



International Conference of the Czech EU Presidency “Tourism Industry: Employment and Labour Market Challenges” Prague, 10-11 June 2009

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First of all, I would like to thank the Czech Presidency for organising this Conference on Tourism and Employment, which is particularly important in the current financial and economic crisis, and also the European Commission who supported the preparation of this Conference.

I did not prepare a long speech or presentation, as I knew that there would be many speakers before me who would have provided much information about the situation in the sector from various points of view, and I would like to thank all of them. So, no more statistics, surveys, etc., but some additional reflections from a workers' / trade union point of view.

I will not so much describe the current situation and its impact on employment, but rather what can be done to overcome the crisis and to safeguard employment.

To start with, a few general remarks on the financial and economic crisis.

In many countries, the crisis is used to undermine social achievements. Some employers try to enforce a deterioration of conditions for workers, even in collective bargaining. Some companies exploit the crisis to cut back employment or restructure – probably more than necessary.

The distribution of profits and dividends continues as if nothing had happened. Many companies do not necessarily make losses, but rather face a drop or a slower increase of profits. It seems that the entire burden of the crisis shall be passed on to the workers.

Wage freezes or zero wage rounds will not save jobs. Declining purchasing power will lead to a further downward spiral threatening the whole economy. We need to strengthen the purchasing power through fair wage increases and by safeguarding as many jobs as possible.

The self-service mentality in the company boards must end. To recover the economy we need higher purchasing power for all, i.e. wages, pensions, strong welfare states.

Most important: we need a better regulation of financial markets. We all know that the unregulated and intransparent financial markets led to the actual crisis jeopardising the whole economy and particularly employment.



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In the tourism sector, many hotel groups have to fulfil the exorbitant profit expectations or have to pay back huge debts imposed on them by private investors who took over the company. This puts pressure on the companies to save costs, which often leads to restructuring and lay offs, but more and more also to cut backs of workers' information and consultation rights.

We need a profound reform of financial markets. Casino capitalism has to be ended. We need more regulation, control and transparency of financial transactions, particularly of investment funds, private equity, hedge funds, etc., and of all derivatives.

A few remarks on VAT:

After the recent decision of the Council of Finance Ministers, a reduced VAT rate can be applied on the restaurant sector. We as trade unions support this, because we welcome any measure that could help the sector.

But, we also have to make sure that the promises and commitments made by the sector / industry are fulfilled, i.e. the lowering of prices to pass on the advantage to the consumers, the creation of jobs, the improvement of working conditions and salaries, the reduction of undeclared / black work, more investments, etc.

We need a monitoring of the implementation of reduced VAT rates, with the involvement of social partners / trade unions. The discussions actually taking place in France between government and social partners are a good example for such a follow up.

As I said, my main message is: what can be done to overcome the crisis and its pressure on employment and jobs. I have some good examples which I want to share with you.

You all know the UNWTO Resilience Committee. The Committee's objective is to assess / monitor measures taken to mitigate the impact of the financial and economic crisis on tourism. This is a good initiative!

In the first report just published in May 2009 there was only one clear message: Israel pursues to maintain employment and to avoid firing of professionals in the tourism industry, in order to be able to react properly in times of recovery.

I have 2 very concrete examples from EU Member States on measures to safeguard employment in the hospitality sector in the economic downturn.

In Slovenia, new regulation on the partial reimbursement of wages came into force in May 2009. If work gets less and employers would tend to lay off workers, government subsidises 50% of the wage, the employer pays 35%, and the worker gives up 15% of his wage. The advantage is that the worker stays employed and gets 85% of his wage. The measure can be used for 6 months. The worker is obliged to participate in training measures, which are subsidised with 500€.



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In Malta, an agreement was reached between government, employers' associations and trade unions in the hospitality sector. In case of economic downturn and less guests in tourism, working time can be reduced to 4 days per week, government compensates the wage loss and training is organised during the time off.

These two examples show very sensible strategies. The organisation of training during periods of reduced working time (which could also be a model to overcome the disadvantages of seasonality) and the compensation for lost income, to maintain and improve the level of service during recession periods, is a good model to renew and up skill the tourism sector for when the tourists return, so that Europe can continue to attract tourists from all over the world.

I wish to see more of such examples in more Member States, and in other tourism sectors.

These examples show the important role social partners can play in handling the economic crisis.

In general, we see that countries with existing labour market instruments and functioning social dialogue are better placed to cope with the economic crisis.

We should continue to collect and monitor such examples. This could be a subject to follow up in the European sectoral Social Dialogue Committee for the hospitality sector, the plenary of which is scheduled next week, on 15 June.

Last remark:

I would like to underline the importance of social achievements for tourism.

We always have to keep in mind: one of the most important pre-conditions of today's tourism is that workers enjoy reduced and regulated working time and time off and, most crucial, that they are entitled to paid annual leave. For this trade unions have been fighting for more than 100 years.

To recall: One of the objectives stipulated in the EU Treaty is the improvement of working and living conditions, and one aim of the Lisbon Strategy is to create not only more, but also better jobs.

My conclusion:

Trying to reverse social achievements, to liberalise / deregulate labour markets and to cut back social protection would not only weaken the European social model, but also undermine the very basis of tourism in Europe.

Thank you very much for your attention!

