



Berlin, 28 July 2008

Half-time report
by the BSPC Working Group
on Labour Market and Social Welfare
for the 17th Baltic Sea Parliamentary Conference in Visby in 2008

Introduction:

On 8 October 2007 in Gdynia, the Standing Committees established the Working Group on Labour Market and Social Welfare, as called for at the 16th Baltic Sea Parliamentary Conference in Berlin in 2007.

Franz Thönnies, Member of the German Bundestag (SPD parliamentary group) and member of the Standing Committee, was elected chairman of the Working Group. At the first meeting of the Working Group, Swedish Member of the Riksdagen (The Moderate Party, Swedish Riksdagen), Anna König Jerlmyr was elected vice-chairperson.

The other members of the Working Group so far are: Mr Göte Wahlström (Social Democrats, Riksdagen, Sweden, representative of the Nordic Council), Mr Janne Seurujärvi (Finnish Center Party, Eduskunta Finland, representative of the Nordic Council), Ms Barbro Sundback (Social Democrats, Lagtinget, ?lands), Mr Knut Kristinsen (Conservatives, Foltinget, Denmark), Ms Tatjana Muravjova (Estonian Reform Party, Riigikogu, Estonia), Ms Satu Taiveaho (Social Democrats, Eduskunta, Finland), Mr Günter Frank (Social Democrats, Parliament of the Free and Hanseatic City of Hamburg), Ms Silva Bendrāte (New Era Party, Saeima, Latvia), Mr Valerijus Simulik (Social Liberals, Saeimas Lithuania), Mr Werner Kuhn (Conservatives, Land Parliament of Mecklenburg-Western Pomerania), Mr Per Rune Henriksen (Social Democrats, Stortinget, Norway), Ms Dorota Arciszewska-Mielewczyk (Law and Justice Party, Sejm, Polen), Mr Wolfgang Baasch (Social Democrats, Land Parliament of Schleswig-Holstein), Ms Anna König Jerlmyr (The Moderate Party, Riksdagen Sweden).

In line with the call made in **point No. 9** of the resolution of the 16th Baltic Sea Parliamentary Conference in Berlin in 2007, the Standing Committee had given the Working Group the following mandate:

"...against the background of the growing number of cross-border workers, put the topic of "cross-border labour markets" on the agenda of the Council of the Baltic Sea States and support policies which lead to the establishment of information centres at heavily used border crossings in the region in order to promote mobility of workers and advise workers on social-security issues. The aim of such centres would be to provide comprehensive information to workers on fiscal social security law matters. Information about job and training opportunities in neighbouring countries in the region must also be improved. ..."

to foster the development of labour mobility in cross-border labour markets and, in line with **point 10** of the resolution adopted at the 16th Baltic Sea Parliamentary Conference in Berlin:

"...foster inclusive labour markets integrating disadvantaged groups as well as young people in order to integrate them into work and society and to make use of their potential, ..."

to tackle the issue of integrating young people into the labour markets and issue recommendations in both areas.

In line with the resolution adopted at the 16th Baltic Sea Parliamentary Conference, the process was intended to include dialogue with the social partners.

The Standing Committee asked the Working Group to present a half-time report at the 17th BSPC in Visby in 2008 and a final report at the 18th BSPC in Denmark in 2009.

Activities so far:

The Working Group has so far met twice - once in Berlin (3 March 2008) and once in Helsinki (5 May 2008). A third meeting is planned for 29 September 2008 in Oslo.

The basis for the Working Group's activities is formed by points 9 and 10 of the resolution adopted at the 16th Baltic Sea Parliamentary Conference in Berlin, as cited above.

At the Working Group's constitutive meeting on 3 March 2008, the members examined the general situation in the relevant border regions with cross-border labour markets within the Baltic Sea region and examined the data available so far. The individual country reports presented to the Working Group show a continuous increase in the number of frontier workers over the past years. There are many reasons for this:

- Freedom of establishment and freedom of movement for workers within the EU
- Demand for workers in certain countries
- Prevention or termination of unemployment
- Higher income, better working or living conditions
- Better relations between employers and employees
- Social security and stability
- Better opportunities for education, career development and employment

It was decided that the interim report would not, at this point, go into detail about the individual countries. Nevertheless, it is clear that cross-border labour markets can improve employment opportunities and contribute to the dynamic development of regions - in the interests of business, firms and employees. These labour markets foster flexibility, present opportunities to get to know different working conditions, resolve conflicts in different ways and make people familiar with different hierarchy structures, cultures and values.

Yet there are challenges, such as lack of information, imbalance between freedoms and rights on the labour markets, unbalanced regional developments, demographic challenges, shortages of workers, shortages of workers in specific professions and in specific economic sectors, exodus of younger and better qualified workers, illegal workers, wage dumping, poor working conditions, social insurance issues where workers are employed in two countries, availability of rehabilitation measures, issues concerning unemployment benefit for temporary workers, vocational training, taxation of companies employing temporary workers, inadequate language skills, poor transport infrastructure, deficits in social dialogue between government, public sector, firms and unions, etc.

Experience shows that when people decide to take up work in a neighbouring country or other country a range of questions arise for workers, but also for employers. In the social

field, these are questions concerning social security - from health insurance, to nursing-care insurance, to accident insurance, to unemployment insurance, to pensions insurance. Labour law issues, such as job protection, wage agreements or workers' rights within companies also play a role. In addition, against the background of the different taxation regulations in existence, questions of taxation law also often arise. And there are also questions concerning the social benefits available in the country concerned for children or families, for example.

Some regions and countries have already reacted over the last few years by establishing information centres and offices, websites, or special projects for frontier workers. In other areas, comparable initiatives do not exist.

With the exception of Iceland, Norway and Russia, all the BSPC countries are members of the EU. It is not possible to present a precise and accurate picture of the number of cross-border workers either in the EU or in the Baltic Sea states, since there is often a lack of statistic data available. And the statistical studies which are carried out vary in the methodology applied. This means that most figures are based on estimations and extrapolations. Indeed, in some fields, no data whatsoever exists. Yet it can be assumed that the number of cross-border workers has risen considerably over the past few years. Between 65,000 and 80,000 workers in the Baltic Sea region can now be categorised as cross-border workers.

The following table showing **figures for cross-border workers** based on data from 2004 to 2007 gives an initial overview.

| | |
|--|---------|
| Sweden/Norway | 13,200 |
| Norway/Sweden | 1,700 |
| Sweden /Denmark | 8,500 |
| Denmark /Sweden | 1,800 |
| Norway/Denmark | 500 |
| Denmark/Norway | 3,300 |
| Sweden/Finland | 2,400 |
| Finland/Sweden | 3,800 |
| Germany/Denmark (2007) | 10,500 |
| Denmark/Germany (2007) | 1,500 |
| Norway/Finland | 200 |
| Finland/Norway | 1,200 |
| Estonia/Finland | 13,000 |
| Russia/Finland | 9,000 |
| Estonia/Latvia | 2.-3000 |
| Åland – other regions, mainly Sweden/ Finland | 1,500 |
| Åland – other regions, mainly Sweden/ Finland (domestic commuters) | 2,500 |

No data or estimates are available for flows of commuters in the following regions or on the following routes: Russia – Finland, Finland – Estonia, Latvia – Estonia, Latvia – Lithuania and Lithuania – Latvia, along with Poland – Germany and Germany – Poland.

Information centres, offices and other facilities exist in:

| | | |
|----------------------------------|---|--|
| Sweden/Finland | Region of Tornedalen | Center of Commuters Tornio and Haparanda/Infocenter Haparanda Tornio/EURES Cross-border Tornedalen |
| Sweden/Norway | Regions of Arvika (S)/Kongsvinger (N) Värmland/Dalarna (S)/ Akershus/ Østfold (N) | "GrenseTjänsten" Callcenter Moruklien (N) |
| Norway/Sweden | Region of Østfold (N)/Västra Götaland (S) | "Grensependel" project |
| Denmark/Sweden | Regions of Copenhagen (DK)/ Malmö (S) | Information centres for cross-border workers in Copenhagen, Malmö and Helsingör |
| Denmark/Germany | Region of Sønderjylland (DK) / Schleswig (D) | Regionscontor Sønderjylland-Schleswig Infocenter Grænse, Padborg |
| Finland/Russia | Euroregion Karelia | |
| Norway/Sweden/ Finland/Russia | Region of The North Calotte | www.arcticjob.net |
| Finland/Estonia | Region of Helsinki/Tallinn | Finnish Working Life Information Point in Tallinn |
| Estonia/Latvia | Region of Valga (EE) / Valka (LV) | Estonian-Latvian Committee for Cross-border Cooperation |
| Poland/Germany | 3 Euroregions Spree-Neisse-Bober (Sprewa-Nysa-Bóbr) Pro Europa Viadrina Pomerania | |

This shows that structures for information facilities and projects already exist in the West and North of the Baltic Sea region, whilst hardly any institutionalised information structures exist in the East and South. Some of the facilities were created in connection with the activities of EURES (European Employment Services) and various EU programmes. EURES' goal is to support job mobility and geographical mobility and provide concise information, along with advice and recruitment/placement services.

The first overview was complemented by the presentation on the work of the Information Center Grænse for the region of Sønderjylland (DK)/Schleswig (G), given by its former head, Andrea Kunsemüller. The Information Center is financed by the local authorities on both sides of the border; it aims to provide information and advice and foster development in the region and organise joint activities, as well as allowing cross-border contacts to be established. The importance of including employers' organisations and trade unions on the Information Center's board was stressed.

The Working Group defined cross-border workers as people working in another country and commuting on a daily or weekly basis or working there for several weeks and months at a time. At the same time, however, it was stressed that the issue of immigrants and guest

workers who are actually employed in their own country but posted to the host country to work should also be taken into account. It was also felt that questions of education and gender aspects should be looked at.

The Working Group's first meeting was finished off with a presentation of the data currently available concerning **unemployment amongst young people** under the age of 25 in the countries of the Baltic Sea region; this was followed by a discussion. The following figures were used as a basis:

| Country | 1-2008 |
|----------------|---------------|
| Denmark | 8.4% |
| Estonia | 11.8% |
| Germany | 10.2% |
| Latvia | 10.8% |
| Lithuania | 8.3% |
| Norway | 8.6% (2007) |
| Finland | 16.2% |
| Russia | 28.1% (2004) |
| Sweden | 18.3% |

(Source: EUROSTAT Online Statistics, March 2008)

At the Working Group's second meeting, on 5 May 2008 in Helsinki, the Finnish Minister of Labour spoke about the situation concerning youth unemployment in Finland and the measures undertaken to combat it, and talked about the government's programmes to integrate young people into the labour market.

Mika Häkikinen (BASTUN, Baltic Sea Trade Union Network), set out the position of the trade unions on the subject of cross-border workers and presented the "Baltic Sea Labour Network" project, which was initiated by the trade unions, but is also supported by the employers' associations. An application is to be made to the EU for support with the project, the aim of which is to foster cooperation between all labour-market stakeholders, including through cooperation in regional offices.

Leila Lankinen, representing the city of Helsinki, provided information and figures concerning foreign workers and cross-border workers in Finland and the region of Helsinki.

The country reports on youth unemployment submitted by the members of the Working Group showed the diverse causes of this phenomenon, as well as similarities and differences in measures undertaken to integrate young people into training and work.

The causes range from problems at school, to lack of skills, divorces, parental unemployment, drug addiction, involvement in crime, poor regional economic structures, economic problems, lack of training places, and to problems of immigration and integration in the other society.

The decisions and measures taken by the governments include careers advice in schools to prepare young people at an early age for the world of work, with information provided on different jobs and work placements in firms; special programmes for young people with a drug addiction, programmes for young people who belong to the long-term unemployed, programmes for young immigrants and programmes fostering initiative and independence; as well as integration plans, wage subsidies and training place subsidies, coaching and special support programmes, the building of networks, the creation of additional training places, development of regional training and employment projects, options to allow school

qualifications to be obtained at a later point, reduction of social-insurance costs for firms involved in training, etc.

The Working Group will continue its discussions at further meetings in the various countries of the Baltic Sea region; it will gain an overview of the existing information projects and activities to combat unemployment and continue its dialogue with the social partners. It will analyse the various measures and activities and provide a summary in the final report, along with recommendations, for the 18th Baltic Sea Parliamentary Conference in Denmark in 2009.

A handwritten signature in black ink, appearing to read 'Franz Thönnies', with a stylized flourish at the end.

Franz Thönnies

Chairman of the BSPC Working Group on
Labour Market and Social Welfare
Member of German Bundestag
Parliamentary State Secretary to the
Federal Minister of Labour and Social Affairs