implemented.
  64. With regard to the question of whether any notion of subsistence income, or income needed to meet the needs of young people, was taken as a reference point for negotiations over collective agreements, the Government indicated that there was no definition in Greece of the subsistence wage. The basis was the national general collective agreement which set a minimum wage of €730. Based on statistical information provided by the Hellenic Statistical Authority (EL.STAT) and EUROSTAT, the poverty level in Greece was at €6,000-7,000 per year. On this basis, it was considered that a young person could cover basic needs with a subminimum wage of €584. This amount also corresponded to what was paid in terms of unemployment benefits.
  65. The Government also referred to Act No. 3899/2010 which reformed the regime of *mediation and arbitration* and restructured the Organization for Mediation and Arbitration (OMED). Article 16 of Act No. 3899 allowed both employers and workers to bring a dispute to arbitration unilaterally following the end of mediation, as long as both parties had previously participated in the mediation process. The appeal to arbitration was limited to the determination of basic wages. For all other issues, collective bargaining could continue for the conclusion of a collective agreement.
  66. The *right to strike* was suspended for 10 days in case of recourse to arbitration. The Government was of the view that a possible legal interpretation of Act No. 3899/2010 allowed for the view that if arbitration took place on the question of wages, the right to strike could still be exercised on non-wage issues which continued to be subject to negotiations. Moreover, the right to strike was in principle not prevented as long as a peace

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clause had not been negotiated, and it might be the case that awards which would be limited to wages could no longer provide for a “peace clause”. Nevertheless, the exercise of the right to strike was subject to judicial control as to whether it was being exercised in an abusive manner. Another question which would have to be addressed once the OMED started functioning was whether the arbitrator could include in the scope of arbitration, by agreement of the parties, not only wages but also other items which were part of the old collective agreement.

67. With regard to *flexible forms of employment* which according to the GSEE had unduly increased the managerial prerogative while weakening the workers’ position and leading to a reduction in trade union membership, the Government emphasized that it spared no efforts in these difficult times to reduce unemployment and undeclared work while fully respecting labour rights. Increased flexibility in labour relations had in fact been promoted by the Troika so that a safe climate could be introduced for attracting investments to the country.
68. The Government indicated that under tremendous pressure by its creditors and in order to promote a competitive climate, it had created new forms of work and had increased flexibility in the labour market in line with EU law. The Acts particularly concerned were Acts Nos. 3845/2010, 3846/2010, 3863/2010, 3899/2010 and 3986/2011. They had changed the calculation of overtime and had institutionalized a wide range of flexible forms of employment (telework, part-time work, subcontracting by temporary employment agencies, rotation work, suspension of work, etc.). They had amended employment protection legislation by facilitating dismissals (reduced severance pay in return for longer notice period and possibility of paying the severance pay in bimonthly instalments; raising the minimum threshold for activation of rules on collective dismissals). They had introduced additional flexibility by doubling the permissible duration of subcontracting from 18 (12+6) to 36 months; increasing the probationary period of contracts without limit of time from 2 to 12 months; extending the period of rotation work from six to nine months; extending to three years (from two) the duration of fixed term employment contracts before they could be converted into contracts without limit of time; and allowing for working time arrangements to be concluded at enterprise level through collective agreements.
69. According to the Government, the new provisions acted as a bulwark against unemployment and enabled SMEs to maintain jobs while safeguarding freedom of association and collective bargaining rights.
70. With regard to dismissals in particular, employers generally preferred to continue to apply the old legal framework of Act No. 2112/1920 and not to take advantage of the substantially lower amounts of severance pay introduced by Act No. 3863/2010 as long as the employer gave long notice, since workers would not be productive if they knew that they were going to be dismissed. The main safeguard against unfair dismissals was the general obligation under the Civil Code for employers not to terminate a contract abusively. There were also specific protective provisions against unfair dismissals for trade unionists (Act No. 1864/1990) and for mothers returning from maternity leave. The period of protection of these mothers against dismissal had been increased by Act No. 3996/2011 to 18 from 12 months after return from maternity leave (Act No. 3996).
71. The Government emphasized that none of the interventions contravened international labour standards and that they adhered to basic principles of labour law as well as the existing provisions of national and EU law. Moreover, these changes had been introduced after thorough and intense social dialogue.

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## **Wages**

72. The Government indicated that the recent increase in unit labour costs (total labour cost divided by productivity) above average EU levels was one of the main arguments put forward by the Troika to support the need for wage deflation. However, this question was subject to wide methodological divergences among the OECD, the ECB, the IMF and the Bank of Greece. The main methodological question was to what extent self-employed persons should be taken into account in calculations of unit labour costs. The Bank of Greece, which had produced the highest estimates of unit labour costs, did not take into account the pay of self-employed people, despite the fact that their proportion was high in the Greek labour market. The other organizations tried to take the self-employed into account but divergences remained as to how to calculate their pay.
73. A common EU indicator was the labour law index produced every three months on the basis of a common methodology supervised by EUROSTAT. On the basis of this methodology, the development of unit labour costs in Greece had shifted upwards from 2008 until the first trimester of 2010 when it dropped abruptly. The same methodology showed that in Greece, changes had been sharp in a positive and negative direction since 2001 whereas in other EU countries such as Germany, there had been a smooth upward trend. The Government concluded that in Greece there had been no stability in wages and constant increases and decreases were taking place. Decreases would have been even greater in terms of real wages, if the data took inflation into account.
74. The last study conducted by the wages observatory in September 2011, had found that real wages had decreased by a total 8.9 per cent in 2011. The reduction in the non-wage cost was even sharper. In certain sectors which had been particularly touched by the crisis (industry, construction) real wages had decreased by 13 per cent in the private sector and non-wage costs had decreased by 9 per cent. Despite these data, reforms to increase competitiveness continued to focus on wages, flexibility and industrial relations.

## **Employment policy**

75. Statistical information from the Hellenic Statistical Agency (ELSTAT) and OAED indicated that there was a significant increase in unemployment which stood at 16 or 14 per cent respectively. The data on employment and unemployment did not exactly correlate as some workers had taken early retirement and others had fallen in the category of the “discouraged job seekers”.
76. Youth unemployment stood at 43.3 per cent. The basic reason for high youth unemployment was the insufficient demand for skilled labour in the private sector. A university graduate was five times more likely to find a job corresponding to his/her education in the public sector rather than the private sector. At the same time, there was excess demand for low-skilled labour.
77. The structure of the Greek economy was an important parameter to take into account when introducing employment-generation policies. The mission was informed that approximately 90 per cent of all workers were employed in enterprises with less than 20 workers. Only 6 per cent worked in companies employing more than 50 workers.
78. The main achievement of the employment policies implemented by the Government had been that the rate of unemployment had increased in Greece by a mere 3 per cent instead of an expected 10 per cent, by analogy to average European Union trends according to which unemployment had been growing despite a 2 per cent GDP growth.

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- 79.** The OAED had managed to achieve this by generating more than 45 programmes in different sectors. Among them, eighteen programmes had been implemented to maintain jobs and ensure the adaptability of workers and companies. Fourteen programmes were aimed at the insertion/reinsertion of the unemployed into the labour market. Five programmes were aimed at assimilating in the labour market persons with special needs and disabilities and the youth. The achievements of these policies were: (i) maintaining more than 300,000 jobs in the private sector for more than 18 months; (ii) insertion of 3,000 people in jobs or small level entrepreneurship activities; (iii) extension of the tourist period in 2009 thus creating 5,400 additional jobs and giving rise to another 2,500 jobs in 2010 in this sector. Vocational training had been provided to 131,000 people including 13,000 young people. The programme had a total budget of €3.2 billion, 800 million of which had been provided through EU funds. For the next two years, the Government had a number of programmes in the pipeline, some of which were financed with EU funds.
- 80.** With regard to the absorption of European funds for employment promotion purposes, the Government indicated that the operational programme for human resources had at its disposal €2 to €6 billion of which 2.2 billion came from the EU under the 2007-2013 National Strategic Operational Programme. This was the most important financing tool for human resource development. The two main objectives pursued were to improve human resources so that competitiveness could improve and to improve social cohesion. Six priority axes had been identified in this framework: (i) systemic interventions (trying to improve institutions and mechanisms to support the labour market); (ii) adaptability (vocational training of workers, employers and the self-employed); (iii) labour market access; (iv) integration of manpower into society (social and professional assimilation; integration of those with social, cultural or regional particularities); (v) protection of mental health (through the Ministry of Health); (vi) technical support for the above programmes. By end of 2011, €1 million would be spent on these programmes.
- 81.** Despite progress made in increasing the absorption rate of EU funds, which had risen to 18-20 per cent under the current Government, there was room for further progress. The recently established EU Task Force to accelerate access to projects financed under Structural Fund and Cohesion Fund programmes in Greece had not yet had an impact in this regard.
- 82.** One obstacle to the absorption of these funds was the lack of a sufficiently resourced administrative mechanism to design and manage the relevant projects since approximately 30 per cent of OAED staff had taken early retirement. There was a need for technical support in this area.
- 83.** In conclusion, during a period of deep recession the Government had tried to build a buffer to prevent unemployment from advancing. The Government was not able to predict whether it would be able to have the same success in the future, in the light of the deepening recession.
- 84.** In response to a question from the High Level Mission, the Government indicated that overall, despite the Government's success in dealing with the consequences of certain unprecedented developments, employment objectives constituted at best an indirect outcome of the policies under implementation and were not taken into account when discussing the general framing of macroeconomic policies with the Troika. The targets discussed during the meetings were fiscal, focusing on the questions of deficit, debt and inflation following the targets set in the EU treaties.

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## **Social security**

85. The Government referred to the longstanding and very close collaboration between the national actuarial agency and the ILO with regard to the elaboration of actuarial studies and expressed its gratitude for the technical support provided by the ILO even under the current circumstances.
86. Deepening recession and increasing unemployment had brought a sharp reduction in the revenue of social security funds with the result that more funding was needed from the state budget and the public deficits were growing.
87. Nevertheless, the rate of pension replenishment introduced by Act No. 3863/2010 had not fallen below the levels set by Convention No. 102 as alleged by the GSEE. The law provided for a minimum pension of €500 for all insured persons. This amount was linked to the daily wage of the average worker. Under Act No. 3863 an actuarial evaluation should be carried out one year after the introduction of the reforms, to evaluate their sustainability. The actuarial study which was being elaborated at that moment seemed to demonstrate that lower incomes had not been influenced by Act No. 3863. Once the actuarial study was concluded, it would provide useful information to the ILO on the average accrual rate per year, the average wage on which the pension was provided and the minimum pension.
88. In response to a question from the High Level Mission, the Government indicated that data from ELSTAT showed that approximately 20 per cent of the population was facing the risk of poverty but that it did not have an opportunity, in meetings with the Troika, to discuss the impact of the social security reforms on the spread of poverty, particularly for persons of small means and the social security benefits to withstand any such trend. It also did not have the opportunity to discuss the impact that policies in the areas of taxation, wages and employment would have on the sustainability of the social security system. In the framework of the obligations undertaken under the Memoranda and in order to maintain the viability of the social security system, Article 11(2) of Act No. 3863 stated that the expenditures of the social security funds had to remain within 15 per cent of GDP by 2060. A contracting GDP would necessarily lead to shrinking expenditures. Even though this did not endanger the viability of the system from a technical point of view, it did affect the levels of benefits provided and could eventually put into questioning the functions of the social welfare state. The Government was encouraged by the fact that these issues were on the agenda of an international organization and hoped that the ILO would be in a position to convey these issues to the Troika.
89. With regard to the issue of consultations, the Government emphasized that there was very little room left for consultations at the time of adoption of Act No. 3863 given the fact that the Government had to honour its commitments under the Memoranda. In-depth consultations had taken place, nevertheless, at an earlier stage on the reform of the pension system.

## **Labour inspection**

90. The Government informed the High Level Mission that the role of the labour inspectorate (SEPE) was the necessary complement to the introduction of flexibility in the labour market and was aimed at monitoring the implementation of the new provisions and safeguarding workers' rights.
91. The SEPE had been entrusted with evaluating the impact of the new legal framework on flexible forms of employment and wages. According to the data collected for the period January-September 2011 which had not been published yet:

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- new jobs had been reduced by 4 per cent in relation to 2010 while full time work had been reduced by 22 per cent;
  - part-time work had increased by 5 per cent; employers seemed to favour four hours of work per day for an average pay of €460 per month.
  - rotation had increased by 12 per cent; employers seemed to prefer a three-day week (40 per cent working time) remunerated at €440;
  - rotation work introduced in agreement with the parties had increased by 430 per cent;
  - rotation work introduced unilaterally by the employer had increased by 4.000 per cent (i.e., was 40 times higher than in 2010);<sup>6</sup>
  - the cases where workers already in a job had their working arrangements changed, had increased by 110 per cent;
  - these trends had led to an overall drop in wages of 38 per cent.

**92.** A recent reform of the labour inspectorate (SEPE) had been introduced by Act No. 3996/11 as part of the contractual commitments made in the Memoranda signed with the Troika and parallel to the reorganization of the special financial crimes squad. The Act had extended the functions of the SEPE to certain new areas and had enlarged the powers of labour inspectors to impose fines and even exercise investigatory powers to ensure the effective protection of workers in a deregulated labour market.

**93.** The SEPE had a clearly defined competence in the area of undeclared work and the verification of the legality of employment by non-EU citizens. Targeted controls on undeclared work had found that 29 per cent of employment was illegal in sectors such as night clubs, cafes, bars, restaurants, cleaning services, security services, hotels, catering, tourism, construction, etc. There was a breakdown in terms of nationalities: 40 per cent of non-Greek nationals (EU and non-EU) and 25 per cent of Greek nationals were found to be in undeclared employment. It was estimated that if SEPE had not stepped up controls, the numbers would be much higher as research institutes put the figure of undeclared work at 60 per cent. The tripartite Council of Social Oversight had been established in order to control the work of the SEPE at central and local levels. The whole program had been fully endorsed by the Troika as spearheading the movement to stop undeclared labour and ensure the payment of social security contributions.

**94.** The SEPE had enhanced competence in the area of conciliation and provision of information and advice, to complement enforcement and to promote implementation of labour laws through extrajudicial solutions.

**95.** A hotline had been created for complaints, in order to denounce violations. The SEPE was setting up an on line connection with the social security fund (IKA) and the OAED through a common database. This would reduce bureaucracy and free the time of inspectors in order to carry out controls.

**96.** The SEPE also now monitored wage fluctuations in the private sector.

<sup>6</sup> The updated data released on 7 November 2011 indicate that this figure has been revised to 1,192.39 for the period January-September 2011 in relation to 2010.



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- 97.** Staffing levels had been increased in agreement with the Troika: the SEPE had 535 inspectors on labour relations, 381 inspectors on occupational safety and health and 240 administrative staff. Nevertheless, in reply to a question raised by the High Level Mission, the Government indicated that the increase in staff was not commensurate to the increase in tasks (undeclared work, monitoring wage fluctuations, enhanced conciliation). Moreover, the labour inspectorate did not have its own budget and recent budget cuts in the public sector as a whole had raised obstacles to the work of the labour inspectorate.
  - 98.** The Government also indicated that under the new Act, the SEPE had clearly defined authority to impose fines with immediate effect. A productivity bonus for labour inspectors would be financed through the fines collected from employers, depending on such criteria as the number of controls carried out, the number of proceedings instituted, the number of sanctions imposed, etc. In every other respect, labour inspectors were subject to the same wage cuts imposed on the entire public sector.
  - 99.** A new Ministerial decision had been issued whereby all fines would be calculated on the basis of objective criteria such as the gravity of the violation, the number of workers affected, whether it was a case of repeated violation, and the degree of cooperation by the company. Every fine could range from €500 to €5,000 per violation and per worker affected. In serious cases, the labour inspectors could proceed to the closure of the enterprise.
  - 100.** For violations related to undeclared work, the employer had the obligation to proceed to the declaration of the worker to the social security fund. The labour inspectorate imposed fines on employers who hired irregular non-EU workers and informed the regional governor that non-EU workers were being employed.
  - 101.** Under the new law, all administrative sanctions were transferred to the financial crimes court (SDOE) because labour violations went hand in hand with tax evasion. The labour inspectors also had the right to institute criminal proceedings, but court proceedings were long. For this reason, Act No. 3966 introduced an obligation for employers to pay pecuniary fines immediately.
  - 102.** Act No. 3996/2011 had introduced two major innovations: the labour card and the labour stamp. The labour card would electronically detect the time of arrival and departure of workers from the workplace. It would serve to control working time more effectively and ensure that the whole of a worker's professional life counted towards his/her pension. It would target the hotel sector in particular, where a high number of undeclared workers was detected. The idea was to impose sanctions not only on employers but also on workers. The card would also allow for cross-checking between the labour inspectorate and the employment manpower organization (OAED). This measure would enter into force in the beginning of 2012 after the launching of the IT system necessary for its implementation.
  - 103.** The second measure (labour stamp) aimed at covering 300,000 workers who had so far avoided paying social security contributions in sectors like agriculture, hairdressers, domestic help, private tutors, etc. The loss to social security funds was estimated at €11 billion per year. This measure was already in force but it was necessary to raise awareness to make its use more widespread.
  - 104.** A third innovation would be the electronic payment of workers' wages via bank accounts. Social security contributions would be automatically deducted and relayed to a special account. The entry into force of this measure was still pending and a Ministerial decision had to be issued for its implementation.

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## 2. Ministry of Finance

- 105.** The representative of the Ministry of Finance (Chairperson of the Council of Economic Advisors, Mr Zantias), informed the High Level Mission that the competitiveness problems of the Greek economy were at the root of the current crisis. After almost 15 years of fast growth of the Greek economy on an average 4 per cent, it had turned out that growth had been demand-driven boosted by the availability of credit at low interest rates after the entry of the country into the Eurozone. During that time, there had been a lack of reforms to make Greece more competitive in a currency area where it was no longer possible to have recourse to devaluation. The reasons why the country had not ended up with better finances after such a period were first fiscal, due to the generosity of the Greek state towards pay rises in the public sector, secondly the lack of control in expenditures and thirdly, problems in the collection of revenues.
- 106.** The Ministry was trying to do three things: ensure fiscal consolidation, improve competitiveness of the economy and change the model of growth. The Ministry of Finance had to reduce the deficit as a priority. Two thirds of Greece's budget was allocated to the payment of wages, pensions and social security. At the end of 2009 the fiscal deficit had been 36.5 billion. Pensions had been cut by 8.5 per cent. Public sector wages had been cut by 14-15 per cent and in publicly owned enterprises by 24-25 per cent. More austerity measures were necessary on these fronts.
- 107.** With regard to pensions, the reform introduced by Act No. 3863/2010 had reduced the actuarial deficit to the European average. Following the pension reform of 2009-2010 the viability of the system was estimated with a long horizon so that in 2050-60 it would go up to 21 per cent as opposed to 14 per cent.
- 108.** The labour market reform aimed at correcting various distortions, including the asymmetry in the arbitration system in favour of the workers' side. As part of the conditionality attached to the Memoranda, the country had introduced symmetric arbitration, decreased the severance pay by up to 50 per cent, increased the ceiling of the permissible dismissals, extended the probationary period, and reduced the pay of part-time work. The Ministry aimed at a more flexible labour market structure to increase competitiveness and reduce unemployment.
- 109.** The new growth model was based not on consumption, like before, but on investment and exports which had increased by about 30 per cent since last October. The country was in the middle of this adjustment as resources had to move from one model to another and at some point, they remained idle in this process.
- 110.** In reply to a question from the High Level Mission, the Ministry of Finance clarified that its priority was to improve productivity and ensure that remuneration was aligned to productivity. In order to achieve this, Greece was faced with two choices: reduced salaries in the private sector by law or creating a more flexible bargaining system. The latter option had been chosen, a fact which showed confidence in collective bargaining. In fact, a new collective bargaining system had to be built, based on enterprise level bargaining and not just on national or sectoral collective agreements. The special enterprise agreements did not really allow the small enterprises to adapt to their particular needs. Enterprise level agreements could protect workers from the activation of individual contracts as a means to deviate from higher level collective agreements which would leave them with less protection. The social partners should contribute constructively to building such a new collective bargaining system.
- 111.** The Ministry of Finance felt that there was a need for capacity building among the social partners in order to ensure good knowledge of world economic realities in the framework of collective bargaining. There was sometimes an abstention from processes that could be

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influenced by trade unions. For instance, the GSEE had met with the Troika but only through its President.

112. As far as the consultations on the Memoranda were concerned, it was not possible to accommodate participatory methods when Greece was about to default on its loans. Consultations had taken place after the introduction of the Memoranda on various issues, especially at the level of the Ministry of Labour.
113. With regard to public employee-related issues, a long process of consultation had taken place, even though he was not sure whether consultations had taken place with regard to the measure of the “labour reserve” which had been introduced by Act No. 3986 (one year reserve for public employees paid at 60 per cent of the base salary after which they would be dismissed unless they found employment in other public agencies).
114. The Ministry stated that it made every effort to make the reforms as equitable as possible based on the limited data available. Addressing tax evasion would assist in this as the wage earners often bore a large part of the burden since they could not hide their incomes from the revenue service. Public employees were likely to continue making a big contribution to the effort, as the public sector wage scale was being reviewed to harmonize differences in pay among public employees.
115. The Ministry stated that the effectiveness of the reform package was also deeply linked to the fluctuations of the global financial markets.
116. The Ministry welcomed the request of the ILO constituents for the High Level Mission to visit the Troika so as to bring to its attention the social component of the measures introduced on the basis of the Memoranda.

### **III. Information obtained from Workers’ organizations**

#### **1. General Confederation of Greek Workers (GSEE)**

117. According to information provided to the Office, the GSEE is the principal national level trade union organisation in Greece, with a mandate to defend the interests of all workers in the private sector and the wider public sector (i.e. public utility companies). The GSEE is made up of 81 labour centers and 73 federations. The GSEE was founded in 1918 and is affiliated to the International Trade Union Confederation (ITUC) and the European Trade Union Confederation (ETUC). It is a unitary structure encompassing the whole ideological and political spectrum present in Greece. It operates by maximising dialogue, democracy and trade union autonomy.
118. The GSEE expressed its appreciation for the interest with which the ILO had treated the comments made under Article 23 of the ILO Constitution and expressed the hope that the role of the ILO would be a positive one for the workers of the country who were being severely tested in the current context. The GSEE emphasized that successive rounds of arbitrary and harsh interventions had dismantled and destabilized the collective bargaining system, an institution which had until then constituted the main pillar of the national wage-setting mechanism. Making comments under article 23 of the ILO Constitution on this issue was the primary and self-evident duty of the GSEE as a trade union organization. The GSEE accorded great importance to the principles of the ILO and was very encouraged by the references made by the ILO Director General to the High Level Mission before the European Parliament on 14 September 2011.

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- 119.** The Memoranda were aimed at abolishing the system of minimum standard-setting through collective agreements which had served the country by maintaining social stability and promoting development for over 20 years. The reforms dismantled social dialogue structures and practices which had been generally recognized as functioning to the satisfaction of both employers and workers for over 20 years and which had been the result of a “Social Pact” endorsed unanimously in 1990 by all parties following intense social dialogue.

### ***Freedom of association and collective bargaining***

- 120.** As far as the essence of issues was concerned, the comments of the GSEE could be summarized as follows. The major interventions which were taking place in the system of collective bargaining were aimed at reducing wages in the private sector and essentially replacing collective bargaining not simply with enterprise agreements but even with individual contracts. The most emblematic intervention was article 2(7) of Act No. 3845 which had abolished the role of the national general collective agreement as a minimum standard setting mechanism by providing that both enterprise and sectoral collective agreements could set standards below those set in the national general collective agreement. This article was still in force according to the GSEE as it had not been explicitly amended by Act No. 3899/2010 – which had in the meantime introduced “special enterprise agreements” which could deviate from sectoral agreements under certain conditions, but not from the national general collective agreement.
- 121.** Negotiations for wage increases had been prohibited by law in the broader public sector and certain collective agreements in publicly owned enterprises in the transportation sector had been cancelled by law and their forced renegotiation imposed within a deadline of 30 days, otherwise new conditions would have been introduced unilaterally by law (Hellenic railways and urban transportation system). Due to the civil mobilization still imposed on seafarers since 29 November 2010, the collective agreement in the maritime transportation sector had not been signed and a complaint from the seafarers’ trade union (PNO) was pending before the ILO Committee on Freedom of Association (CFA) (Case No. 2838).
- 122.** Young people from 18 to 25 years of age received discriminatory salaries far below the standard set by the national general collective agreement. Minors aged 15 to 18 years of age were also exempted from the minimum protection framework provided for by the national general collective agreement.
- 123.** The GSEE referred to the most recent developments, notably the discussions under way between the Government and the Troika to effectively eliminate the extension of sectoral collective agreements despite the support expressed for this institution by both trade unions and employers’ organizations. The introduction of the special enterprise collective agreements by Act No. 3899/2010 was a first step in the direction of weakening sectoral agreements so as to reduce wages without providing guarantees for the workers.
- 124.** According to the GSEE, the intention of the Government and the Troika to eliminate the role of trade unions in the collective bargaining process was reflected in the possibility under examination to allow atypical “associations of persons” which were not trade unions, to conclude special enterprise collective agreements. Already, the role of trade unions in concluding collective agreements on working time arrangements had been undermined and an “association of persons” was entitled to conclude such collective agreements. The Government was now preparing to build on this measure by allowing for the conclusion of enterprise collective agreements without the presence of a trade union so as to facilitate the negotiation of such agreements in medium, small and very small enterprises which constituted 99 per cent of Greek enterprises and had been covered until then, by sectoral

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collective agreements. The law did not allow for the creation of trade unions in enterprises with less than 50 employees, hence the intention to allow collective agreements to be negotiated with informal “associations of persons” created on an ad hoc basis, i.e., with individuals that the employer would essentially invite for discussion without any guarantees of independence. This situation had disempowered the Greek unions, the existence of which was inextricably linked with the conclusion of collective agreements at national and sectoral levels.

- 125.** The GSEE also indicated that the system of mediation and arbitration was being weakened by restricting the scope of arbitration by OMED to wage-setting issues, while sectoral agreements had important non-wage provisions on OSH, working time, equal pay for work of equal value, protection of young workers, parental leave, trade union fees, etc. These provisions would cease to have effect six months after the denunciation of the collective agreement, thus giving the employer the possibility to do away with them without having to go to arbitration. Moreover, the maximum rate of increase in wages had been capped by Act No. 3871 to the average EU inflation rate, so that there was no freedom left to OMED in terms of wage setting. At the same time, trade unions could no longer undertake strike action when the employer unilaterally sought arbitration. The new mediation and arbitration system had just entered into force and its effects would be felt in the months to come. The impact could result in the weakening of collective agreements and the prevalence of individual agreements.
- 126.** The industrial relations framework had been destabilized as the managerial prerogative had been reinforced in a disproportionate and excessive manner: employers were allowed to unilaterally impose reduced term rotation work and suspension of work for 9 months and 3 months respectively within a year. The easing of rules on collective dismissals had led to their drastic increase. In the public sector, the labour reserve was being introduced in order to effectively dismiss thousands of workers in some 150 public agencies. Dismissals had been generally facilitated by reducing severance pay and facilitating its payment in bimonthly installments. The increase of the probationary period of work to 1 year from two months also enabled employers to dismiss workers without severance pay. The dismissal of older workers near retirement had been facilitated. The duration of subcontracted work through temporary work agencies had been extended to 3 years from 12+6 months. Additional measures which compounded the workers’ disempowerment included radical adverse changes in the social security system (withdrawal of the State guarantees in tripartite financing, pension cuts, increase of retirement age, etc.); an excessive and arbitrary tax burden through successive rounds of tax measures; a dramatic increase in VAT rates including for goods and services of general public consumption; price increases due to the above; insufficiency of supportive infrastructure and protection (old people, children, etc.).
- 127.** These and other measures increased precariousness, disempowered trade unions and harmed freedom of association. The intention of workers to join trade unions had been influenced with important implications for industrial relations. Trade union membership was declining, either because young workers in precarious work felt that they were not effectively represented by trade unions or because employer arbitrariness created fears of dismissals on anti-union grounds among the staff.
- 128.** The GSEE considered that more generally, the Troika was in favour of, and the Government seemed to support, complete decentralization of labour relations all the way down to individual agreements with workers, not just enterprise level collective bargaining. Particular concern was raised about the possibility of allowing association of persons to participate in collective bargaining in small enterprises and thus totally weaken the relevance of the trade union movement in the country.

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- 129.** Relationships with employers' organizations were degenerating and there was a growing distance between them despite the preceding 20 years of constructive social dialogue. During the first stage of the crisis, in July 2010, the GSEE and three employers' organizations (SEV, GESEVEE, ESEE) had managed to negotiate a national general collective agreement for the period 2010-2012, contrary to the Troika's desires. The agreement had provided for a "symbolic" increase of 1.65 per cent in wages as of 1 June 2011, despite provisions in the MFEP which provided that private sector wages should have been frozen for three years without any consideration for the proportionality of this measure, treating in the same manner wages of €700 and €3,000. The real objective of last year's national general collective agreement had been to safeguard the institution of national level collective bargaining. Through this agreement, the social partners had also succeeded to prevent wage reductions in the private sector by law which were encouraged by the Troika. They recalled that employers' organizations also had an interest in ensuring that they remained recognized as partners in collective bargaining, which was to a large extent their *raison d'être*. At the time, the agreement had been hailed by the Government as an example of the autonomy of the social partners. However, times had changed since then.
- 130.** In the meantime, some sectoral employers' organizations had been lured into taking advantage of the situation and had either raised obstacles to sector-level negotiations or downright refused to negotiate. No agreements had been concluded in several sectors, notably the banking and beverage sectors where large multinational companies dominated. In 2010 only a few collective agreements had been signed and most of them were pending for 2011, while several cases were pending before the OMED.
- 131.** The only thing on which a common position had been maintained by all social partners had been the need to maintain the extension of collective agreements. However, the GSEE felt that the Troika had not taken into account the views of the social partners and feared that the Government would be forced to set aside the institution of extension.

## **Wages**

- 132.** All employers' organizations had acknowledged that competitiveness problems were not due to wage levels in Greece and that the collective bargaining system was balanced and protected sound competition. However, wages had been drastically reduced through a number of interventions. In the public sector, the Government had introduced consecutive and substantial salary and wage freezes, which had reduced wages by almost 20 per cent in a year.
- 133.** In the private sector, precarious forms of employment had dramatically increased not due to newly hired people but because employers had, unilaterally and under the threat of dismissals, converted full time employment contracts into part-time employment with lower pay. Data from the labour inspectorate indicated that rotation work had increased by 11 per cent and full time contracts converted into part time had increased by 165 per cent. Full time contracts converted into job rotation contracts with the consent of the worker had increased by 1,120 per cent and those converted unilaterally by the employer had increased by 2,725 per cent. While full time contracts previously (2009) accounted for 79 per cent of all new contracts, they had fallen to 60 per cent in the first five months of 2011.
- 134.** Data from ELSTAT showed that the above interventions had led to drastic salary reductions in the private sector with an impact on recession. Private sector real wages had been reduced by 9.2 per cent in 2010-2011 and the average reduction for both the private and public sectors amounted to 11 per cent. Even profitable enterprises took advantage of the current context, i.e., the weakened position of trade unions and the fact that they could

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easily dismiss those workers who disagreed, in order to reduce wages on grounds of competitiveness.

- 135.** Within this adverse environment, pensioners, the unemployed and wage earners shouldered the brunt of the adjustment by being subjected to excessive taxation, mainly through the increase of VAT even on items of public consumption. Despite a 5 per cent recession, the prices of goods and services were rocketing.<sup>7</sup> Increased contributions, e.g., to the unemployment fund, led to a further decrease in salaries. Overtime remuneration had been drastically reduced. Workers' privileged claims in case of employer insolvency had been substantively weakened.

### ***Labour inspection***

- 136.** A very negative landscape was emerging in the labour market. The employers operated in an environment of undeclared employment and control mechanisms like the labour inspectorate had collapsed due to understaffing, lack of means, salary reductions, etc.

### ***Employment policy***

- 137.** Data derived from ELSTAT and SEPE demonstrated that from March 2008 to March 2011, the unemployment rate had increased by 95 per cent from 7.6 per cent to 15.2 per cent. In September 2011 it stood officially at 15.9 per cent but GSEE's own assessment was that real unemployment was at 19-20 per cent. The most impressive figure in this regard was that the number of employed workers was approximately 4,200,000 while the non-active population was 4,400,000. This situation was described by economists as an "employment crash" which made it difficult to exit the crisis.

- 138.** According to the 2011 Annual Report of the Institute of Labour which was provided to the High Level Mission by the GSEE, the support mechanism served to ensure the financing of the country's obligations without being accompanied by the necessary developmental policies and social safeguards to surround the austerity measures. The result had been not only an economy in deep recession, a labour market in a state of crash, and an increasing part of the population in poverty, but also the failure to meet the fiscal targets set in the Memoranda. The policies implemented under the support mechanism did not lead to an exit from the crisis as they had generated a vicious circle of increased public debt, persistent high levels of public deficit,<sup>8</sup> reduced public revenue<sup>9</sup> due to the deep recession and explosive levels of unemployment. Investor sentiment was also not improving. Most importantly, the support framework did not leave any room for the formulation of an alternative proposal on how to exit the crisis through a fundamental redesigning of economic and social policies and the adoption of a new development model based on innovation, productivity and sustainability.<sup>10</sup>

<sup>7</sup> According to the 2011 Annual Report of the Labour Institute of GSEE-ADEDY, despite reduced demand and lower salaries, inflation rose from 2.3 in January 2010 to 5.7 in September 2010 reaching the highest peak since August 1997, and then went down to 5.2 per cent in December 2010. The Greek Economy and Employment, Athens, August 2011, page 173.

<sup>8</sup> 10.5 per cent in April 2010 instead of a targeted 8.1 per cent.

<sup>9</sup> Public revenue increased by 5.1 per cent instead of the targeted 9.1 per cent in 2010.

<sup>10</sup> Ibid pp. 155-158.

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## ***Non-discrimination***

- 139.** The main victims of unemployment were women and young workers up to 34 years of age. In their case, the unemployment rate was double the national average. The undermining of sectoral collective agreements also undermined provisions in these agreements aimed at promoting equal pay for work of equal value and arrangements for working parents.

## ***Social security***

- 140.** Unemployment deprived the social security funds from much needed resources. For instance, if the unemployed reached 1 million workers (they were currently approximately 800,000) social security funds would lose €5 billion on an annual basis and their sustainability would be called into questioning.

## ***Social dialogue***

- 141.** There was a notable lack of effective social dialogue or consultation which degenerated into a superficial informative process with the GSEE, the other social partners as well as the Economic and Social Council of Greece (OKE). As a result, the recipes promoted were not founded on real data or experience but simply on an ideological model which was far from the one which workers aimed to create in Europe, and had failed to produce the expected results as the country was being pushed further into recession.
- 142.** The Government had not taken any steps to meet the request of the Committee of Experts to proceed to frank dialogue and evaluate the impact of the measures adopted. A mechanism for the collection of data on the impact of the measures simply did not exist. A general climate of lack of confidence in social dialogue and suspicion among the social partners and the Government had set in.
- 143.** The GSEE was of the view that the Greek Government should have ensured, as a minimum, that the measures taken in the framework of the support mechanism were not of a permanent character in order for them to be periodically reassessed by the social partners in a concerted manner. The possibility to renegotiate some of the terms of the package was of crucial importance. However, the very narrow time limits provided under the Memoranda left very little time for such an undertaking.
- 144.** The GSEE felt that its views were generally not taken on board in its meetings with the Troika and that it had not been possible to establish communication based on mutual respect and understanding. The GSEE was under the impression that the Troika did not understand industrial relations, its priority being exclusively fiscal. The GSEE also considered that reforming the economic model of the country went beyond the immediate mandate of the Troika.
- 145.** The GSEE was fully conscious of the situation the country was facing in terms of the debt crisis, public finances and competitiveness, but considered that the measures taken to address these issues were unjust, unfair and ineffective in economic terms. Permanent violations of labour law and international labour standards had been imposed without social dialogue and without a social safety net for the vulnerable groups. The Greek workers were willing to make sacrifices but these should be fairly distributed.
- 146.** The GSEE concluded by emphasizing that the impact of the Greek case went beyond Greek borders, since Greece was the laboratory for a model which would certainly be transferred to other European countries, as evidenced by the recently announced “Europact”. The problems which derived from the global financial crisis were not exclusive to Greece and needed to be addressed at the European level.



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## **2. Confederation of Greek Public Servants' Unions (ADEDY)**

**147.** The ADEDY informed the High Level Mission that it was a national level organization representing employees (both civil servants and private law contract workers) in the core and wider public sector (central government, municipalities, local governments, state agencies and public institutions).

### ***Employment policy***

**148.** The ADEDY indicated that in the framework of the support mechanism, one sided and harsh austerity measures were being implemented in Greece. These measures were not only unfair but also ineffective because they did not lead to an exit from the crisis but instead, caused a vicious cycle of unemployment and poverty.

**149.** The Government seemed to be considering mass dismissals of public servants, through the implementation of the "labour reserve" (12 months reserve with payment of 60 per cent of base salary, after which the employee would be dismissed) without any prior information or opportunity for consultation with the ADEDY, which was informed of the Government's plans through press releases and the TV. The labour reserve would apparently lead public employees with many years of service and family responsibilities to unemployment, poverty and destitution. Moreover, in August 2011, Act No. 4002/11 had led to mergers of public agencies and a large number of public sector workers had been made redundant without any consultation with the ADEDY.

### ***Freedom of association and collective bargaining/wages***

**150.** According to Act No. 2738/1999, the right of civil servants to collective bargaining was relatively limited. Public servants' salary adjustments were determined every year by law, issued after full and frank social dialogue between ADEDY and the Government while collective bargaining was limited to issues like working time and leave, transfers and posting, education and training, health and safety, social insurance, except for pensions, trade union fees, etc.

**151.** However, employees under private law contracts in the public sector were subject to the general framework concerning collective bargaining set by Act No. 1876/1990. The number of employees working under private law contracts had dramatically increased during the past ten years and they currently represented one third of all workers in the public sector. Thus, the determination of wages through collective bargaining was of major importance to the public sector and was a strong motive for workers to become trade union members.

**152.** The wage reductions suffered by the public employees were not limited to those introduced by Acts Nos. 3388/2010 and 3845/2010, i.e., an initial 7 per cent reduction followed by an additional 3 per cent plus replacement of the 13th and 14th wage (Christmas, Easter and annual leave allowances) by a very small flat amount. Act No. 4002/2011 had introduced retroactive reductions as of 1 July 2011 in a variety of allowances. The performance allowance had been reduced by 50 per cent, while amounts given as productivity bonus through collective agreements or arbitral decisions had also been cut by 30 per cent. These measures were permanent. In addition, collective agreements providing for wage increases had been prohibited (Acts Nos. 3833/2010 and 3899/2010).

**153.** Laws that regulated personnel issues in publicly owned enterprises under restructuring had abolished collective agreements in force and had left 30 days for their renegotiation,

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otherwise, conditions of work would be set by law (Act No. 3891/2010 on the reconstruction of the railway organization (OSE) and Act No. 3920 on urban transportation).

- 154.** The Government was even taking retroactive measures against public employees. For instance, the General Accounting Office was asking employees in the Organization of School Buildings, who had maintained public sector wages and social security coverage through collective agreements after the Organization's conversion into a limited liability enterprise in 1998, to redeem the difference in the salaries paid over the last 10 years (a total of €120,000 per worker) while it had approved these payments in the past.
- 155.** Against this background, the cost of living was constantly increasing mainly through VAT increases while urgent taxation measures were repeatedly introduced without any respect for social criteria. In 2011 public employees had to face a number of direct and indirect taxation measures which further reduced their income: special contribution in favor of the unemployed, equal to 2 per cent of total income; special contribution in favor of the Provident Fund, equal to 1 per cent of total income; special contribution in favor of the State equal to 2 per cent of total income in the year 2010; withholding of wage increases due to seniority; decrease of the tax-free threshold; increase of the tax scales; increase of the value added tax, in basic consumer goods from 6 per cent to 13 per cent and from that to 23 per cent; special taxation on property; special taxation on vehicles.
- 156.** Overall, according to the ADEDY, 38-40 per cent of public employees' income had vanished within the last two years. Furthermore, the Government had increased by law to 40 hours the working time of public employees which had been set by collective agreement to 37.5 hours, despite an obligation to negotiate working time according to Act No. 2738/1999. Finally, further reductions were planned by the Government through the implementation of a new harmonized wage scale for public sector workers which would lead to additional wage reductions without any consultation with the ADEDY.

### ***Social protection – non/discrimination***

- 157.** The reform of the pension system had led to an abrupt and drastic increase in the retirement age particularly of women, including mothers of minors who could in the past take early retirement. Within a very short period of three years (from 2010 to 2013), 15 years of contributory period had been added in order to qualify for retirement on full benefit, without any countervailing measure for the support of motherhood and childhood.

### ***Labour administration***

- 158.** The misconception that the public sector was inflated had been documented through the census of public employees recently carried out by the Government. The census had demonstrated that employees in the core public sector were only 400,000 providing services ranging from education to health, public administration, local government, social security etc. The numbers of public employees were constantly decreasing as many had taken advantage of the legislative possibility to voluntarily exit the public sector through early retirement and there was a 10 per cent quota for new entries (one employee hired for every 10 departures). This had led to staff deficits in many public services, e.g., in the areas of health and education. The size of the public sector depended after all on the role that the state was willing to play and the services it offered. The ADEDY was in favour of a welfare state and not a state limited to a police and army role.
- 159.** The ADEDY informed the High Level Mission that it had lodged one appeal before the Council of State against the Government decisions introducing wage cuts in the public sector and one appeal before the European Court of Human Rights against the decisions of

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the European Council of 8 June 2010 and 7 September 2010 giving notice to Greece to take measures for the deficit reduction judged necessary to remedy the situation of excessive deficit.

**160.** The ADEDY concluded by emphasizing that austerity measures were being decided unilaterally by the Government without social dialogue, and were presented as irrevocable demands of the creditors, without showing due respect to international labour Conventions or the Greek Constitution. The above measures were uneven, unfair and punitive for the society and especially employees, who had nothing more to offer. The Government showed contempt to social dialogue and collective bargaining. Labour rights in Greece were regressing to an unprecedented level leaving the workers with no other solution but social conflict, since the conditions they were facing were questioning their human dignity.

### **3. Greek Federation of Bank Employee Unions (OTOE)**

**161.** The OTOE informed the High Level Mission that since the last examination of Case No. 2502 by the CFA, the Government had made no efforts to implement the recommendations of this supervisory body, despite assurances to the contrary given to the CFA.<sup>11</sup> The case concerned Act No. 3371/2005 which had allowed for the unilateral cancellation of collective agreements by virtue of which 13 private funds had been set up for the bank employees' supplementary pension schemes. All movable and immovable assets of the funds had been automatically transferred to a public social security scheme, i.e., the Single Fund for the Social Insurance of Bank Employees (ETAT) and OTOE had lost all control over the administration of the funds' property. The ETAT served the exclusive purpose of ensuring that the supplementary pensions of those bank employees who had been insured before 31 December 1992 were paid and, with regard to those insured since 1 January 1993, that their supplementary pensions were paid only in relation to the amounts they had contributed until the dissolution of the scheme. In light of the fact that the OTOE had appealed to the courts against these measures, an amendment introduced by Act No. 3455/2006 to article 62(6) of Act No. 3371, allowed for the dissolution of the funds even if a dispute in this regard was pending before the courts.

**162.** The OTOE emphasized that the supplementary pension funds of the bank employees had not been linked to the crisis or the country's fiscal situation since they had been created by collective agreement and no public money had been invested in them. There was therefore no justification for the Government to unilaterally intervene in these funds, and transfer all their assets to the ETAT where they had remained idle since 2007 and were losing their value. Employers were no longer contributing to the fund despite provisions to the contrary in Act No. 3371/2005. Rumors were also circulating that the supplementary pensions of bank employees would be cut even further.<sup>12</sup> They were concerned about even recuperating their own contributions. The OTOE believed that Act No. 3371/2005 should

<sup>11</sup> The Committee on Freedom of Association (CFA) had requested the Government to cease all acts of interference with the collective agreements by which the supplementary pension funds of bank employees had been set up and to convene consultations between the employers and the workers' organizations, in order to ensure that the future of the supplementary pension funds of bank employees and of their assets would be determined by mutual agreement of the parties to the collective agreements by which the supplementary pension funds had been set up, and to which only they had contributed. The CFA had also requested the Government to amend Act No. 3371/2005 to reflect the agreement of the parties. Case No. 2502, 344th Report, paragraph 1023(b).

<sup>12</sup> It should be noted that after the return of the high level mission, Act No. 4024/2011 was adopted which reduced the supplementary pensions paid through the ETAT.

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be repealed and the parties should go back to dialogue with the banks. The OTOE had referred the issue to the courts but judicial procedures were very lengthy and slow.

- 163.** The OTOE also informed the High Level Mission that employers had refused to proceed to negotiations for the new collective agreement in the banking sector which had expired in 2010. Some banks had established enterprise trade unions in order to bypass sectoral negotiations with the OTOE.

## **IV. Information obtained from Employers' organizations**

### **1. Hellenic Federation of Enterprises and Industries (SEV)**

- 164.** According to its website, the SEV is the main independent employers' organization representing most branches and sectors of the present day Greek economy. It was founded in 1905 and is a member of the International Organization of Employers (IOE) and the Union of Industrial and Employers' Confederations of Europe (BUSINESSEUROPE).

#### ***Employment policy***

- 165.** The SEV underlined that the Troika's task had been complicated by the fact that the equivalent of a currency devaluation was being imposed through internal devaluation, i.e., through deflated wages and income, due to the fact that Greece was a eurozone country.
- 166.** The SEV was of the opinion that even though the lack of competitiveness in the labour market was not the root cause of problems facing Greece it was an important priority. In the area of labour law, the Troika had tried to reduce the Greek overlay and bring it closer to what applied in other European countries.
- 167.** The structural policies on improving the labour market had been a subject of contention between the SEV and the GSEE for at least two decades. The IMF and the OECD had insisted for a long time on the need for reforms. The efforts by SEV to discuss with the GSEE were to no avail. Over the decades, the legal framework put in place was much more protective of workers than in other European countries. A common practice in the past had been the "gold-blading" of European Directives, i.e., enacting into law the most extreme options offered in EU Directives in favour of the workers. With hindsight, this had not effectively protected the workers.
- 168.** When the crisis set in, the SEV tried to establish a dialogue with the GSEE but the latter did not agree to discuss concessions. The good relations built over 20 years had not paid back. The SEV was disillusioned by the stance of the GSEE.
- 169.** The only thing on which the social partners agreed at the moment, was that the Government should be more attentive to their views. The political system was responsible for the delays in the implementation of the reform package which led deeper and deeper into the crisis. The social partners on the other hand, were no better since their "combined wisdom" had brought the country to the current situation.
- 170.** The SEV was of the view that rather than questioning the effectiveness of the framework that was being implemented, the main question was whether the framework that was being dismantled was effective and justified. The reaction of the people to this dismantlement had been remarkably silent and there had been very little unrest at least at enterprise level.

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- 171.** Private sector employees were facing wage cuts as the crisis went deeper and deeper. In every company, salaries were being negotiated downwards for the first time ever in Greece. Senior management suffered wage cuts of 25-30 per cent while the lower levels faced cuts of 2-5 per cent. Currently, the negotiations were carried out mostly on a person-to-person basis. Workers accepted in order to maintain their jobs.
- 172.** With regard to employment policies, the SEV was first, trying to look a few years into the future in order to imagine the types of skills which would be needed to re-launch the economy. The SEV had commissioned and recently released a study by an international consultant on “Greece: Ten Years Ahead” which dealt with this question. The study described a new national growth model and strategy founded on the principles of competitiveness, productivity, extroversion, investment stimulation and employment opportunities mainly through flexibility, meritocracy in the public sector and employment mobility. The study proposed that the Greek State should embark immediately on a systematic, economy-wide and sector specific effort to remove competitiveness and productivity barriers in the economy and promote growth and investment with emphasis on stimulating export income. It provided that one of the main reasons productivity was low was that the country lacked large-scale enterprises which maximized worker output through economies of scale and scope. The strategy included a number of performance improvements including much lower private and public consumption as a percentage of GDP, increasing exports and attracting higher levels of investment. According to the study, the strategy would lead to 520,000 new jobs and €49billion in Gross Value Added (GVA) (55 billion in GDP) within 10 years in five major and eight emerging sectors: tourism, retail, energy, manufacturing and agriculture as well as manufacturing of generic pharmaceuticals, aquaculture, medical tourism, elderly care, regional cargo hub development, waste management, specialized food categories and development of graduate classical education programmes.

### ***Freedom of association and collective bargaining/wages***

- 173.** Act No. 3845 which had enacted the Memoranda into law provided for a three-year wage freeze. This had influenced the negotiations for the national general collective agreement which provided that no increase would be granted for the first 18 months and a slight increase for the following 18 months based on the average EU inflation rate. Nobody had criticized this agreement and the Troika had orally agreed to it. The minimum wage was valid at the moment. The second half of the agreement had already entered into force, with 1.65 per cent wage increases.
- 174.** The SEV considered that compulsory arbitration had not been fully abolished by Act No. 3899/10 and that therefore, Greece was still in contravention of Conventions Nos. 87 and 98. When in 1990 the SEV had agreed to the industrial relations system established through Act No. 1876/1990, it had not been favourable to the issue of compulsory arbitration which provided a safety net giving rise to a distorted system of negotiations and industrial relations. An effort to reform the system two years ago had not succeeded. The SEV was planning to oppose the system created by Act No. 3899/10 because it considered that if the fallback option of compulsory arbitration was eliminated, negotiations would be better aligned with reality. For the first time it had become clear in Greece that wages could go down as well as up through negotiations. Mentalities which dated from the times when Greece had a high inflation rate had to change, even among HR managers.<sup>13</sup>

<sup>13</sup> Pursuant to the high level mission, the SEV addressed a communication dated 23 September 2011 to the attention of the high level mission in order to express its opposition to the preservation

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175. With regard to the extension of collective agreements, while the SEV was always in solidarity with the other employers' organizations on the question of extension of collective agreements, it felt that there was increasing pressure on the ability to maintain this institution.

### ***Social security***

176. In the area of social security, the SEV was concerned that the issue of governance of the social security funds had not been tackled yet and emphasized the need to ensure good governance.

### ***Labour inspection and administration***

177. With regard to labour inspection, the SEV indicated that there was a lot of undeclared labour which concerned both Greek nationals and migrant workers, creating problems in terms of the shadow economy, low tax revenue and unpaid social security contributions. Efforts to address this problem by focusing on increased penalties, created more problems than they solved. The system should be re-engineered to make sure that chances of being caught were increased despite low penalties. The databases of the OAED, the social security funds and the labour inspectorate should be merged in order to obtain a wealth of data. A recent idea in order to make labour inspection more effective was to have joint inspections by a team of labour and social security inspectors instead of one single inspector. This was an area in which the ILO was quite active and where technical assistance would be valuable.
178. Labour legislation was composed of a continuous overlay of measures without consolidation, which had increased exponentially over the past months giving rise to an unmanageable situation. A possible solution, which would be good for competitiveness, was to redraft the whole set of labour laws on the basis of European standards.
179. In conclusion, the SEV noted that all the structural problems of the labour market had already been present for a long time and it was the realization that these were actual problems that had come along recently. It was unfortunate that 20 years of positive relationships between the social partners had failed to produce results at this time of dire consequences.

## **2. Hellenic Confederation of Professionals, Craftsmen and Merchants (GSEVEE)**

180. According to its website, the GSEVEE was founded in 1919 and is a national level employers' organization which represents 87 federations and 1,100 associations with 160,000 employers as members. It represents micro, small, medium enterprises and self-employed persons.

of the compulsory arbitration system in Act No. 3899/2010. According to the SEV, even though the new system of dispute settlement was preferable to the previous one, it was still not in line with Conventions Nos. 98 and 154. The possibility of determining wages through arbitration had an additional effect on allowances which were calculated as a proportion of wages. Moreover, even though the law limited the scope of arbitration to the determination of wages, a recent tendency had appeared for arbiters to insert clauses maintaining in force all non-wage provisions which existed in previous collective agreements. The SEV finally recalled that Act No. 3899 provided in article 15 that an evaluation of the system by the social partners would take place three years after the entry into force of the Act, i.e., by 17 December 2013.

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## **Employment policy**

- 181.** The GSEVEE provided statistical data on the structure of the Greek market according to which small, medium and micro enterprises (SMMEs) were the economy's driving force and main job creation engine. According to factsheets published by the European Commission (Small Business Act factsheets) SMMEs in Greece accounted for 99.9 per cent of all enterprises, excluding the financial business economy, and for 87 per cent of employment and 72.6 per cent of value added in the Greek economy.
- 182.** According to the Biannual Economic Climate Survey of the GSEVEE Institute for Small Enterprises (IME-GSEVEE) which was released on 24 August 2011, enterprises with up to 49 employees constituted 99.5 per cent of all Greek enterprises. The prospects were that 183,000 enterprise closures would take place until August 2012 with a risk of 250,000 jobs being lost (employers, self-employed, employees). During the first half of 2011, 88,000 jobs had already been lost and 134,000 layoffs were expected by the end of 2011. For every single hiring in the private sector, seven layoffs were being recorded. Turnover had decreased by 29.1 per cent. Demand for labour had decreased by 80 per cent. Two out of 10 enterprises had already reduced staff wages while three out of 10 would proceed to reduce wages and working hours during the second half of 2011. One enterprise out of three was late in debt payments and social security contributions. Liquidity and investments were decreasing. Dishonoured checks were an explosive problem with potential devastating effects. This assessment was without taking into account the effects of the VAT increase from 13 to 23 per cent as from 1 September 2011. The GSEVEE expected unemployment to reach 18-19 per cent and recession to exceed 5.5 per cent in 2011. Its forecast was that recession would exceed 4.5 per cent in 2012 and continue into 2013.
- 183.** The GSEVEE considered that the competitiveness of the Greek economy would not improve through lower wages but by rebuilding the country's manufacturing base. Greece had entered the Eurozone without a strong manufacturing base, leading many producers to abandon their activities and turn to trade, especially imports. The agricultural base had been abandoned and a traditionally agricultural country such as Greece had ended up paying more for imports of agricultural products than for heating oil. These structural problems were the root cause of the current situation and had to be addressed.
- 184.** The GSEVEE was of the view that the real problem for SMEs in Greece was not the level of wages but rather bureaucracy and red tape concerning hiring and firing, hours of work etc. Excessive red tape created increased costs for SMEs and eventually led to a failure to abide by the law. With regard to sub-minimum wages for young workers in particular, the GSEVEE considered that enterprises were closing down by the thousands not because they should pay €500 instead of €700 to young workers but because the market had dried up. Maintaining wages was essential in order to ensure that the market continued to function.

## **Freedom of association and collective bargaining/wages**

- 185.** The GSEVEE stated that in a country in deep recession and with a large pool of unemployed workers, ground rules were imperative in order to avoid a downward spiral in terms of working conditions and industrial relations. It was very important to maintain incomes in order to maintain economic activity.
- 186.** According to the GSEVEE, the current discussions on the elimination of the extension of sectoral agreements would lead to the de facto abolition of these agreements, as employers would no longer wish to be bound by them and would disaffiliate from the relevant employers' organizations. The collective bargaining institutions worked in the interests of

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both sides and their elimination would bring serious risks of social unrest which should not be amplified.

187. The GSEVEE felt that the labour relations system established in 1990 worked well and had led to harmonious relations with the GSEE. Special enterprise agreements had not produced major results due to the fact that they were bad publicity for the enterprises that concluded them and because Greece did not have a culture of enterprise level bargaining since unions did not generally exist at enterprise level.
188. However, the absence of special enterprise agreements did not mean that wages were stable. In reality, wage cuts were taking place informally through individual agreements between employers and workers. Despite close relations between employers and workers in SMEs, in the context of the crisis, workers were ready to accept reduced hours and wages in order to keep their jobs, notably through rotation.
189. The discussions currently under way about associations of persons negotiating enterprise level agreements were a way to formalize the situation described above.
190. With regard to relationships among the social partners, the GSEVEE indicated that the SEV had always relied on the GSEVEE and the ESEE in terms of labour relations and the three organizations jointly negotiated the national general collective agreement on the employers' side. However, in the current context, unity among the three employers' organizations was under threat. Even though inside the SEV opinions on the question of extension of sectoral agreements were diverging, certain sides staunchly opposed the extension of sectoral agreements.
191. With regard to the protection of wages, the GSEVEE indicated that when SMEs went bankrupt, employers were liable with their personal fortune and the law was very strict. When large limited liability companies went bankrupt, the workers were less certain to get paid for wages due because of the limited liability. Large companies which were listed in the stock exchange were obliged to contribute to a wage guarantee fund.

### ***Social security***

192. Another major problem for SMEs was the cost of social security contributions which were among the highest in the European Union and essentially constituted an incentive for undeclared work.

### ***Labour inspection***

193. The GSEVEE referred to examples of regulations which were extremely detailed and impracticable, leading to difficulties of implementation by the employers, especially SMEs. Employers eventually stopped implementing these laws, gradually moving into a grey zone of undeclared work which was not acceptable.
194. In response to a question from the High Level Mission the GSEVEE indicated that it had never met the Troika. It felt that from the outset, the Troika had very close contacts with other organisations which gave the Troika a slanted picture of reality, not representative of the real economy. The GSEVEE regretted that the Troika continued to dogmatically stick to the policies promoted in the framework of the two Memoranda even though they had already proved to be wrong in practice.



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### **3. National Confederation of Hellenic Commerce (ESEE)**

- 195.** According to its website, the ESEE was founded in 1994 as a result of a longstanding process, dating from the 19th century. It represents 13 federations, 252 commercial associations and four commercial representatives' associations, throughout the country.
- 196.** The ESEE informed the High Level Mission that it represented one of the most important sectors of the Greek economy, commerce, with 313,000 enterprises providing employment to over 800,000 women and men, amounting to 18.1 per cent of total employment in the Greek economy. Participation of women and young people in this sector was high amounting to 52 and 35 per cent respectively. The sector was traditionally dominated by small family-owned enterprises. Ninety six per cent of the employers and six out of 10 employees worked in very small enterprises. Helping family members played a significant role in the operation of these enterprises.

#### ***Employment policy***

- 197.** In its position paper on the Greek Economy and the Commerce Sector which it provided to the mission, the ESEE proposed a new development model focusing on SMEs, as the backbone of the Greek private sector, and on the maintenance of social cohesion. According to this proposal, the adjustment should pass through the enhancement of domestic production and its connection to final consumption. SMEs and commercial enterprises operated at the two poles of this process. The State should play a central role in the promotion of entrepreneurship and development. The ESEE was opposed to the unconditional sell-out of public property which would create a disproportional social cost compared to the short-term financial benefits. The ESEE also emphasized that social dialogue, as an important democratic institution, was a sine qua non condition for the achievement of social cohesion.
- 198.** The ESEE indicated to the High Level Mission that the fragile Greek market was close to entering a “death spiral” as a result of the austerity measures. Bankruptcies had risen spectacularly as 4,000 SMEs ceased their activities every month and one out of five retail shops in every big city centre were closing down. During the last year, 68,000 merchants had gone out of business without any social safety net. Another 53,000 were expected to go out of business until the end of the year if the situation remained the same. They were not covered by any unemployment fund as they were considered to be employers.
- 199.** Consumption was on free fall and sales figures were dropping everywhere in the retail sector including the food market. Consumer purchasing power had decreased as inflation levels had increased between 5.2 and 5.8 per cent while at the same time wages and pensions had been cut down by 17 to 20 per cent.
- 200.** Unemployment remained a major economic and social challenge with 800,000 unemployed persons in 2011. Employees were also consumers and the rate of unemployment had an impact on consumption, market liquidity and recession. The SMEs in the commercial sector could not proceed to redundancies in large numbers because they operated with very few employees. Dismissing the workers meant going out of business. For this reason, the unemployment rate in the sector was half the national average.
- 201.** Financing from the banking sector was problematic since most companies faced serious cash flow problems and were unable to pay back their loans. Greek GDP had diminished dramatically and recession was at 4.5 per cent, due to the fact that the market had dried up because purchasing power and income had fallen. Despite a “taxation storm”, tax revenue had dropped below the initial target due to shrinking incomes.

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- 202.** The conditionality attached to the support mechanism had been revised several times with additional austerity measures being adopted after each round, creating a sense of anxiety and uncertainty in the market. The economic and social climate was the worst among EU countries. Eight out of 10 Greek citizens believed that they were suffering sacrifices without results. The SMEs were faced with a huge reconstruction of the economy aimed at squeezing them out of the market and concentrating consumption in big multinational companies.
- 203.** With regard to sub-minimum wages for young workers, the programme proposed by OAED was not appealing to the sector. The incentives were not sufficient because in any event, salary costs could be subtracted from the company's taxable income and there was no reason to lower these costs. Moreover, the programme had a duration of one year. The ESEE had proposed measures to promote ongoing employment in the long term. One such proposal was to give tax incentives for SMEs to retain their workers or hire additional ones. For example, a 5 per cent tax discount for a company that hired one unemployed worker would go a long way to solve the unemployment problem given that the sector was composed of over 300,000 enterprises. According to the cost-benefit analysis of this measure carried out by the ESEE, such a measure would benefit all parties and would not cost any public money. The solidarity economy was the solution for the country's future. Another proposal was to make an online connection between cashiers and the Ministry of Finance so as to pay the VAT automatically in return for a decrease of the current VAT level from 23 to 19 per cent and to 9 per cent for food. The ESEE was in close contact with the Ministries and communicated their realistic proposals regularly but felt that their message did not always get through.

### ***Freedom of association and collective bargaining/wages***

- 204.** The ESEE indicated that it was in favour of the wage-setting mechanism which functioned through the national general collective agreement and sectoral collective agreements and enabled employees – who were closely associated to employers in SMEs and were at the same time customers and consumers – to live with dignity.
- 205.** The ESEE was not in favour of special enterprise agreements which undermined the sectoral agreements and the authority of the employers' organization which had negotiated them. Big industrial enterprises were forcing special enterprise agreements on the workers, thereby gaining a competitive advantage over the SMEs. The ESEE considered that only disadvantaged companies should use special enterprise agreements as a last resort and only in agreement with the unions. The labour costs were not seen as a problem because sufficient revenue was an essential condition for the market to prosper.
- 206.** However, due to liquidity problems, some SMEs in the sector faced difficulties in maintaining subsistence level pay, sometimes resorting to partial wage payments, the remainder being considered as "credit" for the future. Wages below the minimum set by the national general collective agreement were below subsistence levels and could not be accepted.
- 207.** In response to a question by the High Level Mission, the ESEE indicated that it was committed to collaboration among the three employers' organizations, but at the same time, some differences had recently emerged. The report carried out by an international consultant on behalf of the SEV treated SMEs as non-productive, creating a distorted picture of Greece and its realities. The ESEE had tried to correct this by meeting with the Troika twice and expected to meet with it again to discuss its proposals. SMEs could not follow suit as the big industrial enterprises which had moved their factories to

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neighbouring countries with lower labour costs. They represented the middle class along with their employees and were there to stay and fight for the country's survival.

- 208.** The ESEE expressed fears about the social consequences of the current situation and was of the view that the Troika did not have a clear picture of the real situation of the Greek economy. It regretted that the social partners had developed a “save oneself” attitude and solidarity had broken down among them.

#### **4. Association of Greek Tourism Enterprises (SETE)**

- 209.** The SETE informed the High Level Mission that, as an umbrella organization formed 20 years ago, it covered all tourism-related enterprises, including hotels, apartments, car rentals, cruise ships, ferries, aviation, tour operators, etc. It represented 30,000 businesses with 300,000 employees. Banks were non-core members.

#### ***Employment policy***

- 210.** The SETE informed the High Level Mission that this year, the tourism sector had grown by 12 per cent. The study by an international consultant commissioned by SEV projected that tourism was the main engine of growth of the Greek economy: 34 per cent of annual GDP growth, some €18 billion, would come from tourism in the next 10 years. This year, the sector accounted for 20 per cent of employment and 17 per cent of GDP. It could account for 21 per cent of GDP and 22 per cent of employment by 2021. As more than 50 per cent of young people were unemployed, tourism would offer a way to create employment. The SETE had a strategy of investing in high-end tourism and placing Greece in the top 10 tourist destinations by 2021. The SETE considered that a country could not be a protagonist in tourism if the nation was not proud of their country and therefore understood the contribution that tourism should make to the collective effort out of the crisis.

#### ***Labour inspection***

- 211.** The SETE felt that rigid labour laws prevented this strategy from being implemented. Large increases in staff were necessary in order to provide five star tourism service. However, rigid labour laws made it very difficult to abide by the law and a grey zone of illegality ensued which was ultimately harmful for high-quality tourism. The SETE referred to various regulations which constituted in its view non-sensical bureaucratic measures, pushing companies to operate in the shadow economy. Various measures, e.g. the obligation to announce recruitments immediately to the social security fund, were exclusively aimed at the collection of revenue rather than the protection of workers. These inflexibilities had been rendered ineffective by the market itself which simply did not implement them. This situation penalized particularly the larger enterprises which were more visible than SMEs.
- 212.** The SETE doubted that the Government and the labour inspectorate were committed to changing this situation and genuinely going after the shadow economy. For instance, the new Act No. 3996 provided that all salaries would be paid through bank transfers in order to close various loopholes. These provisions had still not entered into force due to a missing decision of the Minister of Labour. The SETE was also of the view that the labour inspectorate was ineffective and that inspections should be carried out by joint bodies of 2-3 inspectors in order to ensure not only effectiveness but also probity of the inspection. What was needed to stop the shadow economy were less strict laws and good inspection.

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## ***Freedom of association and collective bargaining/wages/social security***

- 213.** With regard to special enterprise agreements, the SETE indicated that sectoral agreements pushed wages 20 to 30 per cent higher than the national minimum and wages could be even higher at regional level. A lot of companies were unwilling to abide by these agreements. Other business organizations were in favour of sectoral agreements because their existence depended on them. The SETE wanted a special regime for tourism in order to do away with such rigidities. Wage flexibility was necessary as a shadow economy ensued from the fact that there was a large supply of workers who were interested in the sector.
- 214.** The SETE considered that even though wages had not fallen officially, in practice, legal wages were often paid at a reduced rate and agreed by oral contract. The SETE did however criticize the level of social security contributions which remained excessively high.

## **V. Information obtained from other sources in Greece**

### **1. Bank of Greece**

- 215.** The Bank of Greece had acted as co-signatory, along with the Ministry of Finance, of the letters of intent attached to the MEFP and the MoU. The Bank of Greece informed the High Level Mission that some of the changes legislated over the last year and a half were in line with the recommendations made over the last 10-15 years by international organizations like the IMF, the Organisation for Economic Cooperation and Development (OECD) and the European Commission with regard to the reform of the labour market legislation towards more flexibility. However, past reforms of labour legislation had not been bold enough as governments, in a context of extensive social dialogue, usually compromised on half-way measures.
- 216.** Since May 2010, many reforms, which could have been spread over 10-15 years, had taken place in a time span of 18 months. From an economic point of view, the reforms were unprecedented and wide ranging, in a context which was equally unprecedented. Greece was facing a crisis and the Government had to take decisions in a short time span in order to avoid catastrophic developments. When carrying out a legal assessment of the reforms, one should not only compare them with previous legislation but also take into account the degree of implementation of previous legislation as it was common knowledge in Greece that SMEs enjoyed de facto flexibility due to insufficient controls.
- 217.** The two pillars of the reforms were fiscal consolidation and improvements in productivity. Under the first pillar, measures adopted had to do with reductions in the salaries of civil servants. The aim of the second pillar of the reforms was to change the industrial relations system in order to achieve competitiveness, so that businesses could adjust employment and wages in the light of changes in demand. If one stayed in the first pillar (fiscal consolidation) only, this would lead to continuous recession and disaster. The second pillar aimed to put the economy on its feet again and address the “collateral damage”.

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## ***Freedom of association and collective bargaining/wages***

- 218.** The reform of the collective bargaining framework which had taken place in 1990 pursuant to an ILO High Level Mission had led at the time to the adoption of Act No. 1876/1990, which had institutionalized collective bargaining and had put an end to the previous regime of compulsory arbitration in place since 1955. This law had led to a qualitative change in industrial relations. Two year agreements with reasonable wage increases had become the rule and the share of disputes settled by arbitration had fallen due to the fact that among other things, trade unions including the GSEE, had started to behave more responsibly, abandoning the exorbitant demands which had been commonplace under the previous system. This system had served social peace and stability for 20 years.
- 219.** Even though the wage increases under this system had not been excessive, with hindsight, they had not been optimal either, especially from the standpoint of the country's big competitiveness deficit (unit labour costs). The cost competitiveness shortfall vis à vis its trading partners should have been determined on the basis of forward looking considerations, which had not been the case.
- 220.** The Bank of Greece had suggested eight years ago that wage increases should be determined on the basis not of Greek inflation but the average euro inflation rate in order to increase competitiveness faster. This idea had been adopted in the national general collective agreement signed last year under well-known circumstances. The Government had also stepped in with Act No. 3871/2010 to ensure that arbitration awards did not exceed the rate of increase of the national general collective agreement. This Act did not touch on agreements arrived at through direct bargaining. Thus, the interventions were not disproportionate. They were a way to protect the economy and improvements in competitiveness.
- 221.** Cost competitiveness had indeed improved quite a lot in 2010 and was constantly improving this year, partially offsetting the loss in cost competitiveness suffered by the Greek economy since 2000. It was an important first step and one of the reasons why unequivocally positive developments were taking place in the recovery of exports.
- 222.** Some employer's organizations had argued that labour costs in Greece were among the lowest in the Euro Area and that as far as competitiveness was concerned, far more important than unit labour costs were issues having to do with the overall regulatory environment, i.e., tackling red tape, reducing taxes and social security contributions, etc. These views were true to a certain extent. However, this did not deny the fact that the "inflated wages" of 2000-2009 had grown much faster than in Greece's trading partners, and had exacerbated the problem of competitiveness.
- 223.** There was no common understanding of the concept of unit labour costs. Productivity was measured as the ratio between the percentage change in GDP compared to the percentage change in employees – not total employment. Greece had a sizeable agricultural sector as well as a sizeable sector of self-employed persons. Including these sectors in the equation would lead to misleading results especially in a situation where employment in the agricultural sector was falling with an effect on total employment. If these data were taken into account, the result would have been a smaller increase in unit labour costs, which would have been misleading from the point of view of the Bank of Greece.
- 224.** With regard to the role of extension of sectoral agreements and that of special enterprise agreements in restoring lost competitiveness, the Bank of Greece considered that such issues should best take place in a context of trust between the social partners based on a "social pact". Sectoral agreements should be extended if signed by a higher percentage of employees than at present and also, developments in collective bargaining should follow

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developments in productivity. The issue had been in discussion for a long time with the Troika and the social partners had reached a unanimous decision to maintain sectoral collective bargaining as a guarantee of a level playing field. However, extensions were taking place as a matter of routine without verifying whether the signatories genuinely represented 51 per cent of workers in the sector.

- 225.** The rationale behind special enterprise agreements was to take into account the extreme circumstances prevailing in certain regions and enterprises and provide a way to diverge from sectoral agreements in order to save jobs. The response of firms to this new instrument had indeed been disappointing. Only 10 enterprises had such an agreement. The Troika considered that two reasons could explain this situation: first, the social partners contemplating such an agreement had to file a report to the Council for Social Oversight of the SEPE which could not veto the agreement but issued an advisory opinion. In one case, the Council had found that there were no grounds for the agreement. Theoretically the parties could go ahead, but they exposed themselves to the risk of litigation. An additional problem was the creation of enterprise level unions, given that procedures before the Civil Courts for the creation of trade unions were slow. The idea of having an association of persons sign the agreement was useful from an economic point of view to help firms survive and maintain employment.
- 226.** With regard to sub-minimum wages for young people, the Bank of Greece could only interpret the limited take up of this provision as one more instance where the private sector appeared to prefer informal to formal solutions. The same was true for special enterprise agreements. Some enterprises probably preferred under the table deals. Perhaps the new law on the labour inspectorate might correct some of these problems.
- 227.** In response to a question by the High Level Mission, the Bank of Greece provided information on collective bargaining in the banking sector. It indicated that OTOE, which had been one of the strongest unions, used to negotiate wages for all banks with, as counterpart, a representative authorized by employers, and not the Federation of Greek Banks (EET). In recent years, some employers who wanted to differentiate their wage policy, had challenged the status quo and stayed out of the sectoral negotiation. The last sectoral agreement which had been settled in arbitration in 2008 had caused a lot of reactions because the arbitrator had set wage increases at high levels taking into account the national general collective agreement and the fact that bank profitability had increased a lot in previous years. However, by the time the decision was issued, the crisis had ensued. This had contributed to the criticism as to how arbitration worked. Since then, no new agreement had been adopted in the banking sector, while some firm level agreements had been signed.
- 228.** With regard to the public sector reform, the Bank of Greece emphasized that the public administration provided services to households and enterprises in a way which had a cost to them. The administrative burden of red tape was important as demonstrated in various studies, one of which had been conducted by SEV a few years back and had a direct impact on competitiveness.
- 229.** The Bank of Greece also expressed the view that wage policies in the public sector did not have an “announcement effect” affecting private sector wages as the rate of increase announced by the Ministry of Finance in the beginning of each year had traditionally been moderate. Even though the end result was much higher due to special allowances for particular categories of public employees (doctors, army, judges) and workers in certain Ministries, e.g., the Ministry of Finance, this did not have an “announcement effect”. The Bank of Greece also expressed the view that the harmonized wage scale in the public sector which was to be announced by the Government would be a real revolution in the public administration.

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## ***Labour inspection and administration***

**230.** In reply to a question raised by the High Level Mission, the Bank of Greece expressed the view that the measures adopted would remain dead letter in the absence of effective enforcement. This was the key role of a well-functioning public administration, including the recently reformed labour inspectorate, as well as greater social consensus and dialogue.

## **2. Ombudsman**

**231.** The Greek Ombudsman informed the High Level Mission that it was an independent authority in operation since 1998. In 2001, it had obtained constitutional status. The Ombudsman was mandated to mediate between the public administration and citizens in order to help citizens exercise their rights effectively, combat maladministration and promote legality. In 2003, it had obtained a mandate to defend the rights of children. Since 2008, it had been mandated to promote gender equality in employment.

## ***Employment policy***

**232.** The Ombudsman provided statistical data on unemployment according to which youth unemployment was at 35.6 per cent for ages 15-24 and at 25 per cent for ages 25-34. Moreover, according to the Ombudsman female unemployment was at 27 per cent. Officially female unemployment stood at 19.9 per cent, but according to the Ombudsman this was due to two reasons. First, the informal economy was big and concealed the fact that structural unemployment concerned primarily women and youth. Secondly, many women had joined the ranks of the “discouraged”. The non-labour force data contained hidden unemployment.

**233.** The Ombudsman emphasized that a full development of the notion of “flexicurity” was largely absent and this was an obstacle to efforts to address unemployment.

**234.** The Ombudsman indicated that due to traditional weaknesses in labour law enforcement, a large informal economy was able to develop providing for widespread de facto flexibility, in stark contrast with the legal rigidities.

**235.** As a result of the recent legislation on labour market flexibility, an over-regulated labour market had, however, given way to a completely deregulated one within a very short time span. For example, whereas previously Greece had the lowest rate of part-time work in Europe, after Act No. 3846/2010, part-time work had grown exponentially. In many cases, flexibility had been introduced without sufficient safeguards for the most vulnerable, or safeguards which had been introduced by law were not effectively enforced. For example, although Act No. 3863/2010 contained provisions with immediate effect facilitating redundancies, the compensatory measures, e.g., safeguards to provide for the protection of older workers above 55 years of age, had still not entered into force because they depended on an implementation Decree which had not been issued.<sup>14</sup>

**236.** The Government’s efforts focusing on deregulating the formal economy and re-regulating the informal economy, were impeded by the existence of a large supply of unemployed workers, which could potentially push the informal economy into further depths.

<sup>14</sup> After the high level mission, press reports indicated that a Ministerial Decision for the implementation of the provisions of Act No. 3863/2010 on this question, was issued on 13 October 2011 (FEK 2297/B/13-10-2011). The Ministerial Decision aims to allow older workers to maintain social security coverage and contributions after their dismissal.

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237. As for the creation of new jobs, it was difficult to judge whether increased flexibility was a way to avoid dismissals or an opportunity to make labour more precarious under the pretext of the crisis. The Ombudsman would publish data on the impact of the crisis in its 2011 report to be issued in January 2012.

### ***Non-discrimination***

238. The Ombudsman informed the High Level Mission that it was the only institution in Greece in charge of monitoring the implementation of legislation on equal treatment. The law provided for collaboration between the Ombudsman and the labour inspectorate, and this collaboration could take many forms, e.g., collaboration during mediation but also joint inspections and provision of advice. The Ombudsman also had a mandate to handle gender discrimination cases which were pending before the Courts.
239. The Ombudsman indicated that since May 2008, a constant dramatic increase of complaints concerning unfair dismissals due to pregnancy or maternity leave and sexual harassment had been observed. Women, especially pregnant women and mothers, were very much affected by the recent legislative measures introduced in order to increase flexibility in the labour market, especially measures enabling employers to unilaterally convert full-time contracts into contracts for reduced term rotation work. The law provided for consultations with the workers but this did not seem to take place in practice.
240. Mothers returning from maternity leave who under the law were protected from dismissals for a period of 18 months, were asked to work one day per week whereas the other workers continued regular work (or worked more days in the week). The Ombudsman proceeded to examine the complaints along with the labour inspectorate in a joint manner. It was very difficult however to find in favour of the employee because it was virtually impossible to verify whether the decision was based on a true decrease in economic activity. Low skilled female workers were the most affected by this situation.
241. The length and cost of court proceedings was a counter incentive to seek redress before the courts, as justice delayed was justice denied. Employees were likely to eventually withdraw from court proceedings.
242. Among the 770,000 employees in the wider public sector registered in a recent census, the vast majority were female so the measure of the labour reserve was likely to have an impact on female unemployment.

### ***Freedom of association and collective bargaining***

243. The minimum standards established by the national general collective agreement used to function as a minimum safety net and wage levels set by sectoral collective agreements tended to be respected by employers as setting a common denominator. The introduction of ambiguity in this area appeared to have led to the de facto disappearance of the safety net. Legislative intervention in the area of collective bargaining had given a signal that weakened sectoral agreements. Special enterprise agreements were simply not needed in order to introduce wages lower than sectoral standards as employers had the facility of concluding individual agreements which were in principle illegal, but were not effectively controlled. The tendency was therefore to move away from collective labour law and back to individual contract law or civil law. The crisis or the pretext of the crisis had led to a breach in the “social contract”.



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## **Labour administration and inspection**

244. There was a problem in legal drafting as certain recently introduced provisions like Article 2 of Act No. 3845, or Article 16 of Act No. 3899/2010 gave rise to many different interpretations. The Ombudsman had repeatedly advised that the labour laws should be streamlined as there was no codification and subsequent laws amended earlier ones simply by changing a few words without providing an overview of the whole provision. This situation created legal uncertainty.
245. With regard to labour inspection, the Ombudsman considered that labour inspectors were not well trained and not enough to effectively control the implementation of the recent legislation. Moreover, the labour inspection was reluctant to play a role in relation to equality cases and was reticent to impose fines. The Ombudsman had identified two important shortcomings in the cooperation with the labour inspectorate which needed to be addressed. First, even though Act No. 3488/2006 established an institutionalised cooperation scheme between the two bodies on gender discrimination matters, the practical aspects of this cooperation had not been standardized through circulars or instructions and this led to confusion and a need to clarify the new competencies and roles. Second, labour inspectors needed training on gender discrimination issues notably in the form of seminars comprising a theoretical and a practical part, so as to become more aware of institutional regulations and relatively new concepts concerning discrimination issues.<sup>15</sup>

### **3. Economic and Social Council of Greece (OKE)**

246. The OKE informed the High Level Mission that it was a constitutionally guaranteed body founded in 1994 on the model of the European Social and Economic Committee. It was mandated to promote social dialogue and represented 23 civil society organizations.
247. *The Chairperson* who had also been a GSEE President for a number of years, expressed his deep regret in respect of the current situation. No time was allowed to the social partners to plan, co-decide and implement measures to overcome the crisis. The OKE considered that the social dialogue process had lost all meaning because, under the impact of the crisis and the pressing time frames of the Memoranda, all measures were implemented speedily without effective social dialogue. The haste with which the measures were being designed and adopted had an impact on their content, which were of a recessionary character. The measures imposed on Greece were lopsided, uneven and unfair at the expense of the unemployed, the small enterprises and the vulnerable segments of the population.
248. Free and voluntary collective bargaining was being restricted at both national and sectoral levels without justification, as even the employers' side had never raised a question of revising the collective bargaining framework. Consecutive unilateral wage cuts had eliminated 30 per cent of wages. Tax evasion was rampant and those who could, had already taken their money out of Greece. Unemployment was projected to reach almost one million workers by the end of 2011. Nobody could see the light at the end of the tunnel and there was a high amount of anxiety on what the following days and weeks would bring.
249. In reply to a question by the High Level Mission, the OKE indicated that the potential for it to play a role in bringing together the social partners to discuss ways out of the crisis was

<sup>15</sup> *Equal treatment for men and women in employment and labour relations*, Special Report, the Greek Ombudsman, Athens, November 2009, p. 65.

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not clear. The OKE was a relatively young body and the organizations represented in it did not want to concede part of their power and jurisdiction. A Council of Presidents which had been recently established with the participation of all Presidents of member organizations, might serve to increase confidence in the OKE.

- 250.** Another problem was that the Government did not seem to take into account the opinions issued by the OKE on draft laws under its constitutional mandate. Over 200 opinions had been issued by OKE but were only rarely taken on board. The OKE did not have the means to impose its views, as it was an advisory body. There was no government representative in the OKE. During the latest crisis, the OKE had placed itself at the disposal of the Government to discuss a way out of the current situation, but to no avail. Already in 2008, the OKE had elaborated a plan for an economic and social pact but this had not worked out. The newly elected council was planning to return to this proposal and develop it further in the light of the problems which had emerged in the meantime.
- 251.** The *employer side* of the OKE stated that the country was walking on a tight rope from the point of view of social peace. This had led to a major trend of euroscepticism. The kind of austerity imposed on Greece tested the limits of the European dimension and had nothing in common with the Lisbon Strategy. The severe unemployment problem left little hope for recovery.
- 252.** The *worker side* indicated that the pensioners, the wage earners and the unemployed bore the burden of the adjustment and continued to be the target of the measures. On average, the income loss for workers was around 35 per cent including for the pensioners. Average people faced eviction from their homes because they could no longer pay the mortgage or the rent. It was virtually impossible to tax those who possessed wealth. Successive rounds of austerity measures had undermined confidence in the support mechanism and the Government.
- 253.** The *side representing the agricultural sector* indicated that agriculture was the backbone of a society left destitute. 850,000 families lived from agriculture. 150,000 workers, salaried or temporary, were occupied in agriculture, fisheries, farming etc. 42,000 had gone back to their villages from sectors like hotels and construction. Family ties were strong in Greece and had been helpful in this situation. Agricultural incomes, which were equal to 60-65 per cent of urban income, had diminished by 4.5 per cent last year. The Troika had reportedly proposed that the Government reduce the pension of €340 paid to 350,000 pensioners from the agricultural social security fund (OGA). This was a crime against hard-working poor people.
- 254.** In conclusion, the OKE indicated that it had not been asked to give an opinion on the Memoranda which had been adopted with summary procedures while the creditors had not allowed for any dialogue. If one read the documents by GSEE and the Government sent to the Committee of Experts, one could agree with both sides. On a formal level, the Government could substantiate its arguments but, in actual reality, there had been major upheavals in freedoms, incomes, pensions and collective bargaining which went against the spirit of international labour standards if not their letter.

#### **4. Organization for Mediation and Arbitration (OMED)**

- 255.** The OMED informed the High Level Mission that its basic purpose was to promote and safeguard free and voluntary collective bargaining. Act No. 3899/10 had introduced a number of reforms, including the creation of separate bodies of mediators and arbitrators. The OMED paid particular attention to maintaining its independence. The Governing Board of the OMED was composed, pursuant to Act No. 3899/2010 by six members, three

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from each side, and a neutral President who should be an expert in labour law and industrial relations and was elected unanimously by the members of the Governing Board. Given the composition of the new board, the OMED was governed exclusively by the social partners. The previous Governing Board had six members nominated by the social partners, five neutral members (professors), one Government representative and one representative of the Institute on labour law and social security. Act No. 3899/2010 allowed the Ministry of Labour to have an observer on the Board without the right to vote.

- 256.** The new Board had taken over in April 2011 and had immediately commenced the recruitment of new mediators and arbitrators. The term of the previous body of arbitrators and mediators had expired at end of March 2011. The new mediators and arbitrators had been appointed in September 2011. The selection had been carried out by unanimous decision of the Board on the basis of criteria set in the law. The appointments were for a three-year renewable period.
- 257.** The mediators and arbitrators were independent. In rendering decisions, arbitrators had to take into account among other things, economic conditions and the competitiveness of the sector concerned. Training would be provided to enable them to take into account economic developments. Nevertheless, arbitrators carried out their functions independently and as long as formal criteria were being adhered to, the determination of wages was not controlled by the Board.
- 258.** Recourse to mediation and arbitration was left to the discretion of employers' and workers' organizations. There was no obligation to bring a dispute to the OMED. The prerequisite was to have commenced direct negotiations and to have reached an impasse. The services rendered were cost-free. The parties could address themselves to mediation unilaterally.
- 259.** Recourse to arbitration could take place either through agreement of the parties or unilaterally, under the following conditions, established in Act No. 3899/2010: i) any party could have resort to arbitration if the other party had refused mediation; (ii) any party could have resort to arbitration immediately after the decision of the mediator was issued. The latter provision extended to both parties a facility which had been available only to workers under the previous law. Arbitration could only take place on wages and until 2012, the awards could not exceed the limits set by Article 51 of Act No. 3871/2010, i.e., the average EU inflation rate. In case non-wage issues had been regulated by an older collective agreement, they would have to be settled through negotiations. In case of arbitration, the right to strike was suspended for 10 days.
- 260.** In reply to questions raised by the High Level Mission, the OMED indicated that certain questions of interpretation had been left open in the text of the law. For instance, it was not clear whether arbitrators could issue awards on wages as well as allowances. It was also not clear whether in case an employer had recourse to arbitration on the issue of wages, a strike could nevertheless be staged on non-wage matters which were previously part of the collective agreement and over which negotiations had reached a standstill.
- 261.** It was also not possible to project how the law would apply in practice, e.g., whether mediation and arbitration would take place primarily at sectoral or at enterprise level. So far, the OMED had before it 25 new applications for mediation and 10 applications for arbitration. Six arbitral awards had been issued so far and two reports on the results of mediation had been made.

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## **5. Athens Chamber of Commerce and Industry (EVEA)**

- 262.** The EVEA informed the High Level Mission that it had 102,000 member companies including banks, industrial producers and SMEs. Its members were also members of employers' organisations like SEV, GSEVEE and ESEE, depending on their size and sector of activity.
- 263.** The EVEA emphasized that in a general context where the global economy faced the risk of a double dip, it was imperative for Greece to maintain social cohesion and excellent relationships with the labour force so as to design jointly the new model which would emerge most certainly from the crisis. However, events had taken Greece adrift and the social forces did not have the necessary space for a full and frank discussion.
- 264.** The EVEA was very doubtful about the effectiveness of the measures adopted in the framework of the support mechanism. Certain measures like over-taxation were likely to lead the country to a recession of 6-10 per cent. There was a clear inadequacy in the implementation of the policies which were truly required. The EVEA met with the Troika regularly even though it felt that initially, the Troika was not attentive to its views but came around to understanding certain realities in the light of economic developments.
- 265.** The EVEA considered that the country had been paying the serious mistakes of the past. The business model created in Greece was state-dependent and stifled competition and entrepreneurship. Clientele politics had led to an inflated public sector. Small business opened in an erratic and short-sighted manner. It now became apparent that this was not a viable business model. It was the duty of the Greek social partners to produce a new entrepreneurial model.
- 266.** Numerous initiatives undertaken in the past by the EVEA and others to avert the problems which brought Greece to the current situation, had not been adopted because the people had not shown the necessary maturity.
- 267.** In Greece, the problem of unemployment had begun after the opening of Eastern Europe in the late 80s. Greece had a large manufacturing sector at the time. Because of the high costs in terms of social security, the business community had preferred to relocate to neighbouring countries instead of putting pressure on the Government to lower these costs. This had led to a significant number of closures and had done nothing to "flexibilize" the labour costs.
- 268.** The EVEA felt however, that wage levels were not currently an obstacle for competitiveness. The problem was the rate of social security contributions which was the second highest in Europe. Moreover, the social security system was facing a serious problem of governance.
- 269.** The EVEA informed the High Level Mission that the problem of undeclared work was related to that of undocumented migrant workers, as lawfully residing migrant workers needed to present social security stamps in order to extend their residence permit. Greece was a country of entry to the European Union and there was a need to better coordinate migration policies within the European Union.
- 270.** Labour inspection had always been short-staffed and this practically rendered it impossible to capture undeclared work. Some of the duties of the labour inspectorate had reached levels of tremendous pedantic behaviour in the past and had turned the business world against it. The new structure was aimed to correct some of these deficiencies and one had to wait and see the impact of the new Act.

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- 271.** With regard to special enterprise agreements, the establishment of a trade union at enterprise level was a disincentive for employers to introduce such agreements. In the past, militant trade unions had led many employers to relocate their business abroad.
- 272.** The EVEA emphasized that this crisis was not an exclusively Greek problem. It was a global problem of governance of a system that had allowed the financial sector to bring the real economy to a standstill. Only 6.5 per cent of daily banking transactions concerned the real economy and their bulk served to create a bubble economy. The Greek employers had been asking for more cohesion and solidarity in European politics which was the only way out of the crisis.

## **VI. Information obtained from the Troika**

### **1. European Commission**

- 273.** Following the mission to Greece and in conformity with the request from the Committee on the Application of Standards at its June 2011 meeting, High Level Mission members had a meeting in Brussels with the European Commission Directorates General for Employment, Social Affairs and Inclusion, for Economy and Finance, for Justice, the Secretariat General and with staff of the EU Task Force for Greece on 17 October 2011.
- 274.** The ILO High Level Mission first explained the process that had been initiated by the GSEE before the ILO supervisory bodies and the issues raised concerning the application by Greece of ratified Conventions within the framework of the support measures.
- 275.** The European Commission representatives recalled that it was important to consider these measures in their macroeconomic context. It was expected that Greek GDP would fall another 15 per cent while there was a 10 per cent current account deficit. There were serious doubts about the sustainability of the situation. It was emphasized that the European Commission had only engaged in discussions with the Greek Government over necessary structural reforms and had never threatened to walk away nor had there ever been pressure to violate ratified international labour Conventions. The policy choices were always made by the Greek Government and it was generally believed that none of the measures taken were contrary to international labour standards.
- 276.** The importance of labour market reform in the current context was highlighted by the EC representatives, as well as the particular challenges for bringing low-skilled and unskilled workers into the labour market. There was no doubt about the importance of social dialogue for social cohesion to be built around the relevant reforms, but all of the suggestions for reform had been made some time ago and there had been plenty of time for the Government to ensure the appropriate social dialogue before moving forward with the changes. It was understood, however, that the Minister of Labour was planning to launch social dialogue to consider the changes necessary to improve competitiveness.
- 277.** The EC representatives stated that the question of industrial relations had to be seen within the historical context of social dialogue in Greece which, over the past decade, had not been healthy. Wage-setting at the sectoral level did not reflect the competitive needs of individual companies and therefore it was necessary to increase competitiveness by moving closer to the company level to determine wages. In the latest proposed legislation, this was being done via two avenues: (1) a fast-track for the creation of trade unions at enterprise level; (2) the use of mechanisms other than trade unions (i.e., associations of persons) where trade unions could not be established.

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- 278.** While they had indicated their concerns over the level of wage for low-skilled workers as compared with neighbouring countries with similar labour market characteristics (i.e., Spain, Portugal, Turkey, Croatia), they emphasized that the question of the actual adjustment of the national minimum wage remained a matter for the parties. The European Commission had only requested that some mechanism be made available to permit derogation from the sectoral wage level so as to ensure that wages corresponded to relevant company circumstances. As regards the favourability principle, the EC representatives confirmed that they had only raised the need for the possibility of derogation from the sectoral wage; never with respect to the national agreement. Under the new proposed system, the derogation from sectoral agreements would be possible and special enterprise level agreements would become redundant. The intention here was not to undermine trade unions but only to put into place a mechanism that would make derogations possible in enterprises where there was no trade union. There was no reason to believe that all of the relevant enterprises, particularly the SMEs, would derogate from the sectoral agreement as collective bargaining itself had a high transaction cost.
- 279.** It was emphasized that the system of European economic governance established under the Growth and Stability Pact included surveillance of member states performance across a range of indicators including employment, wages and productivity. Wage setting was thus a matter of European as well as national concern. In Greece, there were a number of regional distortions in relation to the sectoral wage and enabling derogations could bring these closer into line. Decentralization was a general process that needed to be managed. The additional challenge of undeclared work further complicated that process.
- 280.** Regarding improved export performance any selection of sectors for special attention was a matter for Greece. Non-price competitiveness was also an important factor. Further the cost of services provided to the export sector also had an impact with respect to the overall economy.
- 281.** As regards the sub-minimum wage for young persons, this was something that was being discussed within a number of EU member States, not just Greece. Of course, such measures had to be monitored carefully to evaluate the impact and to ensure that these vulnerable workers did not find themselves wholly out of the labour market after their period under a sub-minimum wage. Clearly, active labour market policies were essential in this regard and perhaps the ILO could help on this.
- 282.** Within the context of the huge squeeze currently on the public budget, it would be necessary for the Greek Government to identify areas where it could further cut public expenditure so as to free up the resources necessary to develop the labour market. Non-wage labour costs needed to be reduced and greater efficiency found for the administration of the social security fund. A deep shock to the economy might be necessary for it to begin to develop in tradable sectors.
- 283.** Information was also provided on the European Social Fund which had dedicated €4.3 billion to Greece through four operational programmes. Fifty per cent of the funds were devoted to human resources development and another major portion to education and life-long learning. Yet, the rate of absorption was seriously lagging but was expected to pick up in the near future, since the targets set in the Memoranda were expected to be met by the end of the year. A particular area of concern was the inefficiency of the labour administration and its capacity to run these operational programmes in a results-based manner at present.
- 284.** In response to a query as to the launching of the Task Force for Greece (TFGR) without any invitation to the ILO to participate, the members assured the High Level Mission that the ILO had an important role to play in labour market reforms and the review of the

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pension system and that the ILO would certainly be invited in further meetings of the Task Force with relevant international agencies.

**285.** In conclusion, the EC representatives highlighted the need to increase the up-take and absorption of the structural fund. In addition, the synergy between education and youth employment could be better developed, further bolstering new entries with the capacity necessary for the professions on the labour market. Medium to long-term plans needed to be developed in this respect and a forecast established on new and burgeoning professions. There was clearly room for rationalization of the various activities and for the assistance of the ILO in the areas within its mandate.

## **2. International Monetary Fund (IMF)**

**286.** The high-level mission met the IMF mission team for Greece in Washington on 24 October 2011. As in the meeting with the European Commission (EC) the High Level Mission team started by explaining the process for examining the comments made by the GSEE on the changes to Greek labour law in July 2010 consequent on the agreement between Greece and the Troika. The High Level Mission also described their visit to Greece and the discussions undertaken with the Government and the social partners.

**287.** The IMF set out their view of the nature of Greece's economic problems and how they were seen as interacting with the labour market. Greece had a very large balance of payments deficit which reflected the underlying uncompetitiveness of the Greek economy. Since Greece was a member of the Eurozone it did not have the option of devaluation to adjust its relative prices and wages. The emphasis was therefore on improving overall productivity performance and the main route to this had been identified by the Fund as removing red tape obstacles to investment at the same time as reducing the budget deficit and the burden of outstanding debts. However, government action had been slow and several big foreign investments delayed. Reforms to the service sector were also proceeding slowly. The original design of the programme aimed to achieve much more of the needed adjustment through increased exports and higher productivity but these two elements had disappointed. One of the consequences was a deeper and longer recession than had been expected resulting in high unemployment and strong downward pressure on wages.

**288.** Discussions were underway with the Greek authorities and the EC and ECB on ways to adapt the programme to the changing realities. One possibility was a substantial write down of Greece's foreign debt but even with such a measure adjustment was likely to be long and painful.

**289.** In response to questions from the ILO regarding changes to laws concerning collective bargaining, the Fund representatives said that the Greek authorities had decided to suspend for two years the extension of sectoral collective agreements. The Fund's understanding was that ILO standards did not oblige governments to make sectoral agreements binding on all employers regardless of their membership of the signing employers' organizations. In the current circumstances where there was no growth in productivity, inflation was low and prices may well start falling. There was a need to improve Greece's competitiveness by allowing wages to adjust downwards, although better placed enterprises could of course maintain pay levels if their performance permitted. There was a general concern that pay determination systems should reflect enterprise performance and that there was therefore a case for decentralizing bargaining.

**290.** Regarding the national agreement which effectively established a national minimum wage, the Fund had drawn attention to the fact that the current agreement provided for an up rating in line with Eurozone inflation in 2011 but this was now actually higher than Greek

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inflation. It had therefore been suggested that the social partners and the Government may wish to examine the terms of the current agreement in light of the changed economic circumstances. Portugal had for example frozen minimum wages. The IMF were not however opposed to minimum wage setting mechanisms, indeed saw their value as means of protecting the most vulnerable workers, however the level and mechanisms for up rating might need to be revisited.

- 291.** In further discussion of the issue of decentralization, the ILO drew attention to the fact that more than 90 per cent of Greek workers were employed in enterprises having less than 20 workers and that the current trade union law stipulated that 20 workers were needed to form an enterprise level union. In these circumstances decentralization of pay determination posed important issues regarding the future of collective bargaining in Greece. The Fund responded that part of the problems of uncompetitiveness may have arisen as a result of the larger enterprises that were members of employer federations agreeing to pay increases that perhaps they could afford but which smaller non-members could not. The favourability principle that employers should pay the highest of any applicable agreement, within a context of sectoral agreements that were extended by the State, had created a drift upward in pay beyond that warranted by the productivity of most enterprises. The Real Effective Exchange Rate (REER – a measure of relative costs) was still some 18 per cent above that of Greece’s main trading partners. In order to align pay more closely with enterprise performance, more local bargaining was needed. The Greek authorities had suggested that in small firms an “association of persons” could be formed for the purposes of agreeing on wages and conditions. The IMF understood that something similar existed in Germany. In general the IMF wanted to find a way out of the problems facing firms through negotiations with workers that preserved employment while holding or reducing wages. Under the arrangements then in place it seemed a significant number of firms were paying less than legal minima or unilaterally reducing hours of work and workers had little choice but to go along with such underpayment or risk losing their jobs. This was only aggravating the problem of informality which the IMF saw as a major underlying problem that needed to be addressed.
- 292.** More generally, the IMF were very concerned about high and rising unemployment not least as Greek social safety nets were weak. People in work at least had some income but only a few of the unemployed received adequate unemployment benefits. The IMF was concerned to see reforms in the social security system both to ensure its fiscal sustainability and that it covered better the needs of the most vulnerable. They welcomed the involvement of ILO actuarial experts in this work. In the near term, pay cuts as a way to preserve jobs rather than reduced employment could prevent some job losses. Reduced employment also cut into tax revenues at a time when every effort had to be made to narrow the fiscal deficit. Greece like many European countries would need to plan for the ageing of its demographic profile. However this was a medium term project. At some point in the future the Eurozone countries would need to come to terms with the need to have a stronger fiscal as well as monetary union. The cost of Greece’s social security system would be a small fraction of total Eurozone public spending.
- 293.** Alongside a well-planned system that matched contributions with expected outlays on pensions, it was important to reach a much higher rate of employment and productivity. There was an urgent need to broaden the tax base, prevent tax evasion and generally improve collection systems. The informal economy had served as a shock absorber for the economy in difficult times but this masked uncompetitiveness rather than dealt with the problem. A long and deep recession could lead to increased informality, large scale emigration and the atrophy of the Greek skills base.
- 294.** The prospect of a prolonged recession accompanying a large adjustment emphasized the urgent need for improved export performance and import replacement based on productivity improvement. The ILO questioned whether wage cuts and thus presumably



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cuts in the prices of exports, including the cost of holidays in Greece, would in fact yield more export revenues. Did the Troika have a strategy for Greece to move its exports up the value added ladder? The Fund answered that the reforms agreed with the Greek authorities were envisioned as making it easier for Greek businesses to move up the value-added chain from their existing export base. There were some opportunities for new sectors of investment such as solar power and gold mining. Improved performance in the non-traded service sector particularly in the big network industries such as power and transport also helped exporters' competitiveness by bringing down business costs. Agreeing with a suggestion from the ILO, the Fund recognized that issues such as skills development and small business support could make an important contribution to turning round the balance of payments.

- 295.** The IMF also agreed with the ILO that improved labour inspection was important to tackle the problem of informality, strengthen worker protections in the small business sector and contribute to tax and social security compliance. Funds for labour inspection had been “ring-fenced” in the programme. However the IMF had noted that according to ILO statistics Greece's labour inspection system had a relatively high number of inspectors as ratio to the labour force. They welcomed the possibility of ILO technical assistance to improve the service.
- 296.** In concluding the meeting the ILO referred to the Greek social partners and the European Commission's support for a social dialogue approach to modernizing Greek labour relations, social protection and employment policies. The ILO added that the current environment was very difficult for constructive dialogue but ultimately such policies worked best where they had been devised by those expected to implement them. The IMF welcomed a possible renewed effort in this regard noting that at present it seemed the Greek unions preferred not to talk to the Fund. IMF staff had nevertheless had extensive contacts over the years with employers and unions and were aware of a distinct lack of trust between the social partners and Government which hampered the search for agreed ways of dealing with the serious and deep seated problems Greece faced. The IMF had seen the value of social dialogue in other countries facing serious adjustment problems most recently in Iceland and earlier in Korea. The IMF expressed their readiness to stay in touch with the ILO in the future.

## **VII. Conclusions and way forward**

- 297.** The High Level Mission notes the immediate critical challenges facing Greece, emanating from its large foreign debts and wide fiscal deficit, and the urgency of the need for solutions. The High Level Mission found a volatile and dynamic situation both at the economic and political levels and observed that social cohesion in Greece is being severely challenged.
- 298.** It is clear that the crisis in Greece is not an exclusively Greek problem but a Greek manifestation of a global problem. The High Level Mission recalls that a major revision of the industrial relations system introduced back in 1990 led to important results in terms of stability and social dialogue of particular value to Greece. Significant pressures began to be exerted on the system after Greece joined the Euro. Greece participated in the boom of the 2000s which led to a large extent to the current situation. With the bursting of the subprime crisis in 2008, serious fiscal problems and stresses in the banking sector came to the fore and the country has now to interact with the Troika to find solutions to these problems.
- 299.** The High Level Mission is aware of the implication of the Troika in matters relating to the application of International Labour Standards. It notes that the package of adjustment measures implemented in the context of the crisis concerns not only fiscal and financial

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measures but also structural reforms to the labour market institutions which are within the ILO's mandate and for which it has particular expertise.

**300.** In this context, the High Level Mission has been encouraged to hear from everyone in the Government Greece's strong commitment to respect international labour standards. It also welcomed the stated commitment of the European Commission and the IMF to social dialogue and international labour standards, but also noted their consideration that there were a number of urgent measures that needed to be taken to ensure greater flexibility in wage-setting and other areas.

**301.** The High Level Mission considers it important to note four important parameters:

- (1) Greece's membership of the Eurozone and its impact on the policy space for economic decision-making.
- (2) The structure of the Greek economy which is such that SMEs predominate. Many interlocutors of the High Level Mission expressed the view that the stance of the Troika was insensitive to this reality.
- (3) Perceived weaknesses in governance. There seems to be a loss of confidence in the capacity and effectiveness of the State as a regulator and provider of services, especially with regard to taxation, social security, and the justice system. The wide prevalence of undeclared work in the labour market raises questions as to the governance of the entire system.
- (4) A widespread concern across the board for social justice in handling the crisis. The mission found an impressive readiness by all to bear their burden of sacrifices, on condition that the burden would be shared equitably and fairly and that sacrifices would lead to some type of solution, not just another downturn in the spiral.

**302.** The High Level Mission has been left with the impression that unprecedented changes are being introduced in the Greek labour market institutions in a manner which seems to be disconnected from Greek realities, thereby weakening, among other things, the impact and real effects of the reforms. It has noted the view put forward that Greece has not, ten years after deciding to join the Euro, absorbed the changes this implies for the management of the economy, including in the labour market. It is not alone in this respect and the mission is aware that the spreading crisis is likely to provoke major changes to the way the Euro system as a whole is managed. Nevertheless, it is essential at this time of crisis to allow the Greek social partners and the Government the necessary space to find common solutions to problems that they all seem to acknowledge, in a manner which corresponds to the country's conditions and international obligations.

### ***Freedom of Association and Collective Bargaining***

**303.** The mission takes note of the important link between collective bargaining and wages. The basic reference wage in Greece is based on the national general collective agreement in force and no other minimum wage-setting mechanism exists. It also notes that wage reduction is one of the main objectives of the far-reaching interventions into the collective bargaining framework, foreseen in the Memoranda.

**304.** The commitments undertaken by the Government in this framework, and in particular as set out in Act No. 3845 based on the May 2010 Memoranda, have been translated into a series of legislative interventions in the freedom of association and collective bargaining regime which raise a number of questions in particular with regard to the need to ensure the independence of the social partners, the autonomy of the bargaining parties, the proportionality of the measures imposed in relation to their objective, the protection of the

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most vulnerable groups and finally, the possibility of review of the measures after a specific period of time. The High Level Mission recalls that, as indicated by the Committee of Experts in its observation published in 2011 on the application by Greece of Convention No. 98, if, as part of its stabilization policy, a government considers that wage rates cannot be settled freely through collective bargaining, such a restriction should be imposed as an exceptional measure and only to the extent that it is necessary, without exceeding a reasonable period, and it should be accompanied by adequate safeguards to protect workers' living standards.

- 305.** The High Level Mission notes that many interlocutors it met emphasized the need to ensure that any changes to the system should take into account the role that social dialogue can play in maintaining social cohesion and the need to safeguard the role of the industrial relations system and its institutions by providing support to the social partners as a meaningful part of the solution.
- 306.** While the Government had clearly made great efforts over the last year to ensure that alterations to the industrial relations framework would respect the practices and traditions of the relations between the social partners, the High Level Mission must express its deep concern at the further developments in this area which took place after its visit, and in particular the provisions of Act No. 4024 of 27 October 2011, empowering associations of persons to conclude collective agreements at enterprise level. The High Level Mission understands that association of persons are not trade unions, nor are they regulated by any of the guarantees necessary for their independence. The High Level Mission is deeply concerned that the conclusion of "collective agreements" in such conditions would have a detrimental impact on collective bargaining and the capacity of the trade union movement to respond to the concerns of its members at all levels, on existing employers' organizations, and for that matter on any firm basis on which social dialogue may take place in the country in the future.
- 307.** In this regard, the High Level Mission echoes the concern expressed to it by many parties that overall, the changes being introduced to the industrial relations system in the current circumstances are likely to have a spillover effect on collective bargaining as a whole, to the detriment of social peace and society at large. The High Level Mission refers in this regard to the obligation of Greece under ratified Conventions to promote the practice of collective bargaining in general. It takes special note of the desire expressed by all social partners to evaluate the impact of the reforms introduced in the framework of the support mechanism on the industrial relations system and social dialogue more generally.

## **Wages**

- 308.** The purpose of the interventions in the collective bargaining framework is, according to the Troika, to bring unit labour costs in Greece in line with EU levels. The need to develop a common understanding of unit labour costs as a basis for pursuing wage policies and the reasons behind the absence of a common methodology has been discussed with, Ministry officials, the Bank of Greece and the Troika.
- 309.** The mission has also been informed that there is no concept of a subsistence wage in Greek labour law, and that based on statistical information examined in conjunction with EUROSTAT, the poverty level has been set at approximately €580 per month. The current minimum wage as set in the national general collective agreement is at €730. The High Level Mission was informed that, after tax, take home pay for many workers on the minimum wage is close to the poverty line. Furthermore, a number of significant factors seem to exert downward pressure on wages. Data from ELSTAT indicates that approximately 20 per cent of the population is at risk of falling below the poverty line. According to a recent ETUI policy brief on inequality, poverty and the crisis in Greece, as a result of austerity and recession, 5 per cent of the Greek population saw in 2010 its

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income fall below the 2009 poverty line, swelling the ranks of those who were already in poverty (another 20 per cent of population).<sup>16</sup>

- 310.** The mission has been informed that the measures taken in the framework of the support mechanism have had a strong recessionary impact, resulting in widespread insolvencies of SMEs.<sup>17</sup> The mission was informed that approximately 90 per cent of all workers were employed in enterprises with less than 20 workers. 150,000 SMEs (1 in 4) have closed down and another 100,000 are expected to close this year. As the mission was leaving Greece, data from ELSTAT indicated that unemployment had risen to 16.3 per cent and GDP reduction had reached 7.3 per cent.<sup>18</sup> The IMF had announced projections of 5 per cent recession and 16.5 per cent unemployment, rising to 18.5 per cent in 2012.<sup>19</sup>
- 311.** In this context, real wages in the private sector have been reportedly reduced by approximately 9 per cent. Beyond this, wages are reportedly reduced significantly through the replacement of fixed term employment contracts paid at the full rate, by part-time, rotation and other flexible forms of employment with lower pay, which have been introduced or facilitated in the framework of the support mechanism. According to information provided by the labour inspectorate during the High Level Mission, the unilateral transformation by the employer of full-time contracts of employment into rotation contracts had dramatically increased, leading to a drop in wages of approximately 38 per cent. On average, wage reductions in the private sector due to various forms of flexible employment are, according to the labour inspectorate, approximately 30 per cent. In the public sector, wages have been reduced through legislative measures by at least 20 per cent, while taxation and social security contributions have increased. Pensions are also being reduced.
- 312.** On the basis of commitments taken in the Memoranda, sub-minimum wages have been introduced for young workers in order to boost youth employment. Only 324 young workers have been hired under the relevant programme. A widely voiced explanation of this low take-up is the possibility of applying similar terms informally.
- 313.** Due to widespread insolvencies and lack of liquidity, the mission was informed of a potential problem of non-payment or delayed payment of wages in full as well as a widespread tendency in the informal economy to replace terms of employment set through collective agreements (especially at sector level) by individual contracts (largely oral) providing for lower pay, even lower than the floor set by the national general collective agreement.
- 314.** Even though such agreements are illegal, the mission was informed of weaknesses in the mechanism of labour law enforcement, notably the labour inspectorate and the courts, which favoured their growth. A measure recently adopted in order to ensure the tracking of

<sup>16</sup> M. Matsaganis and C. Leventi, *Inequality, poverty and the crisis in Greece*, ETUI Policy Brief, Issue 5/2011.

<sup>17</sup> In Greece, SMEs are considered as all companies that have 50-250 workers. Small enterprises are those which have 10-49 workers. Micro enterprises are those with less than ten workers.

<sup>18</sup> <http://www.statistics.gr/portal/page/portal/ESYE>. On 9 November 2011, the ELSTAT announced that the unemployment rate had risen to 18.4 per cent while according to the Eurostat it was 16.7 per cent, including 20.3 per cent female unemployment and 42.9 per cent youth unemployment.

<sup>19</sup> *World Economic Outlook: Slowing Growth, Rising Risks*, IMF, Washington, September 2011 page 78.

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wage payment through the electronic payment of wages has still not entered into force as the Ministerial Decree necessary to this effect has not been issued.

- 315.** Furthermore, the mission understands that Law 3662/2010 concerning the New Social Security System gives priority to the Social Security Fund as privileged creditor in case of insolvency of the employer, purportedly giving rise to uncertainty as to recuperation of wages.
- 316.** The High Level Mission has requested the Government for additional information on the following:
- The way in which wages, set primarily through the national general collective agreement, relate to basic subsistence needs.
  - The measures taken or envisaged to ensure protection of wages in the light of the difficulties faced by small and medium enterprises.
  - The functioning of the Wage Guarantee Fund.

### ***Equality and non-discrimination***

- 317.** The most relevant information with regard to equality and non-discrimination was provided by the Ombudsman who has a mandate to promote gender equality not only in the public but also the private sector.
- 318.** The mission was informed that as a result of the measures introduced in the framework of the support mechanism, youth unemployment stood at 43.3 per cent (overall unemployment was at 16.5 per cent).<sup>20</sup> Even though female unemployment officially stood at 19.9 per cent, according to the Ombudsman a large part of women had joined the ranks of the "discouraged" workers who were not accounted for in the statistics. SMEs which constitute according to information provided to the mission an important source of female and youth employment have been closing down on a massive scale (see above). According to this information, women and young workers are among the most vulnerable categories of persons affected by the measures adopted in the framework of the support mechanism.
- 319.** Women have been identified as the ones most often offered part-time or rotation employment – which has been promoted by the structural reforms – with reduced wages. According to the Ombudsman, this is especially the case for working mothers after their return from maternity leave. This situation is exacerbated by the stance of the labour inspectorate which seems reluctant or unable to play a role in equality cases, e.g., by imposing fines. Delays in the administration of justice also discourage workers from having recourse to the courts.
- 320.** In the public sector, the Government has recently announced the dismissal of 30,000 public employees and this measure is likely to have a high impact on female unemployment, given that according to the Ombudsman, a majority of public employees are women.
- 321.** The High Level Mission was informed that the recently announced pension cuts which will be higher for those pensioners who are below 55 years of age (40 per cent reduction in pensions above €1,000 per month) might have a strong gender dimension as this category of pensioners consists to a large extent of women who had the right in the past to take early

<sup>20</sup> For updated data see footnote 18.

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retirement at 50 years if they had completed a certain number of years in service (usually 25 years) and still had minor children.

### ***Social security***

- 322.** The mission was informed that an actuarial study on the new pension system is being prepared in line with the provisions of Act No. 3863 which reformed the pension system by introducing significant pension cuts in July 2010, in order to assess the viability of the system which is at the heart of the reforms. The High Level Mission takes note of the ongoing cooperation between the Government and the ILO in the area of actuarial analysis.
- 323.** The High Level Mission was informed that questions such as the impact of the pension reform on poverty levels as well as the sustainability of the social security system in the light of the wage and employment policies pursued in parallel, have not been addressed in discussions with the Troika. Data on these questions is not available at the level of the actuarial authority or the Ministry of Labour and Social Security. Its collection would be important for the purposes of the High Level Mission.
- 324.** Another important question which emerged in discussions with the social partners and independent authorities has been the need to strengthen the governance of the social security system.

### ***Labour inspection and labour administration***

- 325.** The mission was left with the impression that even though the support mechanism provides for the strengthening of the labour inspectorate and funds have been provided for that purpose, the reform is primarily focused on detecting undeclared work (social security contribution collection) and undocumented migrant workers (which reportedly constitutes an acute problem but could raise issues of application of Convention No. 81). The labour inspectorate's indication that undeclared work represents 29 per cent in targeted sectors (while studies from research institutes refer to 60 per cent) is indeed alarming and clearly needs to be addressed. The High Level Mission is of the view that priority should be placed on issues like ensuring wage payment and more generally the protection of wages, as well as non-discrimination and other labour rights especially in the informal economy.
- 326.** Another important question which emerged in discussions with all parties was the need to strengthen the governance of the labour inspection system, build capacities and ensure probity of the labour inspectors. These are potential areas for ILO technical assistance.
- 327.** The mission also noted that there is need for technical assistance with a view to the consolidation of labour laws which have been rendered almost inaccessible to non-specialists due to repeated successive reforms. The mission was also informed that many laws adopted in the framework of the support mechanism have been drafted in haste and their texts are often not clear.

### ***Employment policies***

- 328.** At the time of the High Level Mission unemployment was at 16.5 per cent, while youth unemployment was at 43.3 per cent and female unemployment officially stood at 19.9 per cent.<sup>21</sup> The high level of unemployment, its continuing rapid rise plus other indicators such

<sup>21</sup> For updated data see footnote 18.

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as the shift to various forms of short time working, show that Greece is having severe difficulty achieving the goal of full, productive and freely chosen employment set out in Article 1 of Convention No. 122.

- 329.** This is despite the major efforts made by the Government in its employment programmes to provide a bulwark against unemployment. The hard reality is that in this area, Greece is swimming against a very strong negative current. Industrial employment programmes can perhaps be strengthened and enlarged and the mission trusts that the EU taskforce will assist in this and other areas. The ILO has relevant expertise and technical assistance to offer for example in the key area of small enterprise development.
- 330.** Convention No. 122 also calls for coordination of economic and social policies. This is clearly difficult in times of severe crisis. Nevertheless there could be ways to improve policy coherence and reinforce the role of the Ministry and its social partners in giving employment priority in the policy agenda. If reports of further substantial layoffs from the public sector are confirmed, that would impose great strain on employment services.
- 331.** In that regard, the mission has been struck by the reports that in discussions with the Troika employment objectives rarely figure.
- 332.** The High Level Mission notes that members of the Eurozone, of the EU and many members of the IMF have also ratified Convention No. 122. However, international economic and financial policies seem to be largely unaware of this solemn commitment to promote full, productive and freely chosen employment. The ILO could help Greece and other countries in exposed positions by trying to reassert this priority.
- 333.** Overall, the High Level Mission believes that the ILO can play an important role in supporting the Government and the social partners in the development and implementation of relevant and appropriate reforms to the labour market and its institutions in order for them to conform with ratified International Labour Standards and particularly the Conventions raised by the GSEE in its comments.
- 334.** In particular, and especially following the more recent legislation passed in October 2011 after the mission, it is felt that one of the highest priorities for support needs to revolve around the labour relations system, the promotion of collective bargaining in Greece's specific circumstances and in conformity with ratified ILO Conventions, and the creation of a meaningful space for social dialogue which builds upon the traditions of the social partners to find mutually reinforcing solutions to the new challenges they are facing. Greek social partners also need to reflect deeply and urgently on how they wish to organize their labour relations system and labour market institutions to respond to current circumstances. In this regard, the High Level Mission was encouraged that the European Commission and the IMF saw the value of such an effort.
- 335.** In addition, it would be useful to have an objective needs assessment of the labour inspectorate to be followed by support for mutually agreed areas for capacity-building, including in the areas of protection of wages and non-discrimination. In the field of employment, there appears to be a strong desire from all social partners for the promotion and development of sustainable SMEs, skills development and active labour market policies. In the area of social security, the Government clearly continues to see the ILO as an appropriate partner for adapting the further reforms to the pension system.
- 336.** These are some priorities which the High Level Mission proposes for future support action from the ILO. The High Level Mission in no way underestimates the extent of the challenges ahead and wishes to emphasize that the ILO stands ready to assist the Government to ensure respect for international labour standards as it considers and implements labour market reforms.

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**337.** The High Level Mission wishes to express its gratitude to the Greek Government, notably the Ministry of Labour and Social Security and the Permanent Mission of Greece to the United Nations and other International Organizations, for the excellent organization of this mission and to all parties with whom it met in Greece, as well as the European Commission and the International Monetary Fund, for their full cooperation and the information provided.

Geneva, 22 November 2011.



## Annex I

### Programme of the High Level Mission

Monday 19/09	Tuesday 20/09	Wednesday 21/09	Thursday 22/09	Friday 23/09
<b>a.m.</b>			08:00 Greek Federation of Bank Employees' Unions (OTOE)	11:00 Debriefing with the Minister of Labour and Ministry officials
11:00 Meeting with the Minister of Labour and Ministry officials	11:00 Ministry of Labour: meeting on freedom of association / collective bargaining and wages	10:30 Ministry of Labour: meeting on employment policy	09:00 Bank of Greece	
12:00 Greek General Confederation of Workers (GSEE)			11:00 Ministry of Labour: meeting on labour administration and labour inspection	
<b>p.m.</b>	13:30 Organization for Mediation and Arbitration (OMED)	14:00 Ministry of Labour: meeting on social security	15:00 Ombudsperson	Departure
15:00 Hellenic Federation of Enterprises (SEV)	15:00 Hellenic Confederation of Professionals, Craftsmen and Merchants (GSEVEE)			
	16:30 National Confederation of Hellenic Commerce (ESEE)			
17:00 Ministry of Finance	18:00 Confederation of Greek Public Servants' Unions (ADEDY)	17:00 Association of Greek Tourism Enterprises (SETE)	17:00 Athens Chamber of Commerce and Industry (EVEA)	
19:00 Economic and Social Council of Greece (OKE)				

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## Annex II

### List of persons who participated in meetings with the High Level Mission

#### *Ministry of Labour*

Mr George Koutroumanis, Minister of Labour & Social Security

Mr Ioannis Koutsoukos, Undersecretary of Labour & Social Security

Ms Anna Stratinaki, General Secretary (Labour Relations and Labour Market)

Ms Athina Dretta, General Secretary (Social Security)

Ms Anna Dalaporta, General Secretary (Management of European Funds)

Mr Michael Chalaris, Executive Secretary of the Labour Inspectorate

Mr Elias Kikilias, Governor of the Manpower Employment Organization (O.A.E.D.)

Ms Maria Ntotsika, Lawyer - Adviser

Mr Agelos Zisimomoulos, Adviser

Ms Eleni Zervou, Head of the Directorate of Remuneration of Work

Ms Evdokia Chrysanthou, Head of the Directorate of International Relations

Ms Souzana Laskaridou, Official, Section of Relations with the ILO, Directorate of International Relations

Ms Myrto Gkouva, Official, Section of Relations with the ILO, Directorate of International Relations

Ms Georgia Antonopoulou, Section of Relations with the ILO, Directorate of International Relations

Mr Konstantinos Anagnostopoulos, Chairman – General Director of the National Institute of Labour and Human Resources

Mr Dimitrios Bouglakis, General Director, O.A.E.D.

Ms Ourania Oikonomou, Director of the Community Initiative EQUAL

Mr Christos Dikos, Director of the Operational Programme “HUMAN RESOURCES DEVELOPMENT”

Ms Maria Akantziliotou, Director of European Social Fund Actions, Implementation Authority

Ms Anna Orologa, Adviser

Ms Eirini Kalavrou, Head of the Analysis & Documentation Unit

Mr Anastasios Hatziyiannis, Head of Section, Directorate of Employment

Ms Katerina Sotiriou, Directorate of Employment

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Ms Vicky Tsami, Associate of the General Secretary of Social Security

Ms Artemis Dedouli, General Director of Social Security

Ms Efrosyni Kouskouna, Chairperson of the National Actuarial Authority

Mr Vasileios Koulouris, Head of Directorate, General Secretariat of Social Security

Ms Kyriaki Beka, Head of Section, Directorate of Transnational Social Security, General Secretariat of Social Security

Mr Andreas Karidis, Head of the General Directorate of Administrative Support

Ms Elisavet Galanopoulou, Head of the General Directorate of Health & Safety at Work

Ms Kyriaki Papadopoulou, Head of the Directorate of Personnel

Mr Antonios Christodoulou, Head of the Directorate for OSH

Mr Antonios Serkedakis, Head of the Directorate of Conditions of Work

Ms Ekaterini Saougou, Head of the Directorate of Administrative and technical Support, Labour Inspectorate

Ms Melpomeni Paulopoulou, Head of the Directorate of Planning and Coordination of the Social Inspectorate, Labour Inspectorate

Mr Stelios Xiarhos, Head of the Directorate of Planning and Coordination of the Technical and Health Inspectorate, Labour Inspectorate

Ms Athina Diakoumakou, Head of the Directorate of Employment

### ***Ministry of Finance***

Mr Georgios Zanias, Chairperson of the Council of Economic Advisors,

Mr Andreas Katsaros, Expert, Council of Economic Advisors

Mr Antonopoulos, Expert, Council of Economic Advisors

### ***Ministry of Foreign Affairs***

Mr George Papadatos, Minister Counselor, Permanent Mission of Greece to the United Nations and other International Organizations

### ***GSEE***

Mr Yannis Panagopoulos - President

Mr Yorgos Gavrilis - Vice President

Mr Nikolaos Kioutsoukis - General Secretary

Mr Stathis Anestis - Deputy General Secretary

Ms Zoe Lanara - International Relations Secretary

Mr Theodoros Deligiannakis - Lawyer - Head of the GSEE Legal Department

Mr Vaggelis Moutafis - Organization Secretary

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Ms Savvas Robolis Scientific Director of the Institute of Labour INE - GSEE

Ms Vasso Kratimenou - International Relations Officer

Ms Kyriaki Psarogianni - International Relations Officer

Ms Elli Varchalama - Legal Advisor

### **AEDDY**

Mr Konstantinos Tsikrikas, President

Mr Ilias Iliopoulos, General Secretary

Mr Antonis Antonakos, Vice-President

Mr Vasileios Polymeropoulos, Member of the Executive Committee

Mr Dimitrios Agavanakis, Representative of PAME wing

Ms Maria-Magdalini Tsipra, Legal Advisor

Mr Gerasimos Frangiskatos, Legal Advisor

Ms Athina Manika, Legal Advisor

### **SEV**

Mr Harry Kyriazis, Vice- Chairman

Mr Antonios Vayas, Legal Adviser

Ms Rena Bardani, Coordinator, Department of Labour Relations and Social Affairs

Ms Christina Georganta, Department of Labour Relations and Social Affairs

### **GSEVEE**

Mr Dimitris Assimakopoulos, President

Mr George Kavvathas, Vice President

Mr Nikos Skorinis, General Secretary

Mr Nikos Dimas, Legal Adviser

Ms Anna Harilogi, Department of International Relations

Mr Dionisis Gravaris, Director, GSEVEE Institute for Small Enterprises (IME GSEVEE)

Mr Stamatis Vardaros, Researcher IME GSEVEE

Mr Spiros Papakonstantinou, Researcher IME GSEVEE

Mr Fotis Maragos, Researcher IME GSEVEE

### **ESEE**

Mr Vassilis Korkidis, President

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Mr George Karanikas, General Secretary

Dr Valia Aranitou Head of Research

Mr Antonis Megoulis, Legal Advisor

### ***Bank of Greece***

Mr Isaac Sabethai, Director-Advisor, Head of Economic Research Department

Ms Daphne Nicolitsas, Special Studies Division

### ***SETE***

Dr Andreas Andreadis, President

### ***Athens Chamber of Commerce and Industry***

Mr Constantine Michalos, President

Mr Thomas Katsadouros, Advisor

### ***Ombudsman***

Ms Kalliopi Spanou, Ombudsman

Mr Yiannis Sakelis, Deputy Ombudsman

Ms Stamatina Yannakourou, Deputy Ombudsman, Head of Gender Equality Department

### ***OMED***

Ms Victoria Douka, President of the Board of Directors

### ***OKE***

Mr Christos Polyzogopoulos, President

Mr Nikos Skorinis Vice President

Mr Ilias Iliopoulos Vice President

Mr Panagiotis Peveratos Vice President

Ms Zoe Lanara, Executive Committee Member

Mr Apostolos Xyraphis, Acting General Secretary

Ms Aphrodite Makrigianni, Adviser

Ms Sophia Papaioannou, Officer

### ***ILO Office for the Benelux & EU, Brussels (present in the meeting with the European Commission)***

Mr Rudi de la Rue, Director

Vidjay Dielbandhoesing, Officer

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## ***European Commission***

Mr Peter Stub Jorgensen, Director, EMPL F  
Mr Georg Fischer, Director, EMPL A  
Mr Filip Busz, Head of Unit, EMPL F3  
Ms Kristin Schreiber, Head of Unit EMPL A4  
Mr Santiago Loranca, Head of Unit EMPL C1  
Mr Andrew Chapman, Deputy Head of Unit, EMPL B1  
Ms Sabine Boehmert, EMPL A.4  
Mr Kostis Yakas, EMPL F3  
Mr Dimitis Dimitrou, EMPL B2  
Ms Anne Bucher, Director, ECFIN B  
Mr Michael Mors, Director, ECFIN F  
Mr Joaquin Nogueira Martins, Head of Unit ECFIN F3  
Mr Alessandro Turrini, Head of Unit ECFIN B3  
Mr Alfonso Arpaia, Head of Sector, ECFIN B3  
Ms Leila Fernandez-Stembridge, ECFIN F3  
Mr Vincent Depaigne JUST C1  
Mr Antoine Buchet, JUST C1  
Mr Lucas Lenchant SG 01  
Mr Peter Wagner Taskforce (TF) GR  
Ms Giulia Del Brenna (TFGR)

## ***International Monetary Fund***

Mr Mark Flanagan, Deputy Mission Chief, Greece  
Ms Delia Velculescu, Senior Economist, European Department  
Mr Jeremy Mark, Deputy Chief of Public Affairs, Department of External Relations  
Ms Silvia Zucchini, Public Affairs Officer, Department of External Relations

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