

Statement concerning employment terms policy 2003

The peak trade union federations and employers' associations represented in the Labour Foundation,

1. have observed that the domestic and international economic climate has deteriorated considerably, resulting in a much slower rate of economic growth, reduced profitability in enterprise, declining employment and a rising rate of unemployment as well as a sharp rise in pension costs,
2. consider that:
 - a. reinforcing the competitiveness and profitability of enterprise is one of the essential requirements for the recovery of economic growth and employment;
 - b. in that respect, the economic climate would benefit by overall wage rises which are notably lower than has been the case in the past few years;
 - c. a long-term increase in productivity and innovation are also important factors for strengthening our economic foundations;
 - d. the employment terms policy for which the social partners are responsible can make a vital contribution to economic recovery;
 - e. the preservation of modern and affordable pension schemes is important within this context,
3. and in that light, urge the bargaining partners to agree to a collective wage rise which does not exceed the forecast rate of inflation for 2003 of 2.5% when re-negotiating their collective bargaining agreements.

With a view to encouraging productivity, it should be possible to reach agreement on lump-sum performance-related forms of remuneration in addition to the collective wage increase.

If developments in profitability and/or employment so dictate, the relevant sector/company may conclude an agreement setting out a smaller collective wage increase.
4. furthermore recommend taking a conservative approach to wage increases that fall outside of the scope of collective bargaining, in keeping with the principle¹ of responsible wage movements for all those employed in the enterprise.

The Hague, 28 November 2002

¹ *Statement on Employment Terms Consultations, 2000/2001*, Labour Foundation, 26 October 1999 (publication number 6/99)