

The history of the Hungarian electric energy sector's agreement on wages and social benefits for 2008

Background

The electric energy industry employs approx. 18,000 people in Hungary. The sector includes power stations and power suppliers, as well as closely connected companies (traders, system operators, etc.). The electric energy industry was mostly privatised in 1995. Significant investors include the multinational companies E.ON, RWE and EDF, but Belgian, American and other investors are also present. Hungarian Power Companies Ltd (MVM), incorporating the basic network, the nuclear power station and some other companies are in state ownership. A bilateral electric energy industrial sector's dialogue forum has existed since 1994. One side is represented by the Employer Association of Electric Energy Companies (VTMSZ), which includes more than 80% of the employers. Three sectoral trade unions negotiate on behalf of employees in the social dialogue forum. The largest of the three is the Trade Union Federation of Electric Energy Workers (VDSZSZ), representing 70% of the employees. The Workers Union of Mining and Energy (BDSZ) is the second largest with approx. 20% and the Electric Energy Branch of the Democratic League of Independent Trade Unions representing 10% of employees constitutes the third party.

The collective agreement of the electric energy industrial sector has been in force since 1995. That agreement was concluded between the social partners and, in accordance with Hungarian law, by an amplification procedure the minister of labour extended its effect to cover the whole of the electric energy industry at the request of the parties concerned. Thus it is binding for all the employees of the electric energy industry.

The annual appendix of the sectoral collective agreement contains the agreement on wages and social benefits for the respective year. The agreement on wages has been concluded each year in the past 13 years. It must be noted that today in Hungary there are very few extended sectoral agreements on wages, the electric energy industry is among the rare exceptions.

What has been the strategy of the trade unions been with respect to wage bargaining in the past 13 years?

The issue of trade union cooperation, which has been successful every year, has been a vital principle. Each year the three sectoral trade unions have had a joint approach and have made their decisions together at the meetings of the employees side. Another important principle is that the sectoral agreement on wages and social benefits represents a binding minimum for all the employers in the electric energy industry. So it is an "initial condition" which constitutes the basis for local bargaining for the trade unions on the shopfloor to start off from. What has actually happened in recent years has been that in the companies of the electric energy industry the local trade

unions have often managed to achieve a wage level exceeding that of the sectoral agreement on wages.

Before the start of bargaining the sectoral trade unions also conduct a thorough and comprehensive economic analysis. They explore the main economic indicators of the companies – also going back for years – (profit, dividends, etc.) which provide the basis for trade union demands. (grafikon)

It is also an important factor that in Hungary wage recommendations are stipulated on a national level in a tripartite way (government-national trade unions- national employers).

In the electric energy industry the sectoral collective agreement constitutes a part of how the social dialogue is conducted, as well as how the methodology of the wage bargaining is defined (deadlines, negotiating method, etc.). Negotiations usually commence in January and finish in February/March. The experience of recent years shows that 6-10 negotiating rounds are required for the parties to reach an agreement. Both sides have a minimum of 5 and a maximum of 15 present in the bargaining process and a 'spokesperson' represents and is in charge of each side. In the past 13 years the president of VDSZSZ has also been the spokesperson representing employees.

The first stage of the 2008 wage negotiations – when there was still peace

In January the employers' representatives handed over an analysis evaluating numerically how the previous year's agreement on wages and social benefits was executed with respect to the individual companies. At the following meetings both sides informed participants about their proposals concerning the agreement. The government's prognosis for inflation is 4.8% for 2008. The representatives of employers proposed an increase of 0.5% in real wages, while the trade unions' proposal was 3.2%. The trade unions also importantly included in their demands that should inflation be higher than the 4.8% anticipated by the government the difference was to be compensated for by the employers at the end of the year. It is an unfortunate fact that the parties were not able to come to a settlement and negotiations of nearly two months did not result in an agreement.

Second stage of negotiations – when there was conflict

At the end of February when the representatives of employees saw that bargaining could not be resolved in a peaceful way they formally and publicly announced the conflict and established a joint strike committee.

The strike committee accepted a programme of action with the aim of enforcing an agreement. The important components of the programme were:

Democratic decision-making: a ballot in both the strike committee and the shopfloor trade union organisations should determine whether the current approach was acceptable.

Strategy concerning information: the general public was informed about the conflict (...link), and there was a deliberate use of websites. Thus negotiation positions and current events were continuously publicised.

'A portrait gallery of important people' represented a new weapon. This means that the names, portraits and e-mail addresses of managers from ownership circles of employers who are in a position to affect decisions were released. Letters arguing for the trade union demands were also sent individually to these people. Information about prospective demonstrations and strikes was also published.

International support: With respect to the fact that the majority of companies in the Hungarian electric energy industry are in foreign ownership, and bearing in mind that the owner of the state companies is also sensitive to international pressure, a campaign was organised. During the campaign 'VIP's received letters of solidarity from Brussels, Paris, Rome, Moscow, Prague, Bratislava, Ljubljana, Vienna and other cities, as well as from European and international trade union organisations.

Demonstration in front of the German and French Embassies: 12 March 2008. Considering that German and French ownership in the electric energy industry is decisive, trade unions organised demonstrations in front of the above embassies <galeria> and handed a petition to the ambassadors. These actions involving 230-300 participants were successful.

Demonstration in front of EDF and E.ON headquarters. 14 March 2008. Trade union groups from Hungary travelled to both headquarters in Paris and Düsseldorf, where the demonstrations were successful and petitions to the foreign owners were delivered. <fotok>

The utilisation of the European Works Council Forum (RWE). 13 March 2008. During this period of sectoral bargaining the RWE European Council held its meeting in Dortmund where the Hungarian delegates also participated. At the meeting they handed the documents describing the causes of the conflict in Hungary to the leaders of RWE and asked the decision-makers to have their say in order to resolve the conflict.

Strike. The trade unions announced the organisation of a strike for the end of March. (In the end it did not take place as a result of the agreement.)

Fourth stage of negotiations – reaching an agreement

The final negotiation took place on 18 March 2008. The standpoint of the employers' representatives drew considerably nearer to that of the trade unions and the parties agreed on a rise of 2.2% in real wages, representing a minimum in the sector. The agreement also included an element, according to which should inflation deviate to a large extent from the degree anticipated it would later be compensated for. They also agreed on maintaining the real

value of social benefits. The parties agreed that they would request the minister of labour to endorse the signed agreement.

Since then the majority of local negotiations have also been completed. Taking all conditions into account, a rise of 9% in the wage level can be expected.

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